





About Medios AG

Medios AG positions itself – along with its sister companies Medios Pharma, Medios Manufaktur and Medios Digital – as a competence partner and solution provider for the Specialty Pharma sector. Medios AG interconnects individual actors within the market and turns them into co-operating partners. It is our goal to guarantee best possible pharmaceutical care for patients while providing our partners and clients with integrated solutions along the supply chain.

Specialty Pharma medicine are pharmaceuticals for patients with rare and chronic diseases such as certain cancer types, hepatitis and HIV, which are time-consuming and cost-intensive to cure.

Medios AG is Germany's first listed specialty pharmaceutical company. The share (WKN: A1MMCC, I SIN: DE000A1MMCC8) is listed in the regulated market in Frankfurt (General Standard).

Medios AG

Annual Report 2016

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Greeting



Chairman of the Executive Board
Manfred Schneider
Pharmacist
Berlin, Germany



Member of the Executive Board
Matthias Gärtner
Businessman
Berlin, Germany

Dear Shareholders,

We are pleased to present Medios AG's first annual report. Medios AG is an expert partner and solution provider for specialty pharma drugs. These are personalised drugs for patients with rare or chronic illnesses, such as cancer, hepatitis and HIV, where individual treatment is prolonged and cost-intensive. We connect individual stakeholders in the specialty pharmaceuticals market with cooperation partners to ensure patients receive optimum pharmaceutical care and to offer partners and customers integrated solutions along the value chain. We cover two significant elements of this chain, wholesale and manufacture, with our subsidiaries Medios Pharma and Medios Manufaktur. Therefore, we have the solid foundation required to bring us closer to our objective of being the leading specialty pharma provider in Germany.

Our first financial year as Medios AG was outstanding. The high demand for specialty pharma drugs allowed us to grow significantly and more than double our operating result (EBIT). Based on pro-forma annual financial statements for 2015 and 2016, our revenue increased by 78% compared with the previous year to EUR 160.6 million, exceeding market expectations. EBIT also increased by 104.57% to EUR 5.8 million. As a result, profitability also improved, with the EBIT margin climbing to 3.6%.

The highpoint of the financial year was the economic re-establishment and stock market floatation of Medios AG on the regulated market of the Frankfurt Stock Exchange. Since its initial listing in the General Standard, the share price has now increased by more than a third.

We announced the establishment of a new subsidiary at the beginning of 2017. Medios Digital GmbH will in future pool all software development activities of Medios AG and all other Group companies with the aim of largely digitising specialty pharma trading.

The expansion of our corporate group is an important step in acquiring further market shares in the rapidly growing specialty pharma segment. According to industry data, pharmacy revenue from specialty pharma drugs in Germany has more than doubled over recent years. It was at around EUR 10 billion in 2015. Experts expect annual growth of around 10% in Europe until 2020. The reasons for this forecast are the increasing prevalence of chronic and genetically conditioned illnesses, the development of new active ingredients in the area of personalised medicine, and the advancing age of the population.

In order to satisfy the increasing demand for specialty pharma drugs, we will be significantly expanding our production capacities for personalised drugs. In March 2017, we acquired a property in Berlin-Charlottenburg where we intend to combine all companies of the Medios Group in the medium term and set up a new manufacturing plant with the most modern laboratory technology. This will allow our production capacity to increase fivefold by 2020.

The framework conditions for our growth plans remain good – even after the entry into force of the new law to improve the provision of drugs as part of statutory health insurance schemes. As a result of the prohibition on tenders for cytostatic drugs and the abolition of exclusive cytostatics contracts between pharmacies and hospitals, insured parties have more freedom to choose their pharmacy, thus improving patient care. In the future, not only price, but to a greater extent quality, will be the focus of market interest, which is of great benefit to us.

In view of the positive prospects for specialty pharma drugs, we are confident that we will continue our dynamic course of growth in this financial year. For 2017, we expect revenue for Medios of around EUR 200 million – a rise of some 25% (compared with the pro-forma figures for 2016). We anticipate pre-tax profit (EBT) of around EUR 7 million.

We thank you, our shareholders, for your trust in us and hope you enjoy reading our annual report.

Manfred Schneider

Chairman of the Executive Board

Matthias Gärtner

Member of the Executive Board

Report of the Supervisory Board of Medios AG for financial year 2016



Chairman
Yann Samson
Lawyer



Vice chairman
Joachim Messner
Lawyer



Member
Klaus Buß
Economist

Dear Shareholders,

In financial year 2016, the Supervisory Board performed its duties as required by law, the articles of association and the Company's rules of procedure, monitored and advised the Executive Board to the best of its knowledge and belief, and in particular evaluated the legality, adequacy and regularity of its management. The Supervisory Board was directly involved in all decisions of fundamental importance for the Company at an early stage.

General meeting

The general meeting of Medios AG for 2016 took place on June 15th 2016. At this general meeting, all members of the Supervisory Board were discharged by the general meeting. An extraordinary general meeting also took place on September 14th 2016.

Personnel changes

in the Supervisory Board and the Executive Board

At the extraordinary general meeting, Mr Joachim Messner, a lawyer, resident in Eltville, and Mr Klaus J. Buß, a graduate economist, currently Head of Finance at Deutsche Telekom Innovation Laboratories, Berlin, resident in Berlin, were elected as new members of the Supervisory Board as the Supervisory Board members Mr Jeff Audrey, Meerbusch, and Mr David Smith, Düsseldorf, resigned their posts with effect from the end of the extraordinary general meeting of September 14th 2016.

Mr Manfred Schneider was appointed Chairman of the Executive Board (CEO) on October 14th 2016; the previous sole member of the Executive Board, Mr Matthias Gärtner, has since acted as CFO.

Topics of the Supervisory Board's meetings

The Supervisory Board met on a total of six occasions in financial year 2016; on February 18th 2016, April 14th 2016, April 28th 2016, August 1st 2016, September 14th 2016 and November 22nd 2016. All members of the Supervisory Board attended the four ordinary meetings in person. The members of the Executive Board attended most of the meetings. The Supervisory Board also met without the Executive Board. In addition to the regular reporting topics, the following issues and projects were discussed:

In the meeting of February 18th 2016, the Executive Board reported comprehensively on its activities, in particular on its efforts to revive the operating business.

The annual financial statements for financial year 2015 were discussed, approved and adopted during the meeting on April 14th 2016.

The Executive Board reported comprehensively on its activities in the meeting of April 28th 2016. The general meeting for 2016 was also planned and prepared during this meeting.

The extraordinary general meeting on September 14th 2016 was prepared in particular during the meeting on 1 August 2016.

The meeting on September 14th 2016 took place immediately after the Company's extraordinary general meeting. This meeting of the Supervisory Board was therefore a constitutive meeting at which Mr Yann Samson was again elected Chairman and Mr Joachim Messner Deputy Chairman of the Supervisory Board.

On November 22nd 2016, the Executive Board reported in particular on the state of the cash capital increase.

Beyond these meetings, the members of the Supervisory Board were in regular contact, communicating by telephone or in writing.

No committees as defined by Section 107(3) of the German Stock Corporation Act (AktG) were formed.

Composition of the Supervisory Board and the Executive Board

Pursuant to Section 8 (1) of the articles of association of Medios AG, the Supervisory Board comprises three members. At present, the members of the Supervisory Board are Mr Yann Samson (Chairman), Mr Joachim Messner (Deputy Chairman) and Mr Klaus Buß.

The members of the Company's Executive Board are Mr Manfred Schneider (Chairman) and Mr Matthias Gärtner.

Corporate governance

In October 2016, the Supervisory Board and the Executive Board adopted an updated declaration pursuant to Section 161 AktG relating to the recommendations of the German Corporate Governance Code.

Supervisory Board member Joachim Messner is also a shareholder of Medios AG. It therefore cannot be excluded that conflicts of interest may arise between his duties as a Supervisory Board member and his interests as a shareholder.

In its opinion, the Supervisory Board has nevertheless included an appropriate number of independent members as defined by the German Corporate Governance Code at all times in the reporting period.

Cooperation between the Supervisory Board and the Executive Board

The Executive Board reported to us regularly, timely and comprehensively, both in writing and verbally and in further conference calls, about its corporate planning, the course of business, strategic further development and the Group's current situation. Based on the Executive Board's reporting, we discussed business performance and important decisions and operations for the Company in detail.

The Executive Board coordinated the Company's strategic orientation with us. The Supervisory Board, or the competent Supervisory Board committees, approved the Executive Board's resolution proposals after careful review and discussion. In addition, the Supervisory Board Chairman was in regular contact with the Executive Board and in particular with the Chairman of that board and obtained information about the current development of the business situation and significant business events.

In the six Supervisory Board meetings mentioned above, the members of the Company's Executive Board also provided the Supervisory Board with detailed information about the Company's current situation.

We also obtained information from parties other than the Executive Board, including executive employees and external advisers, in order to broaden our information basis and to gain an impression of the Company's development.

Annual and consolidated financial statements 2016

The Company's Executive Board submitted the annual financial statements, which were prepared according to the regulations of the German Commercial Code (HGB) and the German Stock Corporation Act, the consolidated financial statements, according to the principles of the International Financial Reporting Standards (IFRS), as applicable in the EU, including the summary management report of the Medios Group and Medios AG, and the proposal for the appropriation of profit (loss carry-forward) for financial year 2016 to the Supervisory Board in due time. The audit reports of Baker Tilly AG Wirtschaftsprüfungsgesellschaft (formerly Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft), Munich, which were issued with unqualified audit certificates, were also submitted in due time. The audit confirms that Medios AG complied with the regulations of the German Commercial Code, the German Stock Corporation Act and the International Financial Reporting Standards, as applicable in the EU.

The auditors were commissioned in accordance with the vote held by the general meeting and in compliance with legal standards, although we also set detailed standards regarding the details of the audit of the annual financial statements, the focuses of the audit and the collaboration. Medios AG prepared a dependent company report pursuant to Section 312 AktG for financial year 2016.

The dependent company report was also audited by the auditor selected by the general meeting to audit the annual financial statements, Baker Tilly AG Wirtschaftsprüfungsgesellschaft (formerly Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft), Munich, pursuant to Section 313(1) AktG. A written report was prepared separately on the results of the audit. Since there were no objections to the Executive Board's report, the audit certificate was granted pursuant to Section 313(3) AktG. During the meeting to approve the financial statements on April 25th 2017, the auditor of the annual financial statements also reported on the results of this audit and confirmed that the disclosures in the dependent company report are correct.

The dependent company report was submitted to the Supervisory Board for review in sufficient time before the meeting to approve the financial statements on April 25th, 2017 in accordance with Section 314 AktG. In its meeting of April 25th 2017, the Supervisory Board comprehensively reviewed the dependent company report. The Supervisory Board found no reason to raise objections to the declaration made by the Executive Board at the end of the report regarding relationships with associates and approved the dependent company report.

Baker Tilly AG Wirtschaftsprüfungsgesellschaft (formerly Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft) issued the following unqualified audit certificate for the dependent company report in accordance with Section 313(3) AktG:

“Based on our audit and the conclusions reached, we confirm that:

1. the disclosures made in the report are correct,
2. the consideration paid by the Company for the legal transactions referred to in the report was not nreasonably high”.

The auditor of the annual financial statements also subjected the monitoring system set up by the Executive Board pursuant to Section 91(2) AktG for the early detection of risks to an intensive audit and confirmed that it was effective.

The documents pertaining to the annual financial statements, including the dependent company report and the audit reports, were discussed in detail in the Supervisory Board meeting of April 25th, 2017 to approve the financial statements; the auditors of the annual financial statements also attended some of the meeting. The necessary documents were distributed to all members of the Supervisory Board in good time before this meeting, giving them sufficient opportunity to review them. The auditor of the annual financial statements was present during the discussions. It reported on the material findings of the audits and was available to the Supervisory Board to provide additional information. On the basis of its audit of the annual financial statements, consolidated financial statements, summary management report of Medios AG and of the Group, and the dependent company report, the Supervisory Board approved the auditor’s audit result. No objections were raised. The Supervisory Board approved the annual financial statements and the consolidated financial statements. The annual financial statements are therefore adopted.

The Supervisory Board approved the proposal of the Executive Board to carry forward the net loss (loss carry-forward).

Thank you for your excellent work

The Supervisory Board thanks the members of the Executive Board, Mr Manfred Schneider and Mr Matthias Gärtner, and all employees for their continued commitment and work performed to date.

Munich, April 25th, 2017

For the Supervisory Board

Dr Yann Samson

Chairman of the Supervisory Board of Medios AG





Group management report as at December 31st, 2016

General information

In addition to the Medios Group (hereinafter referred to as the "Medios Group" or "Medios"), the summary management report also includes the parent company, Medios AG, with its registered office in Hamburg, Germany and headquarters in Berlin, Germany. It is established under the provisions of the German Commercial Code (HGB) and in application of German Accounting Standard (DRS) no. 20. Medios AG drafts its individual financial statements as per the accounting principles of the German Commercial Code and the consolidated financial statements as per the accounting principles of the International Financial Reporting Standards (IFRS). The management report and Group management report are summarised; the asset, financial and income position are each reported separately.

I. Basic information on the Group

1. Group business model

Medios AG is an Aktiengesellschaft (public limited company) listed on the Frankfurt and Hamburg regulated markets (General Standard) and, together with its subsidiaries Medios Pharma, Medios Manufaktur and Medios Digital, positions itself as an expert partner and solution provider in the specialty pharma segment. It connects individual market stakeholders with cooperation partners. It aims to ensure optimum pharmaceutical care for patients and to offer partners and customers integrated solutions along the value chain.

Specialty pharma drugs are drugs for patients with rare or chronic illnesses – such as certain cancers, autoimmune and infectious diseases – for which the mostly personalised treatment is lengthy and cost-intensive.

Medios Pharma GmbH is an expert partner for specialty pharma drugs in Germany and interacts with market participants specialising in the care of patients with chronic and/or serious illnesses. Its authorisation as a pharmaceutical wholesaler as per Section 52a of the German Medicinal Products Act (AMG) enables it to supply partners with specialty pharma drugs in accordance with the market's and partners' needs. It focuses in particular on oncology, autoimmunology and infectious diseases.

Medios Manufaktur GmbH is a company that covers the most important components of the specialty pharma supply chain: wholesale business, GMP-compliant manufacturing and supplementary services for pharmacies. Medios Manufaktur manufactures individual drugs for patients on behalf of pharmacies. The highest quality standards (GMP) are employed in manufacturing. The focus is on infusion solutions for the field of oncology.

Medios Digital is the internal system provider of the Medios Group and develops software and infrastructure solutions to drive the digitisation of the specialty pharma drugs business forward. Its focus is on logistics processes such as procurement, storage and distribution as well as optimised trade processes with integrated interfaces to the customer.

Medios Group business areas

The Medios Group therefore comprises three business areas:

Specialty pharma trade: Trading specialty pharma drugs, subsumed under Medios Pharma GmbH under company law,

Personalised preparations: The manufacturing of individual drugs for patients on behalf of pharmacies,

Shared services: Services in the fields of IT, HR management, finance and accounting primarily for the Medios Group companies, subsumed under Medios AG and Medios Digital GmbH under corporate law.

2. Objective and strategy

Millions of people worldwide suffer from rare or chronic illnesses such as cancer, HIV and hepatitis. This increases the demand for therapies that are individually tailored to the patient. However, treatment using personalised medicine is usually lengthy and cost-intensive. This represents a major problem for healthcare.

Medios AG has specialised in helping to solve these healthcare challenges. Our objective is to connect individual stakeholders in the specialty pharma market and to pool the expertise of the companies in indication-specific communities for the benefit of all parties. This creates a cooperative intelligence that provides patients with highly effective and affordable therapy.

Thanks to the principles of cooperative intelligence and all the information this provides, we can anticipate which developments will be relevant in the future for the specialty pharma market – and offer solutions that are optimally adapted to the respective situation. We can attribute our growth to this innovative strategy and clear focus.

3. Control system

As a pharma company operating throughout Germany with a clear focus on specialty pharma and two lines of business – Medios Pharma GmbH, focused on the wholesale of specialty pharma drugs, and Medios Manufaktur GmbH, specialised in the manufacture of personalised drugs – Medios employs a comprehensive system of key figures to control commercial success. The most important key figures for strategy formulation, decision-making and measuring operational performance are revenue, gross profit and EBT.

All relevant control parameters are generated monthly, analysed and used by both the Executive Board of Medios AG and the executive management of subsidiaries primarily for strategic decisions with regard to the design of the product portfolio (wholesale) and the planning of capacity utilisation and any extension of manufacturing capacities (factory).

4. Research and development

Research and development within the Medios Group is currently mainly focused on the preparation of personalised drugs. Since autumn 2014, Medios Manufaktur GmbH has been working on the topic of NIR analytics. Near-infrared spectroscopy, abbreviated as NIR spectroscopy, is a physical analysis technique focused on the short-wave infrared light range. In pharmaceuticals, the technique is used to control processes in pharmaceutical production to determine the moisture content of primary, intermediate and final products, for example. A special, preventive possible use is for the authentication of drugs. With the aid of an NIR spectroscopic analysis method, marketable finished products can be differentiated from counterfeit drugs. The biggest advantage of this analysis method is the measurement procedure itself, which can measure a sample through the primary packaging (glass vials) using a near-infrared beam without destroying the finished drug. The resulting spectrum is characteristic for the drug/primary packaging combination and can be compared against a database of marketable drug spectra.

II. Economic report

1. Overall economic situation

1.1. Overall global economic development

The development of the global economy in 2016 was primarily determined by international political and social developments and events. In Europe, the EU referendum in the United Kingdom was a source of uncertainty. The effects of the unexpected outcome of the US election were also felt worldwide.

Development in financial year 2016 was generally moderate and showed little dynamism, primarily due to the continuing slowdown of the Chinese economy. In spring, even the fall in oil prices had little effect on the slowed economy. After the United Kingdom's decision to leave the EU, scepticism towards the European Union made the markets increasingly cautious.

Rising commodity prices during the course of the year gave the first signs of a noticeably improving business climate and the revival of the world economy.

1.2. Overall economic development in Germany

Global political effects have thus far only been felt to a moderate extent in Germany. The price-adjusted gross domestic product was on average 1.9% higher than in 2015, thereby surpassing figures from the previous year for the third time. In general, the economic situation in Germany in 2016 was characterised by solid and steady economic growth. Once more, private consumption was the number one growth driver thanks to almost full employment and price stability. It was particularly supported by government consumption, which grew as quickly as last seen in the post-reunification phase as a result of the influx of refugees. Imports rose in the past year by 3.4%, while exports only increased by a relatively low 2.5%. According to the forecast of the German Federal Ministry for Economic Affairs and Energy (BMWi), the growth trend is also predicted to continue in 2017 (+1.4%).

The German labour market performed well. The unemployment rate has not been as low as it was in 2016 since German reunification. Immigrant workers from Eastern and South-eastern European EU member states in particular provided positive momentum in this regard in the past year.

1.3. Development of the healthcare market

Digitisation and individualisation led to significant changes in all economic sectors, with both maintaining a continued trend. In this connection, the German Federal Government adopted a new high-tech strategy in 2014. The objective of

this strategy is to support innovations and implement them as rapidly as possible. Both technical and social innovations are taken into account. This new approach is also transforming the healthcare market. A support focus is therefore on personalised medicine, which helps patients find therapies suited to them more quickly while making the healthcare system more efficient.

The global healthcare market is growing annually by around 6% (WHO, World Health Statistics 2011). Technical progress, aging populations and increasing wealth in emerging markets favour this trend. According to a WHO study, life expectancy increased by five years between 2000 and 2015. QuintilesIMS (formerly IMS Health) estimates that the global pharma market will grow by 4–7% annually until 2020. From 2015 to 2020, global spending on drugs is expected to increase from around 29% to 32%. While international growth in the drug sector is generated by “conventional” drugs, specialty pharma drugs are the growth driver in North America and Europe. In Europe, specialty pharma drugs will constitute over 90% of revenue growth in the period 2013–2018 and are therefore the key growth segment in the drug market (IMS Health (2014) Global Outlook for Medicines Through 2018, Parsippany/NJ, p. 20). In addition, chronic diseases in particular increase with aging and frequently lead to cost-intensive and lengthy therapy. Specialty pharma drugs will therefore become particularly important in the long term.

According to a report from the wholesale association Phagro, revenue from drugs over EUR 1,200 more than doubled between 2010 and 2014 in Germany, while the lower price segment stagnated. In 2015, pharmacies in Germany recorded specialty pharma revenue of almost EUR 10 billion. According to the Federal Union of German Pharmacists Associations, this corresponds to almost a quarter of total revenue from prescription drugs in the amount of EUR 39.8 billion. In Europe, IMS Health market researchers expect annual specialty pharma growth of 10 per cent between 2015 and 2020.

Access to healthcare in Germany is above average. The healthcare industry is a high-growth sector offering enormous future opportunities worldwide. With about 5.2 million employees (as at 2014), it is already one of the largest industries in Germany. With approximately 114,000 employees in Germany, the pharmaceutical sector is an important component of this industry. Compared to the previous year, drug revenue in the pharmacy market increased in 2015 by 4.9% to EUR 50.2 billion, while the prescription drugs market recorded an increase of 4.7% to EUR 43.8 billion and the

over-the-counter drugs market recorded an increase of 6.5% to EUR 6.4 billion (Bundesverband der Arzneimittel-Hersteller e.V. (2015), *Der Arzneimittelmarkt in Deutschland - Zahlen und Fakten* [The pharmaceutical market in Germany – facts and figures], Bonn, pp. 6 and 7). This revenue performance is attributable, among other things, to the fact that in recent years, many high-priced drugs have been introduced to the market, which has enabled the pharma industry to generate high margins in a short time period. Personalised medicine will be particularly important in future and Germany has fulfilled all the requirements to play a prominent role in this regard and provide significant momentum with its innovations.

2. Business performance

The Executive Board of Medios AG was informed on 18 January 2016 that five known shareholders of Medios AG, namely Messrs Jeff Audrey, Frank Rittmann, David Smith, Stefan Weber and SarkInvest Beteiligungs GmbH, together with another shareholder, Berlin mediosmanagement GmbH, had joined forces as part of a cooperation and voting agreement with the objective of reviving and realigning Medios AG.

In this respect, the six parties to the cooperation agreement agreed to coordinate the exercise of their voting rights and exercise them uniformly. At the time, the parties together held 310,665 shares in the Company. This corresponded to approx. 36.55% of Medios AG’s share capital at the time. Since the cooperation agreement led to an allocation of voting rights in accordance with Section 30(2) of the German Securities Acquisition and Takeover Act (WpÜG) and the acquisition of control, mediosmanagement GmbH therefore published a mandatory offer (cash offer) on 1 March 2016 to the shareholders of Medios AG for the acquisition of their shares in Medios AG at an offer price of EUR 1.35 per share. The offer of mediosmanagement GmbH was based on a valuation report on Medios AG. The corresponding offer document was drafted on the basis of the German Securities Acquisition and Takeover Act and authorised by the German Federal Financial Supervisory Authority on 29 February 2016. The acceptance deadline for the offer ended on 29 March 2016 at midnight and 6,609 shares were offered.

On 2 May 2016, the Executive Board of Medios AG came to an agreement with the management of mediosmanagement GmbH, Berlin on the terms and conditions for the transfer of all shares of Medios Pharma GmbH, Berlin to Medios AG.

On 15 June 2016, the general meeting of Medios AG agreed to increase the share capital from EUR 850,000.00 by EUR 7,500,000.00 to EUR 8,350,000.00 by issuing 7,500,000 no-par-value bearer shares (no-par-value shares) with a pro rata share capital amount of EUR 1.00 per share at an issue amount of EUR 1.35 per share. mediosmanagement GmbH, Berlin was authorised to subscribe and acquire all 7,500,000 new shares against the transfer of all shares in Medios Pharma GmbH, Berlin. The general meeting also granted its approval of the post-formation agreement between Medios AG and mediosmanagement GmbH and the change of the company name to "Medios AG". All resolutions were adopted almost unanimously. All resolutions were recorded in the Commercial Register of Hamburg Local Court on 3 August 2016. This increased the Company's share capital from EUR 850,000.00 by EUR 7,500,000.00 to EUR 8,350,000.00. After this transaction, mediosmanagement GmbH therefore held almost 90% of the shares in Medios AG.

This marked the successful completion of the first important step towards the Company's financial reorientation. Medios Pharma GmbH, which has been growing continuously since its establishment, wishes to expand its specialty pharma drugs trade in future under the Group umbrella of Medios AG. This new structure aims to further exploit the potential of specialty pharma solutions, a highly-specialised business model.

On 1 August 2016, the Executive Board of Medios AG agreed with the shareholders of the Berlin-based Medios Manufaktur GmbH (formerly Zyto-Service Berlin GmbH) on the acquisition of 51% of the shares in Medios Manufaktur.

The extraordinary general meeting on 14 September 2016 therefore resolved to increase the Company's share capital from EUR 8,350,000.00 by EUR 1,311,428.00 to EUR 9,661,428.00 through the issue of 1,311,428 new no-par-value bearer shares (no-par-value shares) against contributions in kind. The implementation of the capital increase was recorded in the Commercial Register of Hamburg Local Court on 26 October 2016. 51% of the shares in Medios Manufaktur GmbH were provided by Mr Manfred Schneider and Ms Claudia Neuhaus as a contribution in kind. Medios AG was also granted an option to acquire the remaining 49% of the shares.

Medios AG was therefore the holding and service company for the two operating subsidiaries Medios Pharma GmbH and Medios Manufaktur GmbH.

By resolution of the Supervisory Board of Medios AG, Mr Manfred Schneider was appointed to the Executive Board of Medios AG on 14 October 2016 for the period up to 31 December 2018, for which he has since assumed the chairmanship (CEO). Since then, the Executive Board has comprised Mr Manfred Schneider and Mr Matthias Gärtner, who had previously acted as the sole member of the Executive Board and continued as CFO from 14 October 2016.

Mr Manfred Schneider is a pharmacist and has many years of expertise in the German pharma market. He is the main shareholder of mediosmanagement GmbH, the majority shareholder of Medios AG, and founder of Medios Pharma GmbH and Medios Manufaktur GmbH, the two operating subsidiaries of Medios AG.

On 18 October 2016, the parties to the aforementioned cooperation and voting agreement agreed to rescind this agreement as its objectives had been achieved.

To finance further growth, on 16 November 2016, the Executive Board of Medios AG decided, with the approval of the Supervisory Board, to carry out a capital increase against cash contributions from authorised capital with an indirect subscription right for shareholders. As part of this cash capital increase, 2,760,408 new shares were placed at a price of EUR 7.00 per share.

The successful capital increase carried out on 5 December 2016 enabled the Company to generate gross issue proceeds of around EUR 19.3 million, with the number of shares in Medios AG increasing from 9,661,428 to 12,421,836. Accordingly, the share capital of the Company now totals EUR 12,421,836.00. All shares were also listed on the regulated market in Frankfurt (General Standard).

The net issue proceeds resulting from the offer and placement of the new shares in the Company are to be used to finance the purchase of the remaining 49% of the shares in Medios Manufaktur GmbH, the development of a digital B2B platform, the strengthening of working capital and expansion of the production capacity of Medios Manufaktur GmbH.

3. Position of the Medios Group

The Medios Group in its current structure was largely formed in the course of financial year 2016. Please refer to the "Business performance" section for more information on this. The merger of Medios Pharma GmbH with the listed shell company Medios AG by way of a capital increase in kind led, in accordance with IFRS, to a consolidation as part

of a "reverse asset acquisition", meaning that, under IFRS 2, the previously larger company, Medios Pharma GmbH, took over the previously smaller company, Medios AG. As this takeover was recorded in the Commercial Register on 3 August 2016, the consolidation took place between September 2016 and December 2016.

The transfer of 51% of Medios Manufaktur GmbH to Medios AG was then recorded in the Commercial Register on 26 October 2016. This led to a consolidation of Medios Manufaktur GmbH for the period from November 2016 to December 2016.

This means that these consolidated financial statements do not reflect a fully consolidated financial year of the Medios Group and are only comparable to a limited extent with both the previous year's figures for Medios AG (empty shell) and with the Medios Group's pro-forma figures published in the prospectus in November 2016. To achieve better comparability and aid understanding of the economic development of the Medios Group, the Executive Board of the Company has prepared a pro-forma Group income statement for 2016. This pro-forma financial information was prepared similarly to the pro-forma financial information in the Medios AG securities prospectus dated 16 November 2016 (page 144 et seq.).

3a.1. Income position of the Medios Group (IFRS)

The Medios Group's income position significantly improved during the financial year. This is exclusively attributable to the aforementioned revival of Medios AG. While virtually no revenue was generated in financial year 2015 due to the Company's inactivity, in 2016, revenue was generated in the amount of EUR 133.2 million. This was divided into the business areas of speciality pharma trade, with a revenue share of EUR 126 million, and personalised preparations, with a revenue share of EUR 7.2 million. In the reporting period, the shared services business area generated no external revenue as it only provided internal services for subsidiaries. All revenue was generated almost exclusively within the Federal Republic of Germany.

The cost of materials in financial year 2016 was EUR 125.7 million, or 94.4% of revenue. Personnel costs amounted to EUR 6.8 million and other expenses totalled EUR 1.4 million. This led to EBITDA in the amount of EUR -0.7 million. The two main areas of business, specialty pharma trade and personalised preparations, contributed to this result in the amounts of EUR 0.7 million and EUR -0.6 million respectively. The depreciation and amortisation/impairment loss on the (notional) acquisition costs for Medios AG as per IFRS in the amount of EUR 1.3 million due to the takeover

of Medios Pharma GmbH by way of a capital increase in kind (reverse acquisition) in the reporting period was reported in the financing costs.

Additional personnel expenses of EUR 5.5 million were recorded in the consolidated annual financial statements for 2016. These result from the consideration of share-based remuneration (stock options) for employees of the Group as per IFRS 2. These stock options were granted by third parties (shareholders) meaning that the Medios Group did not bear the financial burden for this.

In financial year 2016, these two one-off expenses as part of capital measures (depreciation and amortisation/impairment loss on (notional) acquisition costs and stock options) led to a negative result for the Medios Group. In financial year 2016, earnings after taxes and before minority interests of the Medios Group were EUR -3.5 million. Of this, EUR -0.30 million was attributable to non-controlling interests (minority interests).

3a.2. Financial position of the Medios Group (IFRS)

The Medios Group's financial position is very stable. Liabilities are generally settled within the deadlines and receivables received within the agreed targets. As at 31 December 2017, liquid assets amounted to EUR 17.1 million. This is attributable to the profitability of subsidiaries and to the cash capital increase of EUR 19.3 million (gross) carried out in December 2016.

The Medios Group's capital structure is robust. As at 31 December 2016, equity amounted to EUR 34.1 million. This corresponds to an equity ratio of 71.3%.

There are no non-current bank liabilities. At EUR 0.17 million, the non-current liabilities of the Group are low. Current liabilities amount to EUR 13.6 million, of which the largest item is trade payables of EUR 8.4 million, comprising 17.5% of total assets.

The subsidiaries only use part of a current account line in the amount of EUR 1 million where necessary. As at 31 December 2016, this line was not used.

Significant investments in financial year 2016 were the takeover of 100% of shares in Medios Pharma GmbH (issuing price of EUR 1.35 per share, premium of EUR 0.35) by way of a capital increase in kind and of 51% of shares in Medios Manufaktur GmbH (issuing price of EUR 7.00 per share, premium of EUR 6.00), also by way of a capital increase in kind. These transactions and the premium from the cash

capital increase concluded in December 2016 (placement at EUR 7.00 per share, premium of EUR 6.00) led to a significant increase in capital reserves to EUR 29.3 million.

For the time being, the Executive Board has no plans to distribute profits because revenues are being invested to further growth, although a dividend is not being ruled out in the medium term.

3a.3. Asset position of the Medios Group (IFRS)

The asset position of the Medios Group is good. Due to the capital measures described above (two capital increases in kind and a cash capital increase), all balance sheet items have increased considerably.

As at 31 December 2016, non-current assets amounted to EUR 8.4 million. The largest item in non-current assets is intangible assets in the amount of EUR 7.3 million, mainly resulting from the initial consolidation of the 51% of shares in Medios Manufaktur GmbH.

As at the end of financial year 2016, current assets amounted to EUR 39.5 million, mainly comprising cash (bank balances) in the amount of EUR 17.1 million and trade receivables in the amount of EUR 14.5 million.

The financial situation of the Medios Group can therefore be described as good.

3b.1. Income position of Medios AG (German Commercial Code)

In financial year 2016, Medios AG achieved a deficit and low revenue. This is exclusively attributable to the aforementioned revival of Medios AG. Due to three very extensive capital measures, the transfer of 100% of shares in Medios Pharma GmbH by way of a contribution in kind, the transfer of 51% of shares in Medios Manufaktur GmbH by way of a contribution in kind and the cash capital increase with gross issue proceeds of EUR 19.3 million, combined with the preparation of a prospectus and the holding of two general meetings, very high one-off expenses were incurred in the reporting period.

While virtually no revenue was generated in financial 2015 due to the Company's inactivity, in 2016, revenue was generated in the amount of EUR 285,000. This resulted almost exclusively from services provided for the subsidiaries of Medios AG. Since both subsidiaries were only merged with Medios AG during the course of 2016 and therefore only a few months were taken into consideration, revenue was relatively low.

The largest item on the cost side was the cost of the capital measures described above, totalling EUR 1,568,000, comprising EUR 1,063,000 for the costs of the cash capital increase and EUR 505,000 for the costs of the two capital increases in kind. These were extraordinary, one-off expenses. Additional costs were incurred in connection with the routine management of the Company, the maintenance of the stock exchange listing and the structural expansion in order to provide all subsidiaries with professional administration and other services.

The annual loss for financial year 2016 therefore totalled EUR 1,811,000.

3b.2. Financial position of Medios AG (German Commercial Code)

Medios AG's financial position is very stable. Liabilities are settled within the deadlines. As at 31 December 2016, liquid assets amounted to EUR 10.6 million, primarily comprising bank balances. This is attributable to the cash capital increase of EUR 19.3 million (gross) carried out in December 2016.

Medios AG's capital structure is very robust. As at 31 December 2016, equity amounted to EUR 38 million. With total assets of EUR 38.5 million, this corresponds to an equity ratio of 98.8%.

There are no bank liabilities. As at 31 December 2016, total liabilities of Medios AG amounted to EUR 0.26 million, of which the largest item was trade payables of EUR 0.24 million.

Significant investments in financial year 2016 were the takeover of 100% of shares in Medios Pharma GmbH (issuing price of EUR 1.35 per share, premium of EUR 0.35) by way of a capital increase in kind and of 51% of shares in Medios Manufaktur GmbH (issuing price of EUR 7.00 per share, premium of EUR 6.00), also by way of a capital increase in kind. These transactions and the premium from the cash capital increase concluded in December 2016 (placement at EUR 7.00 per share, premium of EUR 6.00) led to capital reserves of EUR 28 million.

3b.3. Asset position of Medios AG (German Commercial Code)

The asset position of the Medios Group is good. Due to the capital measures described above (two capital increases in kind and a cash capital increase), all balance sheet items have grown considerably.

At the end of financial year 2016, fixed assets amounted to EUR 26.3 million, mainly comprising the following financial assets: EUR 20.3 million in shares in affiliates and EUR 6 million in loans to affiliates. The loans result from loans of Medios AG to the two subsidiaries Medios Pharma GmbH and Medios Manufaktur GmbH to increase their working capital accordingly.

As at 31 December 2016, current assets amounted to EUR 12.13 million. The significant item here was bank balances in the amount of EUR 10.6 million.

The economic situation of Medios AG can therefore be described as good.

4. Financial and non-financial performance indicators of the Medios Group

For control purposes, the Medios Group mainly uses revenue, the gross profit ratio and EBT as key figures. Revenue in financial year 2016 amounted to EUR 133.2. The cost of sales totalled EUR 125.7 million; the gross profit was therefore EUR 7.5 million, or 5.6% of revenue.

The company value of the Medios Group is also determined by non-financial indicators in addition to the financial key figures detailed above. They relate to the relationships of our companies with customers and employees. In summary, the information allows conclusions to be drawn as to what extent the Medios Group has been successful in retaining competent and committed employees in the long term as an attractive and responsible employer and in sustainably increasing customer value through the quality of its products and services.

III. Supplementary report

On 9 January 2017, the Executive Board of Medios AG informed the two shareholders of Medios Manufaktur GmbH, Ms Claudia Neuhaus und Mr Manfred Schneider, that it would exercise its contractually-agreed call option to acquire the remaining 49% in Medios Manufaktur GmbH. It elected for settlement by instalments, which allowed Medios AG to acquire the 49% of shares immediately, but to pay the purchase price in instalments. A total of EUR 6 million was paid in a first instalment in January 2017. The remaining purchase price in the amount of approx. EUR 2.8 million can be paid in three further half-yearly instalments.

On 18 January 2017, Medios AG also announced the establishment of a wholly owned subsidiary, Medios Digital GmbH. Medios Digital GmbH was provided with share capital of EUR 100,000 and has its registered office in Berlin. The purpose of the company is to provide development, advisory and operational services in the area of information and system technology, in particular to provide services in the area of software development, software maintenance and software support. All software development activities of listed company Medios AG and all other Group companies will be pooled within Medios Digital GmbH in future.

Medios AG acquired a property on 29 March 2017 to significantly expand the production capacity of its subsidiary Medios Manufaktur GmbH and pool the activities of the Medios Group at one location. The property is located on an industrial estate in Berlin-Charlottenburg. It comprises 3,195 square metres of land and an office building. The total investment amount, including the production expansion and the construction of an additional building on this land, will be approx. EUR 11 million.

IV. Remuneration report

The total remuneration of the members of the Executive Board in the reporting year amounted to EUR 40,000, comprising EUR 20,000 for Mr Manfred Schneider (CEO) and EUR 20,000 for Mr Matthias Gärtner (CFO). Other expenses for the Executive Board in the reporting period amounted to EUR 1,309.38. In financial year 2016, with the approval of the Supervisory Board, Mr Matthias Gärtner also received 325,000 options to purchase shares in Medios AG from mediosmanagement GmbH with respect to his activities on the Medios AG Executive Board. The subscription price of these options is EUR 0.00 and there are no other conditions attached. Under this options agreement, shares subscribed to are subject to a ban on resale up to and including 30 June 2018.

The total remuneration of the members of the Supervisory Board in the reporting period amounted to EUR 14,166.66, comprising EUR 5,000 for the Chairman of the Supervisory Board, Dr Yann Samson, and EUR 2,500 for the two members of the Supervisory Board, Klaus Buß and Joachim Messner, and EUR 4,166.66 for travel costs and expenses.

V. Key opportunities and risks

1. Risk report

1.1. Industry-specific risks

The pharmaceutical market in Germany and in the EU is governed by many legal regulations. Possible changes to legislation may directly affect the Medios Group's business.

As part of the law passed in March 2017 by the German federal government to improve the provision of drugs as part of statutory health insurance schemes, an agreement was made to abolish exclusive agreements between health insurance companies and pharmacies. The aim is to ensure oncological patients are supplied with parenteral preparations produced in pharmacies on a comprehensive basis for all insured people, thereby counteracting market consolidation.

In the place of exclusive agreements, the strengthening of the *Hilfstaxe* (contractual unit costs of retail pharmacist services) and the introduction of the possibility to conclude discount agreements with pharmaceutical manufacturers aim to reduce expenditure for statutory health insurance schemes.

The changing legislation and the resulting changes to the pricing of the preparations produced by Medios Manufaktur GmbH may affect margins and results.

1.2. Business-related risks

The following have been identified as business-related risks:

The risk that technical equipment cannot be not used properly. The risk is countered by regular maintenance and servicing measures as well as by the option to outsource production to cooperation partners.

Another risk is the loss of qualified personnel and personnel in key positions. Targeted personnel development, offerings of training and further education and the expansion of social security benefits reduce the probability of loss and increase the attractiveness of the workplace.

The insurance policies concluded by the Medios Group (in particular in the area of company liability, business interruption and receivables insurance) may cover or reduce financial losses caused by any detriment incurred. The insurance coverage is reviewed annually and adapted accordingly.

1.3. Income-related risks

We consider our income-related risks in the area of wholesale to be low as our margin policy can be flexibly managed, due to the fact that we are a commercial enterprise with limited inventory and that demands related to chronic diseases are partially predictable.

For income-related risks in the area of manufacturing, please refer to the "Industry-specific risks" section (1.1.).

The pharma industry, in particular the area of prescription drugs and therefore also specialty pharma drugs, operates relatively independently of the economy and therefore is also subject to few economic fluctuations. The price and margins structure in the pharma business in Germany is largely regulated by law and thus relatively independently of other external factors.

1.4. Financial risks

Our expansion-focused strategy will be associated with an increase in working capital. The increase in business will also lead to an increase in employee numbers. As part of this, investments in the IT structure, logistics and administration will be required.

According to our plan, the expected financing requirements will be covered to a large extent by the operating cash flow and the Medios Group's available funds. Identifiable additional financing needs in the following financial year due to revenue growth are to be covered by taking out credit lines with banks; we will orient our expansion potential to existing financial resources.

1.5. Risks threatening the existence of the company

Our risk analyses have not revealed any risks that threaten the existence of the company

1.6 Risk management

To consistently ensure the quality of services for the Medios Group and generate constant improvement at the same time, we have established a comprehensive risk management system within the group of companies. In order to minimise risks, possible gaps in the system ("GAPs") are identified, described and measures defined to prevent or mitigate potential errors in advance. The subsidiaries of Medios AG are subject to statutory requirements. In order to properly comply with these, clear and comprehensible standard operating procedures are created with which the executive management and staff must comply. These "SOPs" demonstrate process steps that must also always be adapted to specific situations depending on day-to-day

circumstances. Regular GAP analyses are carried out so that such optimisations are not only implemented after errors have been committed. The relevant managing directors of subsidiaries and division managers of Medios AG are responsible for the preparation of GAP analyses in consultation with the Executive Board.

The objective of the risk management system consists primarily in preventing financial losses due to failures and/or faults and taking appropriate countermeasures without delay. As part of this system, the Executive Board, management and Supervisory Board are informed of risks at an early stage.

The monitoring of all risks associated with the production and distribution of drugs, in addition to the continuous monitoring of liquidity and results, represent key early-detection mechanisms. Controlling is also responsible for determining plan deviations in a timely manner. If necessary, the relevant managers of the specialist departments, together with the Executive Board, make decisions about the appropriate strategy and measures for controlling risks. Regular meetings take place for this purpose. Between the meetings, a regular exchange takes place by telephone and email.

2. Opportunities report

The specialty pharma market has been characterised by strong momentum, partly thanks to the increased cytostatics tenders for the statutory health insurance companies in 2016 and partly due to the launches of biosimilars, copied versions of original biopharmaceuticals.

The cytostatics tenders led to more competition and a consolidation at the cytostatics manufacturing pharmacies and manufacturing plants, which put their purchasing conditions to the test. A tender ban on parenteral cytostatics is not expected to change the consolidation process in the market and may have a positive medium-term impact on our income situation.

The introduction of biosimilars increases competition. Both the original manufacturers and biosimilar manufacturers are confronted with new conditions. Further market launches of biosimilars are anticipated in the near future, which may have a positive impact on business, particularly for Medios Pharma.

As an expert partner for specialty pharma drugs, Medios Pharma GmbH has significantly expanded its revenue and earnings growth in 2016. With this revenue growth, Medios Pharma has expanded its business activities throughout Germany.

Provided that the regulatory and market environment is stable, the management is working on continuing these positive revenue and income trends in the following financial year by including new products, optimising processes and expanding business relationships.

As shown in the 2016 Drug Prescription Report, the growth potential for parenteral preparations lies particularly in antibody therapies, where revenue increased 64% in the payments between pharmacies and statutory health insurance companies between 2011 and 2015, while the area of traditional cytostatics has almost stagnated. The increase in revenue of parenteral preparations is therefore mainly attributable to the increased prescription of monoclonal antibodies.

Continued growth continues to be expected in oncological indications due to new innovations. The potential of new innovations can be seen, for example, in the forecast revenue growth for Opdivo®. For oncological antibodies, the statistics portal statista has calculated a global increase in revenue to EUR 8,182 million for 2020 compared to EUR 29 million in 2014.

The growing segment of monoclonal antibodies is characterised by high-priced drugs that are administered parenterally and predominantly prescribed on an individual patient basis, thus falling under Medios Manufaktur GmbH's line of business. The aim is to achieve further growth in addition to the volume achieved thus far based on the aforementioned potential of the product groups and at the level of pharmacy customers and medical practices.

3. Forecast report

In financial year 2017, the Executive Board expects continual growth for the Medios Group. The market situation detailed above in the Opportunities report will lead to further changes and consolidations in the entire pharma market. The Medios Group wishes to take advantage of these changes. In addition, according to an IMS Health growth forecast, the entire European specialty pharma market is set to grow by approx. 10% annually between 2015 and 2020.

In the specialty pharma wholesale business area, the number of partner pharmacies is set to further increase from approx. 90 as at 31 December 2016. The range of products will also be expanded, both by already approved active ingredients and by new products coming to the market. Therefore, the Executive Board of Medios AG anticipates revenue growth in this area to be approx. 30% in 2017. Based on a constant EBT margin of approx. 3%, the Company

anticipates that the pre-tax profit in the area of wholesale will increase by approx. 30%.

In the area of personalised drug production, the executive management makes the following assumptions: The German Act on Improving the Provision of Drugs (AMVSG) passed by the Bundestag in March 2017 includes a tender ban for parenteral preparations for oncological patients. Our plans are based on the assumption that this law – based on a planned transitional period of three months – will come into force in August 2017. This will have an indirect impact on our results. We are currently working on the basis that it will be possible, even if tenders are banned and the free choice of pharmacies for parenteral preparations is reintroduced, to retain approx. 60% of the existing tender volume. This may lead to a temporary decline in revenue. As production under existing tenders is subject to extremely low margins, we anticipate rising gross profits for the remaining production from August 2017. For all production in the area of statutory health insurance, we anticipate slightly lower margins based on the new legal framework set to be introduced.

The executive management is also confident that the resulting free manufacturing capacity will be utilised by new orders relatively promptly. All these assumptions lead to somewhat reduced forecast revenue growth in the area of personalised drug production compared to previous years of approx. 10% in 2017.

Based on the land acquired with a building in March 2017 (see the Supplementary report) and the planned relocation of Medios Manufaktur to this building, some planning measures are already required in financial year 2017 as well as initial investments in personnel, software and technology. This will lead to a slight decrease in EBT in the order of approx. 10% in the area of personalised drug production.

Medios AG, as a holding and service company, will further expand the services to be provided for the subsidiaries (IT service, personnel management, financial and accounting services, etc.). To achieve this, increased investments will be made in personnel, technology and software in 2017.

Based on all these assumptions and forecasts, we therefore predict revenue in the amount of approximately EUR 200 million for the Medios Group in financial year 2017. We expect the Group's EBT for 2017 to be approx. EUR 7 million.

This means a significant increase compared with the financial year ending on 31 December 2016.

The valuation of share options granted by shareholders of Medios AG to management was prepared based on an intrinsic value. We would point out that from 2017 to the end of 2020 at the latest (depending on execution), the change in the intrinsic value of share options (starting from the last reporting date) must be displayed according to IFRS 2.24a in personnel expenses on each reporting date in terms of profit and loss. Depending on the development of the share price, this may mean both income and expenditure. The consolidated results for 2017 et seqq. will then be subject in this case to corresponding volatility.

VI. Risk reporting on the use of financial instruments

The existing financial instruments in the Company primarily include receivables, liabilities and bank balances.

The Company has a solvent customer base. There have been no previous bad debt losses.

Liabilities are paid within the agreed deadlines.

In 2016, the Medios Group financed itself using equity, supplier credit and current cash flow.

The objective of the financial and risk management of the Company is to safeguard the Company's success against financial risks of all kinds. The Company follows a conservative risk policy when managing its financial positions. To minimise default risks, the Company has an adequate debtor management system and trade credit insurance.

VII. Report on branches

The Company does not have any branches.

VIII. Statement on corporate governance as per Section 289a of the German Commercial Code

The Executive Board and Supervisory Board report annually on the Company's corporate governance as per the requirements of the German Corporate Governance Code. In the Statement on corporate governance in accordance with Section 289a(1) of the German Commercial Code and Section 3.10 of the German Corporate Governance Code, the Executive Board – also on behalf of the Supervisory Board – reports on company management, leadership and corporate governance. The statement is published on the Company website, www.medios.ag, in the Investor Relations/Corporate Governance section.

IX. Reporting as per Section 289(4) of the German Commercial Code

As at 31 December 2016, the share capital amounted to EUR 12,421,836 and was divided into 12,421,836 no-par value bearer shares with a theoretical par value of EUR 1.00 per share.

No restrictions that affect voting rights or the transfer of shares are known to the Executive Board of Medios AG.

The following shareholders are invested in the Company as at the reporting date, 31 December 2016, as shown below and have informed the Company of the voting shares listed below. The notifications have been published in accordance with Section 25(1) of the German Securities Trading Act (WpHG):

Manfred Schneider, Germany informed us on 21 November 2016 (published on 22 November 2016) as per Section 21(1) of the German Securities Trading Act, as part of a group notification also issued to mediosmanagement GmbH, that his voting share in relation to Medios AG as at 21 November 2016 amounted to 70.73% (7,956,324 voting rights). Of all voting rights, 63.39% (7,129,969 voting rights) is assigned to him under Section 22 WpHG. Names of shareholders with 3% or more of the votes, of which votes pursuant to Section 22(1) or (2) WpHG are attributed to the party subject to notification: mediosmanagement GmbH.

Remark: As part of a cash capital increase, the total number of voting rights on 7 December 2016 was increased to a total of 12,421,836 voting rights (published on 7 December 2016). On the basis of the new total number of voting rights, the calculated share of voting rights held by Mr Manfred Schneider in Medios AG is therefore 64.05% (6.65% directly and 57.40% by assignment).

Ms Sarka Henkel, Germany informed us on 31 October 2016 (published on 2 November 2016) as per Section 21(1) of the German Securities Trading Act, as part of a group notification also issued to SarkInvest Beteiligungs GmbH, that her voting share in relation to Medios AG as at 26 October 2016 amounted to 4.83% (466,500 voting rights). Of all voting rights, 4.83% (466,500 voting rights) is assigned to her under Section 22 WpHG. Names of shareholders with 3% or more of the votes, of which votes pursuant to Section 22(1) or (2) WpHG are attributed to the party subject to notification: SarkInvest Beteiligungs GmbH.

Remark: As part of a cash capital increase, the total number of voting rights on 7 December 2016 was increased to a total of 12,421,836 voting rights (published on 7 December 2016). On the basis of the new total number of voting rights, the calculated share of voting rights held by Ms Sarka Henkel in Medios AG is therefore 3.76% (0% directly and 3.76% by assignment).

Ms Claudia Neuhaus, Germany informed us on 21 November 2016 (published on 22 November 2016) as per Section 21(1) of the German Securities Trading Act that her voting share in relation to Medios AG as at 21 November 2016 exceeded the 3% threshold, amounting to 4.49% (505,284 voting rights) on that date.

Remark: As part of a cash capital increase, the total number of voting rights on 7 December 2016 was increased to a total of 12,421,836 voting rights (published on 7 December 2016). On the basis of the new total number of voting rights, the calculated share of voting rights held by Ms Claudia Neuhaus in Medios AG is therefore 4.07%.

Shares with exceptional rights that grant controlling powers did not and do not exist.

Medios AG has not set up any employee share programmes at the present time.

The relevant legal regulations and provisions of the articles of association for the appointment and dismissal of members of the Executive Board are Sections 84 and 85 of the German Stock Corporation Act (AktG) and Section 6 of the articles of association. Sections 133 and 179 of the German Stock Corporation Act and Section 19 of the articles of association govern any changes to the articles of association. The Company has not made any agreements that are subject to a change in control following a takeover offer.

No compensation agreements have been made between the Company and Executive Board members or employees for the event of a takeover offer.

X. Final declaration as per Section 312(3) (3) of the German Stock Corporation Act (AktG)

The Executive Board has prepared a report on the relationships with affiliates in accordance with Section 312 AktG which contains the following final declaration:

“The Company has received appropriate consideration for each legal transaction carried out. The appropriateness was assessed under the circumstances known to the Executive Board at the time that the legal transaction was carried out. As such, no disadvantage exists”.

XI. Assurance of the legal representatives

To the best of our knowledge and in accordance with the applicable accounting principles, the annual financial statements and consolidated financial statements give a true and fair view of the asset, financial and income position of the Company and the Group. Furthermore, the summary management report and Group management report include a fair review of the business performance, including the result, and the position of the Company and the Group, together with a description of the principal opportunities and risks associated with the expected development of Company and the Group.

Berlin, April 20th, 2017

Signed Manfred Schneider

Chairman of the Executive Board
Medios AG

Signed Matthias Gärtner

Member of the Executive Board
Medios AG





Group financial statement IFRS

Profit and loss statement for fiscal year 2016

Medios AG, Berlin

	NOTES	31/12/2016 EUR	31/12/2015* EUR
Revenues	9.	133,210,908,58	58,219,722,78
Change in stock of finished and unfinished products	10.	-68,123,87	0,00
Other income	13.	71,931,73	2,081,26
Cost of goods sold	11.	125,716,267,02	56,030,491,94
Personnel costs	12.	6,787,575,66	553,986,58
Other expenses	14.	1,424,962,94	535,290,03
Earnings before interest, taxes, depreciation and amortization (EBITDA)	28.	-714,089,18	1,102,035,49
Planned amortization	15.	107,396,30	37,927,61
Earnings before interest and taxes (EBIT)	15.	-821,485,48	1,064,107,88
Financial expenses		1,291,999,35	0,00
Financial income		1,972,87	0,00
Earnings before taxes (EBT)	16.	-2,111,511,96	1,064,107,88
Income taxes		1,362,794,52	324,792,22
Consolidated net income before minority interests		- 3,474,306,48	739,315,66
of which is for non-controlling interests (minorities)	37.	-303,113,24	0,00
Consolidated net income after minority interests		-3,171,193,24	0,00

* Based on the separated annual report of Medios Pharma GmbH 2015 incl. opening statement IFRS (non audited), whereby the assignment was partially adjusted to the presentation of the consolidated balance sheet and consolidated income statement.

Consolidated balance sheet as of December 31st,
for the period from January 1st to December 31st, 2016
Medios AG, Berlin

ASSETS	NOTES	31/12/2016 EUR	31/12/2015* EUR	01/01/2015* EUR
Fixed assets		8,379,780,40	126,172,00	45,305,00
Property, plant and equipment	18.	617,532,40	116,609,00	42,098,00
Intangible assets	17.	7,326,348,00	9,563,00	3,207,00
Deferred tax assets	16.	435,900,00	0,00	0,00
Current assets		39,480,976,35	4,673,997,49	1,839,025,56
Inventories	19.	6,604,887,31	1,711,031,00	901,043,33
Trade receivables	20.	14,484,070,36	1,618,640,31	913,472,72
Other assets	21.	1,301,401,90	138,716,24	24,509,51
Cash and cash equivalents	22.	17,090,616,78	1,205,609,94	0,00
Balance sheet total		47,860,756,75	4,800,169,49	1,884,330,56

1) Based on the separated annual report of Medios Pharma GmbH 2015 incl. opening statement IFRS (non audited), whereby the assignment was partially adjusted to the presentation of the consolidated balance sheet and consolidated income statement.

2) This item also includes receivables from affiliated companies as reported in the separated annual report of Medios Pharma GmbH in the amount of EUR 5,355.00.

Consolidated balance sheet as of December 31st,
for the period from January 1st to December 31st, 2016
Medios AG, Berlin

LIABILITIES	NOTES	31/12/2016 EUR	31/12/2015* EUR	01/01/2015* EUR
Equity	33.	34,098,513,84	1,322,120,01	557,804,35
subscribed capital		5,296,825,00	100,000,00	75,000,00
capital reserves		29,253,713,77	482,804,35	482,804,35
retained earnings		739,315,66	739,315,66	0,00
overall result after minority interests		- 3,171,193,24	0,00	0,00
interests of minority shareholders		1,979,852,65	0,00	0,00
long-term liabilities		165,292,00	0,00	0,00
deferred tax liabilities	16.	165,292,00	0,00	0,00
Current liabilities		13,596,950,91	3,478,049,61	1,326,526,21
other accruals	24.	1,456,737,63	93,829,39	44,291,35
accounts payable trade	25.	9,851,465,66	2,861,950,35	1,118,442,35
income taxes payables	16.	1,937,809,44	321,305,00	113,035,00
other liabilities	26.	350,938,18	200,964,87	50,757,51
Total liabilities		13,762,242,91	3,478,049,61	1,326,526,21
Total balance sheet		47,860,756,75	4,800,169,62	1,884,330,56

Cashflow from operating activities

for the period from January 1st to December 31st, 2016

Medios AG, Berlin

	NOTES	31/12/2016 (000)	31/12/2015* (000)
Annual result		-3,474	739
Amortization of tangible assets		107	38
Increase of accruals		336	50
Other non-cash expenses and earnings		6,778	0
Increase/decrease of inventories, trade receivables as well as other assets that are not attributable to investment or financing activities		-11,294	-1,629
Increase/decrease of accounts payable trade as well as other liabilities that are not attributable to investment or financing activities		4,720	1,894
Interest expenses/interest earnings			
Income tax expenses/earnings		4	0
Income tax payments	15.	1,373	325
Tax payments	16.	-132	-117
Net cash outflow from operating activities		-1,581	1,299
Cashflow from investment activities			
Payments for intangible fixed assets	17.	-60	-8
Payments for investments in fixed assets	18.	-312	-111
Interest received		2	0
Net cash outflow from investment activities		-371	-119
Cashflow from financing activities			
Proceeds from equity contributions from other shareholders		17,739	
Payments from equity reductions to shareholders of the parent company		0	25
Payed taxes		-6	0
Net cash inflow from financing activities	15.	17,733	25
Net increase of payments		15,781	1,206
Changes in the scope of consolidation due to changes in the scope of consolidation		104	0
Payments at the beginning of the financial year at the beginning of the period	22.	1,206	0
Payments at the end of the financial year	22.	17,091	1,206

* The values of the cash flow statement of Medios Pharma GmbH are shown der (economic acquirer)

Group Statement of Changes in Equity

for the period from January 1st to December 31st, 2016

Medios AG, Berlin

	NOTES	SUBSCRIBED CAPITAL EUR	CAPITAL RESERVE § 272 (2) NR. 1 HGB EUR
Status 01/01/2015*	27.	75,000,00	482,804,35
Annual net profit		0,00	0,00
Increase in share capital	.	25,000,00	0,00
Status 31/12/2015	27.	100,000,00	482,804,35
Net loss		0,00	0,00
Reserves for employee benefits paid in equity		0,00	0,00
Increase in subscribed capital		1,124,989,00	0,00
Increase in subscribed capital Medios AG		1,311,428,00	0,00
Cash capital increase as of December 7th, 2016		2,760,408,00	0,00
Agio from contributions in kind Medios Manufaktur GmbH § 272 (2) Nr. 1 HGB		0,00	7,868,568,00
Agio from cash capital increase § 272 (2) Nr. 1 HGB		0,00	16,562,448,00
Capital increase costs		0,00	-1,583,665,53
Deferred taxes		0,00	431,000,00
Minority shares		0,00	0,00
Status 31/12/2016	27.	5,296,825,00	23,761,154,82

* Based on the separated annual report of Medios Pharma GmbH 2015 incl. opening statement IFRS (non audited).

RESERVES FOR EMPLOYEE BENEFITS PAID IN EQUITY EUR	RETAINED EARNINGS EUR	NON-CONTROLLING SHAREHOLDERS (MINORITY INTEREST EUR	EQUITY EUR
0,00	0,00	0,00	557,804,35
0,00	739,315,66	0,00	739,315,66
0,00	0,00	0,00	25,000,00
0,00	739,315,66	0,00	1,322,120,01
0,00	-3,171,193,24	-303,113,24	-3,474,306,48
5,492,558,95	0,00	0,00	5,492,558,95
0,00	0,00	0,00	1,124,989,00
0,00	0,00	0,00	1,311,428,00
0,00	0,00	0,00	2,760,408,00
0,00	0,00	0,00	7,868,568,00
0,00	0,00	0,00	16,562,448,00
0,00	0,00	0,00	-1,583,665,53
0,00	0,00	0,00	431,000,00
0,00	0,00	2,282,965,89	2,282,965,89
5,492,558,95	-2,431,877,58	1,979,852,65	34,098,513,84

Summary**Development of the Consolidated Fixed Assets Medios AG**

for the period from January 1st to December 31st, 2016

Medios AG, Berlin

	01.01.2016 EUR	ACQUISITION MEDIOS AG 01.09.2016	ACQUISITION MEDIOS MANUFAKTUR 01.11.2016	ACQUISITION EUR	TRANSFER EUR	DISPOSALS EUR	31.12.2016 EUR
ACQUISITION COSTS AND MANUFACTURING COSTS							
I. Intangible assets	10,932,00	1,800,00	20,000,00	7,345,348,13	0,00	0,00	7,378,080,13
Purchased concessions, property rights and similar rights and assets	10,932,00	1,800,00	20,000,00	7,345,348,13	0,00	0,00	7,378,080,13
II. Tangible assets	153,167,61	0,00	1,258,689,01	312,342,89	0,00	10,061,84	1,714,137,67
1. Land and buildings including buildings on foreign land	5,790,00	0,00	3,424,56	0,00	149,842,44	0,00	159,057,00
2. Technical equipment	0,00	0,00	876,956,96	0,00	0,00	0,00	876,956,96
3. Operating and business equipment	147,377,61	0,00	378,307,49	145,500,05	3,031,00	10,061,84	664,154,31
4. Advance payments on investments	0,00	0,00	0,00	166,842,84	-152,873,44	0,00	13,969,40
Total capital assets	164,099,61	1,800,00	1,278,689,01	7,657,691,02	0,00	10,061,84	9,092,217,80

01.01.2016 EUR	MEDIOS AG 01.09.2016	MEDIOS MANUFAKTUR 01.11.2016	ACQUISITIONS EUR	DISPOSALS EUR	31.12.2016 EUR	31.12.2016 EUR	01.01.2016 EUR
ACCUMULATED DEPRECIATION						DEPRECIATED BOOK VALUE	
1,369,00	0,00	19,999,00	30,364,13	0,00	51.732,13	7.326.348,00	9.563,00
1,369,00	0,00	19,999,00	30,364,13	0,00	51.732,13	7.326.348,00	9.563,00
36,558,61	0,00	993,076,33	77,032,17	10,061,84	1.096.605,27	617.532,40	116.609,00
688,00	0,00	780,56	2,896,44	0,0	4.365,00	154.692,00	5.102,00
0,00	0,00	757,635,62	14,632,34	0,00	772.267,96	104.689,00	0,00
35,870,61	0,00	234,660,15	59,503,39	10,061,84	319.972,31	344.182,00	111.507,00
0,00	0,00	0,00	0,00	0,00	0,00	13.969,40	0,00
37,927,61	0,00	1,013,075,33	107,396,30	10,061,84	1.148.337,40	7.943.880,40	126.172,00

Group notes for financial year 2016

1. General information

Medios AG (hereafter also the "Company", "MEDIOS" or, in connection with its subsidiaries, the "Medios Group") is an Aktiengesellschaft (public limited company) under German law. The Company's shares are listed on the regulated market of the Frankfurt Stock Exchange (General Standard). The share is also listed on the regulated market of the Hamburg Stock Exchange and admitted for over-the-counter trading on the Düsseldorf Stock Exchange. Medios AG is the Group's parent company. It is registered at Berlin Local Court under HRB 70680. The Company's registered office is in Hamburg. The business address is Friedrichstrasse 113a, 10117 Berlin, Germany.

The consolidated financial statements are presented in euros (EUR) since all Group transactions are concluded in this currency and the euro is therefore the functional currency of the Group. Unless otherwise stated, figures are reported in thousands of euros (EUR 000). Please note that the use of rounded amounts and percentages may produce differences due to commercial rounding, even within individual tables. This also applies to the totals and subtotals shown in the consolidated financial statements.

The consolidated statement of comprehensive income is prepared according to the nature of expenditure method. The financial year of Medios AG and its subsidiaries included in the consolidated financial statements corresponds to the calendar year; there has been a group relationship since August 31st 2016.

2. Operating activities

As a management and services holding company, Medios AG has a central management function in the Medios Group. It manages the Group's operating activities, prepares, among other things, corporate planning for the Group and monitors compliance with that planning.

The wholly-owned subsidiary Medios Pharma GmbH is a drugs wholesaler for specialty pharma drugs and specialises in drugs for chronic and/or rare illnesses with complex and consulting-intensive therapies that are produced using high-tech manufacturing methods. Medios Pharma GmbH operates in this respect as a trading platform by systematically determining supply and demand for specialty pharma drugs and bringing them together with corresponding procurement and supply. Medios Pharma GmbH also sees itself as a pharmaceutical expert partner and interacts with market participants that focus on drug provision for patients with chronic and/or rare illnesses.

The 51%-owned subsidiary Medios Manufaktur GmbH is a contract manufacturer for personalised prescription drugs. Medios Manufaktur GmbH has been manufacturing infusions, injections and pumps (parenterals) on behalf of pharmacies since 2009, which are individually prepared for patients with a doctor's prescription. Special focus is placed on the care of cancer patients, and to a lesser degree on patients with other indications.

3. Basic information on the preparation of the financial statements

The consolidated financial statements of Medios AG as at December 31st 2016 were prepared for the first time in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations of the International Accounting Standards Board (IASB), as applicable in the European Union (EU) pursuant to Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, with supplementary application of the regulations of Section 315a of the German Commercial Code (HGB).

This Medios AG Group was established in August 2016 as a reporting company by a reverse acquisition company. The comparative figures as at January 1st 2015 and 31 December 2015 relate to the individual financial statements of the buyer in financial terms, Medios Pharma GmbH, Berlin.

There are no material effects on the asset, financial and earnings position and on the Group's cash flow from the initial application of the IFRS on January 1st 2015. No changes to the equity capital were made according to the statutory annual financial statements as at December 31st 2014 on equity in the IFRS opening balance sheet as at January 1st 2015. The comprehensive income shown for 2015 of Medios Pharma GmbH according to IFRS is identical to the commercial annual result for 2015. Reporting for financial year 2016 is prepared in accordance with the standards to be applied mandatorily and gives a true and fair view of the Group's asset, financial and income position. These consolidated financial statements were prepared by the Executive Board of Medios AG on April 25th 2017 and approved for publication subject to approval by the Supervisory Board.

4. New or amended applicable standards and interpretations

In the financial year, the following new or revised IFRS standards and interpretations were applied:

STANDARDS/INTERPRETATION		DATE FOR MANDATORY APPLICATION	DATE OF EU ENDORSEMENT
IFRS 11	Changes to Acquisition of an interest in a joint operation	01/01/2016	24/11/2015
IAS 16/IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	01/01/2016	02/12/2015
IAS 16/IAS 41	Agriculture: Bearer Plants	01/01/2016	23/11/2015
IAS 27	Equity Method in Separate Financial Statements	01/01/2016	18/12/2015
IFRS 10/IFRS 12	Investment Entities – Applying the Consolidation Exception	01/01/2016	22/09/2016
IAS 28	Investment Entities – Applying the Consolidation Exception	01/01/2016	22/09/2016
IAS 1	Changes – Disclosure Initiative	01/01/2016	18/12/2015
	Annual improvements to IFRS (cycle 2012–2014)	01/01/2016	15/12/2015

Published but not yet applied standards and interpretations

STANDARDS/INTERPRETATION		DATE FOR MANDATORY APPLICATION	DATE OF EU ENDORSEMENT
IFRS 9	Financial Instruments	01/01/2018	22/11/2016
IFRS 15	Revenue from Contracts with Customers including amendment to the time of first application [not yet complete]	01/01/2018	22/09/2016

The Company does not currently expect the future application of the new accounting regulations to have any significant effect on the consolidated financial statements. The initial application of these standards is intended to take place on the mandatory date.

5. Consolidated companies

In addition to Medios AG, these consolidated financial statements include two subsidiaries as at the balance sheet date. These two companies were acquired in financial year 2016:

- 100 % of Medios Pharma GmbH, Berlin
- 51 % of Medios Manufaktur GmbH, Berlin

All subsidiaries controlled by Medios AG were fully consolidated if they were material to the Group's asset, financial and income position.

The Consolidated Statement of Comprehensive Income 2016 thereafter includes the full calendar year for Medios Pharma GmbH, only the data for four months for Medios AG and only the data for the months of November and December 2016 for Medios Manufaktur GmbH.

Medios Pharma GmbH, Berlin

The acquisition of 100% of the shares in Medios Pharma GmbH, Berlin took place as part of a capital increase in kind with effect as at 31 August 2016. Due to the size of Medios AG and the size of Medios Pharma GmbH, the acquisition of the shares in Medios Pharma GmbH took place in the form of a reverse acquisition with Medios Pharma GmbH as the economic buyer. Since Medios AG was not a company as defined by IFRS 3 as at 31 August 2016, no goodwill was disclosed. The calculated surcharge was charged to expenses in the amount of EUR 1.2 million due to the lack of capitalisable hidden reserves at Medios AG and reported under financial expenditure in the consolidated statement of comprehensive income.

Medios Manufaktur GmbH, Berlin

As at 1 November 2016, 51% of the shares in Medios Manufaktur GmbH, Berlin were acquired for a total price of EUR 9,179,996. As at 31 December 2016, the Group has the option to acquire the remaining 49% of the shares in Medios Manufaktur GmbH. The table below shows the fair values of the identifiable assets and liabilities of the business combination as at the date of acquisition.

MAIN GROUPS OF RECORDED ASSETS AND LIABILITIES IN EUR (000)	CARRYING AMOUNT AT THE TIME OF ACQUISITION	REVALUATION OF ASSETS AND LIABILITIES	CARRYING AMOUNT UPON INITIAL CONSOLIDATION
Other intangible assets	0	481	481
Property, plant and equipment	266	0	266
Other receivables	0	0	0
Deferred tax assets	0	0	0
Inventories	2,028	0	2,028
Trade receivables	5,476	0	5,476
Other receivables	54	0	54
Cash and cash equivalents	59	0	59
Prepaid expenses	9	0	9
Total assets	7,892	481	8,373
Financial liabilities	690	0	690
Tax liabilities	362	0	362
Other provisions	868	0	868
Trade payables	1,620	0	1,620
Deferred tax liabilities	19	155	174
Total liabilities	3,559	155	3,714
Net assets	4,333	326	4,659
Minority interests	0	0	2,283
Purchase price pursuant to IFRS 3	0	0	9,180
Goodwill			6,804

The goodwill resulting from the difference between the purchase price and the net assets essentially represents the value of expected income and cost synergies arising from the acquisition of Medios Manufaktur GmbH.

The table below shows the revenue and result up to the date of acquisition as well as the amounts as from the date of acquisition

REVENUE AND RESULT IN EUR (000)	
Since the date of acquisition	
Revenues	35,615
Earnings before taxes	1,664
Since 31 October 2016	
Revenues	7,877
Earnings before taxes	646

6. Accounting and valuation methods

The accounting and valuation methods used in the consolidated financial statements are presented below. Additional information relating to individual items in the consolidated statement of comprehensive income and the consolidated balance sheet, as well as corresponding figures, can be found in the following notes. The consolidated financial statements are prepared using the historical cost principle in consideration of the going concern principle.

Revenue recognition and sales figures

Revenue includes all proceeds from the typical business activities of the Group. Revenue is reported without value added tax. Sales revenue is realised at the time at which the products or goods have been delivered and/or the services provided and the risk has passed to the customer. The amount of revenue must be reliably determined and it must be assumed that it will be possible to collect the receivable. Discounts granted reduce revenues.

Realising other income and interest income

Other income is recognised as it is realised. Interest income is recognised using the effective interest method.

Recognition of expenses

Expenses are recognised once the service has been utilised and/or at the time they are incurred. Interest rates are recorded as expenses using the effective interest method.

Goodwill

Goodwill from a business combination is valued at acquisition cost when first recognised and is measured as the excess of the transferred consideration (acquisition cost) over the identifiable assets and liabilities assumed. Following the initial recognition, goodwill is measured at acquisition cost less cumulative impairment costs.

Goodwill is not subject to scheduled amortisation, but tested for impairment at the level of cash-generating units at least once a year – also during the year if there are indications for impairment – in accordance with the regulations of IAS 36. New goodwill is allocated to each cash-generating unit expected to benefit from the combination. The cash-generating units always correspond to operating segments, since goodwill is only taxed at this level.

The recoverable amount of a cash-generating unit is compared with its carrying amount to determine a possible impairment. The recoverable amount is calculated as the higher of the value in use or the fair value less cost to sell. An impairment is only made if the recoverable amount is less than the carrying amount. There is no subsequent impairment reversal if the reasons for an impairment loss recorded in previous financial years no longer apply.

Other intangible assets

Internally generated intangible assets and intangible assets with unlimited useful lives are held in the form of brand rights and have a residual carrying amount of EUR 10,000 as at 31 December 2016. The brand is reported with an unlimited useful life within the shared services segment. The useful life is classified as unlimited because a useful life cannot be determined. The value of the brand is tested annually for impairment.

Other intangible assets are measured at acquisition cost less scheduled amortisation and impairments. Internally generated intangible assets and intangible assets with unlimited useful lives are held in the form of brand rights.

The Company uses the following methods of amortisation and useful lives:

INTANGIBLE ASSETS	METHOD OF AMORTISATION	USEFUL LIFE
Software	Straight-line ordinary amortisation	3 years
Other intangible assets acquired against payment	Straight-line ordinary amortisation	10 years
Other property rights	No amortisation	—

Amortisation on intangible assets is reported with depreciation on property, plant and equipment, summarised under amortisation and depreciation in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment is valued at acquisition cost less scheduled depreciation and impairments. Disposals are reported both under the historical acquisition cost and

cumulative depreciation. Gains or losses from the disposal of property, plant and equipment are reported in other operating income or expenses.

The Company uses the following methods of depreciation and useful lives:

PROPERTY, PLANT AND EQUIPMENT	METHOD OF DEPRECIATION	USEFUL LIFE
Operating and office equipment	Straight-line ordinary depreciation	3 – 10 years

Impairment of other intangible assets and property, plant and equipment

An impairment test is carried out for intangible assets with limited useful lives and for property, plant and equipment if there are specific indications for impairment. An impairment is then recorded in the income statement if the recoverable amount of the asset is less than the carrying amount. The recoverable amount is always determined individually for every asset. If this is not possible, it is determined on the basis of a group of assets which generate largely independent cash flows. The recoverable amount is the higher of fair value less costs to sell or value in use. Every impairment is immediately recorded through profit or loss. If the reason for an impairment recorded in previous years no longer applies, a reversal is made up to no more than the amortised cost.

Inventories

The inventories are estimated at the lower value from acquisition and/or production costs and net realisable value. Production costs also include, in addition to the directly attributable costs, manufacturing and material costs and pro rata production-related general administrative costs. The fixed overheads are based on the normal load of the production facilities. Financing costs are not part of the acquisition or production costs. Costs of unused production capacity (empty costs) are shown in expenses in the statement of comprehensive income. Impairments on inventories are made as soon as the acquisition or production costs are above the expected net sales proceeds. The consumption tracking method applied in the Medios Group Consumption process is uniformly FIFO.

Provisions

Provisions are created, if there is a current obligation towards third parties from a past event that will probably in future result in an outflow of resources and the amount of which can be reliably estimated. The likelihood of an outflow of resources occurring must be over 50%. Provisions with respect to third parties are only created for legal or constructive obligations. Provisions are recognised at their expected settlement amount. Provisions based on a large number of similar events are reported at their expected value. Legal redress is activated if the claim is sufficiently certain.

Income taxes (actual and deferred taxes)

Income tax expenditure is the sum of the current (actual) tax expenditure and deferred taxes. The actual tax expenditure is based on the taxable income for the year. The Group's liability for the actual tax expenditure is calculated on the basis of the applicable tax rates.

Deferred taxes are valued according to the liability method in accordance with IAS 12 "Income Taxes". This means that, with the exception of goodwill from company acquisitions and the initial recognition of assets and liabilities that do not result from a company acquisition and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss, deferred taxes are created for all temporary differences between the values of assets and liabilities in the IFRS and tax balance sheet, independently of the period in which these differences are reversed. Deferred tax assets and liabilities are measured using the rates at which the validity for the period in which an asset is realised or a liability fulfilled is expected. The tax rates (and tax regulations) that are valid at the balance sheet date or will soon apply are set here.

Deferred taxes which directly relate to items recognised in equity items are also recognised immediately in equity. Active deferred taxes are recognised on tax losses carried forward provided that they are likely to be feasible.

Contingencies (contingent liabilities and receivables)

Contingencies are possible liabilities or assets resulting from events in the past and whose existence is dependent on the occurrence or non-occurrence of one or more contingent future events that are not under the full control of the Group. Contingent liabilities are also present obligations resulting from past events, where the outflow of resources embodying the economic benefits is unlikely or where the scope of the obligation cannot be reliably estimated. Contingent liabilities are recognised at their fair value if they

have been assumed as part of a company acquisition. Contingent assets are not recognised. If an outflow of economic benefit is not unlikely, information on contingent liabilities is provided in the Group notes. The same applies for contingent assets if they are likely to flow in.

Financial instruments

Financial instruments are, according to IAS 39, contracts that create a financial asset at one company and a financial liability or an equity instrument at another company. If, however, the trade and settlement date for financial assets should differ, the settlement date shall apply for the initial recognition. The initial valuation of a financial instrument is at the respective fair value. IAS 39 divides the financial assets into the following categories for valuation:

- Financial instruments measured at fair value through profit or loss
- Financial investments held to maturity
- Loans and receivables
- Financial assets available for sale

The Group's financial assets include cash and cash equivalents, trade receivables and other assets. The Group determines the classification of its financial assets on initial recognition. The Group has no financial assets classified as financial assets at fair value through profit or loss. The Group does not currently use any derivative financial instruments for hedging against interest rate risks, for example. Financial liabilities are attributable to the following two categories:

- Financial instruments designated at fair value through profit or loss and financial instruments held for trading purposes
- Other financial liabilities

The Group determines the classification of its financial liabilities on initial recognition. The Group's financial liabilities include trade payables and other liabilities. The Group has no financial liabilities classified as financial liabilities at fair value through profit or loss.

Depending on the categorisation of the financial instruments, the subsequent measurement will either be carried out at fair value or at amortised cost using the effective interest rate method. The fair value is determined according to the following measurement categories:

- **Category 1:** Prices listed (unchanged) on active markets for identical assets or liabilities
- **Category 2:** Input factors that are not the listed prices considered in category 1 but can be observed either directly or indirectly (i.e. derived from prices) for the asset or liability
- **Category 3:** Factors not based on observable market data for the valuation of the asset or liability (unobservable input factors)

At present, all fair values determined for financial instruments are based on information and input factors from category 2 as outlined above.

The loans and receivables (LaR) category is currently exclusively used for financial instruments carried as assets, and the financial liabilities measured at amortised costs (FLAC) category exclusively for financial instruments carried as liabilities.

Loans and receivables are not derivative financial assets with fixed or ascertainable payments, which are not listed on an active market. After initial recognition, the loans and receivables are assessed at amortised cost using the effective interest method, less any impairments. Gains and losses are recognised within the profit or loss for the period, if the loans and receivables are written-off or impaired as well as in the context of amortisation.

An impairment test is carried out for financial assets if indications of a loss in value can be identified. If the Group finds that there is no objective indication of an impairment for an individually reviewed financial asset, be it significant or not, it includes the asset in a group of financial assets with comparable default risk profiles and reviews them together for impairment. Assets that are reviewed individually for impairment and for which an impairment loss is recorded, or continues to be recorded, are not included in a collective assessment of impairment. If there are objective indications that an impairment has occurred, the result will be the amount of the impairment loss as the difference between the carrying amount of the asset and the present value of expected future cash flows (with the exception of anticipated future credit defaults that have not yet occurred). The present value of expected future cash flows is discounted

with the original effective interest rate of the financial asset. If a credit has a variable interest rate, the discount rate used for the valuation of an impairment loss corresponds to the current effective interest rate. The fair value of all short-term financial instruments corresponds, unless otherwise indicated, to the carrying amounts.

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognised if one of the following criteria is fulfilled:

- The contractual rights to receive cash flows from a financial asset have expired.
- The Group has transferred its contractual rights to receive cash flows from the financial asset to third parties or assumed a contractual obligation for immediate payment of the cash flow to a third party under an agreement that fulfils the conditions in IAS 39.19 (transit agreement), thereby either (a) essentially transferring all opportunities and risks associated with the ownership of the financial asset or (b) essentially neither transferring nor retaining all the opportunities and risks associated with the ownership of the financial asset, but transferring the power to dispose of the asset.

A financial liability is derecognised if the obligation on which this liability is based is fulfilled, has been cancelled or has expired. If an existing financial liability is exchanged for another financial liability of the same lender with substantially different contractual terms, the terms of an existing liability are changed significantly, such an exchange or such a change is treated as derecognition of the original commitment and recognition of a new liability. The difference between the respective carrying amounts is recorded through profit or loss.

Financial assets and liabilities are only netted and shown as a net amount on the balance sheet if there is at the present time a legal right to offset the amounts against each other and the intention is to settle on a net basis or to settle the associated liability simultaneously by realising the asset concerned.

Leasing arrangements

Leasing arrangements where the lessor essentially bears all the risks and rewards of an asset associated with ownership are classified as operating leases. The profit or loss of lease payments are directly recognised as expenses in the statement of comprehensive income.

Employee Benefits

Expenditure on pension insurance schemes for defined contribution plans for pension insurance is recorded in personnel costs. There are currently no defined benefit plans in the Medios Group.

Share-based payment

Share-based payment in the form of equity instruments (equity-settled transactions) was made by mediosmanagement GmbH and third parties as remuneration for work done in financial year 2016 for certain management staff, employees and some of the Executive Board of the Group.

The costs of equity-settled transactions are measured at fair value on the date of granting using a suitable measurement model.

These costs, together with a corresponding increase in equity (capital reserve), are recognised in expenses for employee benefits (see details under no. 34) over the period in which the service, and possibly the performance, conditions are fulfilled (vesting period). The cumulative expenses from granting the equity instruments reported on the reporting date of 31 December 2016 until the first exercise date already reflect the entire vesting period and the number of equity instruments that can actually be exercised on expiry of the vesting period in the Group's best estimate. This estimate can be corrected if necessary, if subsequent information indicates that the expected number of exercisable stock options differs from the previous estimates. Income or expenses reported in the result for the period correspond to the development of the cumulative expenses reported at the start and end of the reporting period.

The equity instruments are recognised at their intrinsic value for the first time on the date granted and subsequently on every reporting date and at the date of final settlement. Any changes to the intrinsic value due to profit or loss are recorded in personnel expenses. When granting share options, the share-based payment agreement is deemed to have been finally fulfilled, if the options are exercised and/or forfeited or expire.

The outstanding stock options have no additional dilution effect on the calculation of the earnings per share (diluted) since the stock option was granted directly by mediosmanagement GmbH and third parties and not by the Company.

7. Consolidation principles

Company acquisitions (business combinations as defined by IFRS 3) are recognised using the purchase method, according to which the acquisition costs relating to the company acquisition are distributed over the acquired, individually identifiable assets and liabilities and contingent liabilities according to their fair values as at the date of acquisition.

A residual positive consolidation difference is recognised as goodwill, and a residual negative consolidation difference following a second review is shown in profit or loss. Incidental costs of acquisition are recorded in expenses. If shares in companies that are previously or subsequently consolidated in full are acquired or sold (company acquisition without change of status), the differences between the purchase price and the carrying amount of the acquired or sold net assets are recorded within equity with no effect on the income statement. In the case of successive company acquisitions, for example the process of fully consolidating an associate as a subsidiary, the previously recognised carrying amount of that company is revalued at its fair value as part of the acquisition cost relating to the company acquisition and a resulting gain or loss is recorded in the income statement.

In the case of a reverse company acquisition, the difference between the fair value of the equity instrument to be hypothetically issued by the purchaser and the fair value of the net assets of the purchased company transferred to the purchaser is recognised through profit or loss.

Revenue, expenses and income as well as receivables and liabilities between the companies included are eliminated. Interim results are eliminated if they are material.

8. Use of estimates and assumptions

In preparing the consolidated financial statements, the Executive Board must make estimates and assumptions that influence the items in the consolidated financial statements and the explanatory notes to the consolidated financial statements. The actual developments may deviate from the estimates and assumptions made. Significant estimates and assumptions are explained in more detail below.

Goodwill and other intangible assets

In relation to goodwill and other intangible assets, estimates and assumptions are necessary, in particular regarding future cash flows, returns and capitalisation rates.

The carrying amount of the total intangible assets, including goodwill, amounts to EUR 7,326,348 as at the reporting date, distributed between goodwill at EUR 6,803,849 and other intangible assets at EUR 522,499.

Provisions

The determination of provisions is associated with estimates to a significant degree. The Group forms a provision in particular for risks arising from customer reimbursements of EUR 578,000 and outstanding invoices of EUR 451,000. These estimates may change as a result of new information. Other provisions are formed for individual risks whose payment dates or amounts are uncertain. Estimates are necessary for forming provisions. As at the balance sheet date of 31 December 2016, the carrying amount of the total provisions amounts to EUR 1,457,000.

Taxes on income

Estimates must be made to form provisions for taxes. It also needs to be determined whether an impairment loss or non-recognition is necessary in the case of deferred tax assets. The likelihood that deferred tax assets arising from temporal differences and loss carryforwards can be offset in future against taxable gains must be assessed. There are uncertainties regarding the interpretation of complex tax regulations and the amount and date of future taxable revenues. The tax earnings planning of Medios AG and specifically implementable tax strategies are used to assess the issue of whether deferred taxes from tax loss carryforwards are utilisable, i.e. of value. This is based on five-year medium term planning. As at the balance sheet date of 31 December 2016, the liabilities and provisions from current income tax amount to EUR 1,938,000. The deferred tax assets amounted to EUR 436,000 and deferred tax liabilities EUR 165,000.

Share-based payment

To estimate the accumulated expenses for the share options granted in the financial year 2016 as share-based payments, an estimate must be made of the number of exercisable share options expected. Here it was assumed at the reporting date that all share options granted within the exercise period are exercised. Further information on the conditions and assumptions is provided in the Notes to No. 34.

Explanatory notes to the Group statement of comprehensive income

9. Umsatzerlöse

Revenue is composed as follows:

	2016 EUR (000)	2015 EUR (000)
Domestic revenue	131,467	57,494
Intra-Community revenue	1,743	726
Total	133,210	58,220

Please refer to the segment reporting for the relevant allocation.

10. Portfolio changes

The portfolio changes concern the finished and unfinished products of Medios Manufaktur GmbH.

11. Cost of materials

The cost of materials covers raw materials, auxiliary materials, operating materials and goods.

	2016 EUR (000)	2015 EUR (000)
Goods	121,519	56,030
Raw materials, auxiliary materials and operating materials	4,197	0
Total	125,716	56,030

12. Personnel costs

Personnel costs are as follows:

	2016 EUR (000)	2015 EUR (000)
Wages and salaries	1,076	496
Social security contributions and pensions	219	58
Other remuneration	5,493	0
Total	6,788	554

The expenses for pensions concern payments to government insurers. The payments to government insurers are, within expenses, approx. 50% of the items social security contributions and pensions and concern payments to pension providers.

13. Other operating income

Other operating income is composed as follows:

	2016 EUR (000)	2015 EUR (000)
Reimbursements under the Expenditure Compensation Act	37	2
Revenue from the sale of assets	20	0
Other	15	0
Total	72	2

14. Other operating expenses

Other operating expenses are composed as follows:

	2016 EUR (000)	2015 EUR (000)
Legal and consultancy costs/audit	366	102
Other operating expenses	326	100
Costs of deliveries	158	71
Premises costs	147	71
Contributions/insurance schemes/levies	146	22
Accounting services	98	110
Repairs and maintenance	91	34
Advertising and travel expenses	78	21
Vehicle costs	15	4
Total	1,425	535

15. Financial result

The financial result comprises:

	2016 EUR (000)	2015 EUR (000)
Financial expense	-1,292	0
Other financial income	2	0
Total	-1,290	0

The financial expense is mainly the result of the reverse company acquisition.

16. Taxes on income

The companies included in the consolidated financial statements are subject to German corporation tax (including the solidarity surcharge) and trade tax. Additions to and reductions of certain expenses and income are regularly made in the calculation of tax measurement bases. The amount of income tax is measured according to the taxable income and trading income calculated in this way. Deferred taxes were calculated on the basis of temporary differences between the taxable value and the figure stated in the IFRS balance sheet. If the realisation of deferred tax assets is unlikely, an impairment loss is carried out up to the amount of the deferred tax liabilities formed for the respective tax subject.

In financial year 2016, deferred tax assets totalling EUR 431,000 on tax loss carryforwards of around EUR 1,326,000 were capitalised at the level of Medios AG.

The corporate planning for financial years 2017 to 2019 of Medios AG provides clearly positive results in this regard, which indicates a specific use of the tax loss carryforwards. In this respect, the Company views the realisation of the tax claim as likely. Another deferred tax asset was formed of EUR 4,900 as a consequence of the elimination of inter-company results carried out; the reported deferred tax liabilities of EUR 165,292 are allocable to the capitalisation of hidden reserves as part of the initial and subsequent consolidation of Medios Manufaktur GmbH.

The applicable combined tax rate of 32.5% was usually used to calculate deferred taxes.

The deferred tax assets and liabilities are attributable to the following material balance sheet items and tax loss carryforwards:

	DEFERRED TAX ASSETS 31/12/2016 EUR (K)	DEFERRED TAX LIABILITIES 31/12/2016 EUR (K)	DEFERRED TAX ASSETS 31/12/2015 EUR (K)	DEFERRED TAX LIABILITIES 31/12/2015 EUR (K)
Non-current assets				
Property, plant and equipment	0	15	0	0
Other intangible assets	0	150	0	0
Loss carryforwards				
Corporation tax loss carryforwards	210	0	0	0
Trade tax loss carryforwards	226	0	0	0
Subtotal	436	165	0	0
Of which non-current	291	134	0	0
Netting	0	0	0	0
Deferred taxes according to the consolidated balance sheet	436	165	0	0

The deferred taxes and actual expenses for taxes on income for the financial years are as follows:

	2016 EUR (000)	2015 EUR (000)
Actual tax expenses	-1,376	-325
Deferred tax income	13	0
Total income taxes	-1,363	-325

The actual taxes in the consolidated financial statements are as follows:

	2016 EUR (000)	2015 EUR (000)
Income tax liabilities	1,938	321

The actual income tax liabilities concern in particular trade tax liabilities of EUR 943 and corporation tax liabilities of EUR 995.

The table below shows the tax reconciliation of the income tax expense expected in the financial year and the tax income or expense actually reported. The effective Group tax rate of 30.2% is multiplied by the earnings before taxes to calculate the expected tax expense/income in financial year 2016.

TAX RECONCILIATION	2016 EUR (000)
Earnings before taxes	-2,112
Group tax rate (%)	30.2
Expected tax income	+638
Permanent differences	+1,995
Tax rate differences	-16
Other differences	+10
Total tax expense	-1,363
Effective tax burden (%)	29.2

Carrying forward tax loss carryforwards is subject to a time limit.

No deferred taxes associated with shares in subsidiaries were formed. Due to the 95% exemption these would, on

the sale of shares in corporations, always be only 5% and therefore insignificant. The Group does not currently expect any negative impact from deferred taxes in connection with the disposal of shares in subsidiaries.

Explanatory notes to the consolidated balance sheet

17. Intangible assets

IN EUR (000)	GOODWILL	CUSTOMER BASE	OTHER	OTHER
Acquisition cost as at 01/01/2016	0	0	11	11
Inflows	6,804	481	82	7,367
Outflows	0	0	0	0
As at 31/12/2016	6,804	481	93	7,378
Amortisation as at 01/01/2016	0	0	1	1
Inflows	0	15	36	50
Outflows	0	0	0	0
As at 31/12/2016	0	15	37	51
Net carrying amount as at 31/12/2016	6,804	466	56	7,326
Net carrying amount as at 31/12/2015	0	0	10	10
Net carrying amount as at 01/01/2015	0	0	3	3

The intangible asset »customer base« is amortised over the expected useful life of five years.

The goodwill reported is the result of the business combination with Medios Manufaktur GmbH in financial year 2016 and was allocated to the personalised preparations reporting segment.

The value-in-use of this segment, which was greater than the carrying amount, was determined by the impairment test. The calculation is based on forecast cash flows, which were derived from planning approved by the management for the next 4 years. The discount rate was 7.4% before taxes and 5.7% after taxes for the detailed planning phase and for the later planning phase and reflects the specific risks of this cash-generating unit. No growth rate was taken into account in the context of the perpetual annuity. The discount rate was determined according to the CAPM model on the basis

of current market data and estimates. No impairment expense arose from the impairment test as at the reporting date. Even in the case of a reduction or increase in the net cash flows on which the forecast period is based or in the case of discount rates of 5% or 0.5%, the impairment test would not lead to an impairment.

The intangible assets reported are not subject to any restrictions on title or disposal.

18. Property, plant and equipment

IN EUR (000)	LAND, LAND RIGHTS AND BUILDINGS, INCLUDING BUILDINGS ON LEASED LAND	OTHER ASSETS, PLANT AND OFFICE EQUIPMENT	ADVANCE PAYMENTS AND ASSETS UNDER CONSTRUCTION	TOTAL
Acquisition cost as at 01/01/2016	6	147	0	153
Inflows	3	1.401	167	1.571
Reclassification	150	3	153	0
Outflows	0	10	0	10
As at 31/12/2016	159	1.541	14	1,714
Depreciation as at 01/01/2016	1	36	0	37
Inflows	4	1,066	0	1,070
Outflows	0	10	0	10
As at 31/12/2016	5	1,092	0	1,097
Net carrying amount as at 31/12/2016	155	449	14	618
Net carrying amount as at 31/12/2015	5	112	0	117
Net carrying amount as at 01/01/2015	6	36	0	42

The property, plant and equipment reported are not subject to any restrictions on title or disposal.

19. Inventories

The inventories amounting to EUR 6,605,000 concern raw materials, auxiliary materials and operating materials and goods of Medios Pharma GmbH and Medios Manufaktur GmbH.

Impairment losses occurred in the area of the inventory, the extent of which were of minor significance for the Group.

20. Trade receivables

	31/12/2016 EUR (000)	31/12/2015 EUR (000)	01/01/2015 EUR (000)
Gross value of trade receivables	14,514	1,619	913
Individual impairments	30	0	0
Total	14,484	1,619	913

Impairments on trade receivables developed as follows:

	31/12/2016 EUR (000)	31/12/2015 EUR (000)	01/01/2015 EUR (000)
As at 01/01	0	0	0
Addition due to initial consolidation	17	0	0
Allocation	13	0	0
As at 31/12	30	0	0

The carrying amounts of the impaired receivables amount to EUR 200,000 (gross) as at December 31st, 2016.

The age structure of the trade receivables is as follows:

OF WHICH OVERDUE AND NOT IMPAIRED

ANALYSIS OF THE NON-IMPAIRED	CARRYING AMOUNT 31/12/2016 EUR (000)	CARRYING AMOUNT 31/12/2016 AS AT 31/12/2016 EUR (000)	<90 DAYS AS AT 31/12/2016 EUR (000)	90-180 DAYS AS AT 31/12/2016 EUR (000)	180-360 DAYS AS AT 31/12/2016 EUR (000)	>360 DAYS AS AT 31/12/2016 EUR (000)
Trade receivables	14,484	7,796	6,688	0	0	0

With regard to trade receivables that are neither impaired nor overdue, there were no indications at the reporting date that the debtors would not honour their payment obligations.

As at December 31st, 2016, there were no trade receivables pledged as collateral.

21. Other receivables

Other receivables are broken down as follows:

	31/12/2016 EUR (000)	31/12/2015 EUR (000)	01/01/2015 EUR (000)
VAT/input tax in the following year	735	0	2
Rebate accruals	327	86	0
Creditors with debit balances	150	2	0
Other	89	51	23
Total	1,301	139	25

Other receivables include financial assets totalling EUR 566,000.

22. Cash

	31/12/2016 EUR (000)	31/12/2015 EUR (000)	01/01/2015 EUR (000)
Bank	17,091	1,206	0
Cash in hand	0	0	0
Total	17,091	1,206	0

Cash consists of cash at banks with a residual maturity of no more than three months and cash in hand.

The Group had freely available liquid funds as at the balance sheet date amounting to EUR 17,091,000.

23. Subscribed capital and reserves

Medios AG's share capital as at December 31st 2016 amounted to EUR 12,421,836. It is divided into 12,421,836 fully paid-up, no-par-value shares.

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the Company's share capital once or several times until September 13th 2020 by up to EUR 212,500.00 by issuing up to 212,500 new, no-par-value bearer shares with a pro-rata amount of the share capital of EUR 1.00 each for cash contributions or contributions in kind (authorised capital 2015/1).

The Executive Board is also authorised, with the approval of the Supervisory Board, to increase the Company's share capital once or several times until June 14th 2021 by up to EUR 150,000.00 by issuing up to 150,000 new, no-par-value bearer shares with a pro-rata amount of the share capital of EUR 1.00 each for cash contributions or contributions in kind (authorised capital 2015/1).

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the Company's share capital once or several times until June 14th 2021 by up to EUR 3,812,500 by issuing up to 3,812,500 new, no-par-value bearer shares with a pro-rata amount of the share capital of EUR 1.00 each for cash contributions or contributions in kind (authorised capital 2016/11).

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the Company's share capital once or several times until September 13th 2021 by up to EUR 655,714.00 by issuing up to 655,714 new, no-par-value bearer shares with a pro-rata amount of the share capital of EUR 1.00 each for cash contributions or contributions in kind (authorised capital 2016/111). Ordinary shares and/or non-voting preference shares may be issued. The capital reserve of the Medios Group results mainly from the premium from capital increases of EUR 24,431,000 less transaction costs amounting to EUR 1,584,000 and the portrayal of the initial consolidation as part of the reverse asset acquisition.

24. Other provisions

All non-current and current other provisions developed as follows:

IN EUR (000)	BOOK VALUE 01/01/2016	CON- SUMPTION	DIS- SOLUTION	SUPPLY	BOOK VALUE 31/12/2016	BOOK VALUE 31/12/015	BOOK VALUE 01/01/2015
Retaxation and other	0	0	0	578	578	0	0
Outstanding invoices	48	38	10	590	590	48	35
Personnel costs	16	16	0	41	41	16	9
Acquisition and auditing costs	12	12	0	205	205	12	0
Retention obligation	18	0	0	25	43	18	0
Total provisions	94	66	10	1.439	1.457	94	44
Of which are current	76				1.414	94	44
Of which non-current	18				43	0	0

25. Trade payables

Trade payables are due within one year and amounted to EUR 9,851,000 as at the reporting date.

26. Other liabilities

The other liabilities are due within one year and relate to the following items:

	31/12/2016 EUR (000)	31/12/2015 EUR (000)	01/01/2015 EUR (000)
Liabilities comprising taxes and duties	168	5	33
Liabilities to mediosmanagement GmbH	115	182	0
Liabilities from personnel costs	57	11	3
Other	11	3	15
Total	351	201	51

27. Notes on the consolidated cash flow statement

The cash flow statement shows how the Group's cash balance changed over the reporting year as a result of cash inflows and outflows. A distinction is drawn here between cash flows from current business activity, investment activity and financing activity. The cash and cash equivalents reported in the cash flow statement comprise unrestricted cash only.

28. Segment reporting

As at the reporting date, the Medios Group is divided into the "specialty pharma trade", "personalised preparations" and "shared services" segments. The service profile of the segments differs. Transactions between segments are shown according to the IFRS accounting principles. The business segments were not aggregated. The activities of the Medios Group extend solely to Germany and the EU. The business activities of the segments can be summarised as follows: Specialty pharma trade as a segment is an expert partner for specialty pharma drugs in Germany and interacts with market participants specialising in the care of patients with chronic and/or serious illnesses. Its authorisation as a pharmaceutical wholesaler as per Section 52a of the German Medicinal Products Act (AMG) enables it to supply partners with specialty pharma drugs in accordance with the market's and partners' needs. It focuses in particular on oncology, autoimmunology and infectious disease.

The personalised preparations segment covers the most important components of the specialty pharma sector supply chain: wholesale business, GMP-compliant manufacturing and supplementary services for pharmacies. Medios Manufaktur manufactures individual drugs for patients on behalf of pharmacies. The highest quality standards (GMP) are employed in manufacturing. The focus is on infusion solutions for the field of oncology.

The third segment, shared services, takes on tasks specifically relevant to the capital market for the Medios Group holding activities.

The revenue and the segment results for financial year 2016 can be broken down as follows:

EUR (K)	SPECIALTY PHARMA TRADE	PERSONALISED PREPARATIONS	SHARED SERVICES	RE- CONCILIATION	GROUP
Period	01/01–31/12/2016	01/11–31/12/2016	01/09– 31/12/2016		
Revenue (external)	126,408	7,244	-20	-421	133,211
Revenue (internal)	1.105	633	285	0	2,023
Other income	40	12	20	0	72
Change in inventory	0	-68	0	0	-68
Overall operating performance	126,448	7,188	0	-421	133,215
Amortisation and depreciation	57	31	4	15	107
EBIT	1,911	-425	-2,277	-30	-821
<i>of which personnel expenses from exercisable stock options</i>	2,008, -1,183	1,075	2,410	—	5,493
Income tax expenditure (-)/ income (+)	728	-189	0	10	1,363
Earnings after tax		-618	-2,278	-20	-3,474

The Group achieved revenue in the speciality pharma trade segment from the following customers which each represent more than 10% its total revenue.

	IN EUR (000)
Customer 1	19,447
Customer 2	16,984
Customer 3	16,538

Other information

29. Contingent liabilities and other financial obligations

As at 31 December 2016, there were no contingent liabilities or legal disputes.

There are significant financial obligations in connection with supplies and services.

30. Information on leases

The Group as lessee

The obligations of the Group arising from non-cancellable operating leases mainly relate to leased office premises and other office and plant equipment. The expenses recognised in profit and loss from operating leases amount to EUR 208,000 in the financial year, of which leased business

premises account for EUR 120,000. There are options for extending the terms of the leases in the existing tenancy agreements. These were not taken into account.

This entails those future obligations shown that arise from non-cancellable operating leases:

	31/12/2016 EUR (000)	31/12/2015 EUR (000)
Maturing within a year	73	113
Maturing between one and five years	153	129
Maturing after more than five years	333	0
Total	558	242

31. Additional disclosures relating to the financial instruments

Carrying amounts, valuations, fair values according to valuation category

The following table shows carrying amounts and fair values of the financial assets and liabilities recorded in the consolidated financial statements for each valuation category pursuant to IAS 39:

	VALUATION CATEGORY PURSUANT TO IAS 39	31/12/2016 CARRYING AMOUNT EUR (000)	31/12/2016 FAIR VALUE EUR (000)	31/12/2015 BOOK VALUE EUR (000)	31/12/2015 FAIR VALUE EUR (000)
Assets					
Trade receivables	LaR	14,484	14,484	1,619	1,619
Other receivables	LaR	502	502	30	30
Cash and cash equivalents	LaR	17,091	17,091	1,206	1,206
Liabilities					
Trade payables	FLAC	9,851	9,851	2,862	2,862
Other liabilities	FLAC	152	152	201	201

IFRS 7.25 requires details of the fair value for each class of financial instruments so that a comparison can be made with the corresponding carrying amount. The fair value has been determined in this context as follows:

Cash and cash equivalents, trade receivables and payables and other receivables and liabilities have short remaining maturities, therefore their carrying amounts approximate the fair value as at the reporting date.

32. Net results from financial instruments

The net results for each valuation category are as follows:
:argestellt:

Net losses from loans and receivables include changes in impairments and interest expenses. No interest income was received from impaired trade receivables in the reporting period.

	FROM INTEREST 2016 EUR (000)	CHANGES TO FAIR VALUES 2016 EUR (000)	IMPAIRMENT 2016 EUR (000)	FROM DISPOSALS 2016 EUR (000)	NET INCOME 2016 EUR (000)	NET INCOME 2015 EUR (000)
	AUS FOLGEBEWERTUNG					
Loans and receivables (LAR)	2	0	-13	0	-11	0
Financial liabilities at amortised cost (FLAC)	-6	0	0	0	-6	0
Total	-4	0	-13	0	-17	0

33. Group risk management

The risk management system of the Medios Group is an integral part of the Medios Group's business practice and comprises the individual organisational processes at various levels and all types of risk. Business planning and controlling process are a major part of this. The tasks of risk identification and assessment are carried out by every organisational unit. Similar risks in terms of content are included in the types of risk, for example risks in the regulatory environment and financial risks. These are then communicated regularly to the relevant decision-makers managing the risks.

Macroeconomic risks

Financial risk management

The Group is exposed to various financial risks resulting from the Group's operational business activities and financial activities. The major financial risks for the Group result from the creditworthiness and solvency of the Group's counterparties and from liquidity risk. The principles of the financial policy are defined by the Executive Board and monitored by the Supervisory Board. Group controlling is responsible for implementing financial policy as well as ongoing risk management. Certain transactions require the prior approval of the Executive Board or the Supervisory Board, which are also informed on a regular basis about the scope and amount of current risk exposure.

Credit risk (default risk)

Credit risks arise from the possibility that counterparties (customers and other debtors) to a transaction are not in a position to discharge their obligations, thereby causing the Group to suffer a financial loss. The maximum credit risk (default risk), without considering netting agreements and without taking into account any additional collateral or other credit enhancements, corresponds at most to the carrying amount of the Group's financial assets. The Group bears the credit risk by establishing appropriate impairment losses. The credit risk is generally reduced through diversification, which is achieved by having a large number of debtors. Furthermore, the credit risk is reduced by obtaining advance payments from buyers.

The Company has not seen high default risks relating to receivables for historical reasons. Doubtful debts are impaired. In the case of irrecoverable receivables, they are written off in full. The objective of receivables management is to improve Group liquidity through the optimised use of assets, while simultaneously maintaining an acceptable risk level. The Group's exposure to concentrations of risk is generally regarded as low since the majority of trade receivables are usually from a large number of buyers.

Liquidity risks

Liquidity risks arise if the financial commitments due in the short term exceed the financial assets available in the short term. The liquidity risk is controlled by Group-wide financial planning instruments and is continuously monitored.

All financial liabilities are non-interest-bearing and will result in 2017 in an outflow of liquidity amounting to the carrying amount as at the reporting date of December 31st 2016.

Market risk (interest rate risks)

A market risk results from changes in the market prices of the Group's financial assets and liabilities. A market risk may influence the financial result and the Group's equity. To illustrate market risks, IFRS 7 requires sensitivity analyses which show the effects of hypothetical changes to relevant risk variables on earnings and equity.

The Group is not subject to any currency risks because all Group transactions are in euros. The Group is subject only to insignificant interest rate risks.

Interest rate risks arise from changes in interest rates that may have negative effects on the Group's financial result and equity. Fluctuations in interest rates may result in changes in interest income and interest expense.

Capital

As an Aktiengesellschaft (public limited company), the Company is subject to the minimum capital requirements under German stock corporation law. In addition, the Group is subject to the usual and industry-specific minimum capital requirements. These minimum capital requirements are continuously monitored and were met in the financial year. Dividends were not paid in the past financial year and no plans are in place to do so next year either.

The Group defines the capital under management as the Group's equity. The objectives of capital management are:

- to secure the Company's continued existence in order to be able to continue offering the Group's products to customers.
- to maintain the financial assets in order to enable the Group to make further investments.

Capital is monitored using the equity ratio. This is calculated as follows:

	2016
Equity (EUR 000)	34,099
Total assets (EUR 000)	47,861
Equity ratio (%)	71.3

34. Share-based payment

The Group has recognised the equity-settled stock options granted by mediosmanagement GmbH and third parties in financial year 2016 as share-based remuneration.

The strike price of the stock options amounts to EUR 0. The stock options may be exercised in full or in part in the period from January 1st 2017 to 31 December 2020. One condition independent of the market and performance is the employment relationship that exists at the time the options are exercised, since this condition has to be fulfilled only at the time the options are exercised and not over a performance-based period. Options that are not exercised effectively shall lapse after this exercise period expires.

There are individually contractually agreed retention periods in relation to the sale of stocks after the option is exercised.

The stock options are estimated at their intrinsic value in accordance with IFRS 2.24 and continuously valued on each reporting date. Expenditure recorded in financial year 2016 from share-based equity-settled payment transactions amounts to EUR 5,493,000. There were no cancellations or changes to the option agreements in the financial year.

In financial year 2016, 737,857 stock options in total were granted for the first time and continued unchanged until December 31st 2016. Stocks were not forfeited or exercised, nor did they expire. All stock options were expected to vest on the reporting date.

The stock options may be exercised from January 1st 2017 within the exercise period, and the average remaining maturity for stock options still outstanding on December 31st 2016 is therefore 4 years.

35. Transactions with related companies and persons

The related companies and persons as defined by IAS 24 include companies and persons where one of the parties has the opportunity directly or indirectly to control the other party or is able to exercise significant influence on the latter.

Companies under the significant influence of a major shareholder

In the past financial year, no companies were identified as related companies on which a major shareholder was able to exercise significant influence in the reporting period.

Related persons in key positions

Members of the Executive Board and the Supervisory Board are deemed to be related persons in key positions who are shown for financial year 2016:

		PERIOD
Executive Board		
Manfred Schneider	CEO	from 14/10/2016
Matthias Gärtner	CFO	
Supervisory Board		
Dr Yann Samson	Chairman	
Joachim Messner	Vice Chairman	from 14 September 2016
Klaus Buß		from 14 September 2016
Jeff Audrey	Vice Chairman	until 14 September 2016
David Smith		until 14 September 2016

The Executive Board members are part of the other controlling bodies below:

Mr Manfred Schneider	BerlinApotheke Schneider & Oleski oHG (personally liable partner)
Mr Matthias Gärtner	Perunia Riecher Capital GmbH (managing director) MINAYA Capital AG (Chairman of the Supervisory Board)

The Supervisory Board members are part of the other controlling bodies below:

Dr Yann Samson	Financial.com AG (Executive Board member) Lacuna Vermögen GmbH (Managing Director)
Mr Joachim Messner	Messner Rechtsanwälte (owner) Messner Unternehmensberatung (owner) Insumed GmbH (Managing Partner) Gesellschaft für Innovationen im Gesundheitswesen GmbH (managing partner) Akern GmbH (Managing Partner) thesportgroup GmbH (Managing Partner)
Mr Klaus Buß	TUBS GmbH TU Berlin Science Marketing (Supervisory Board member) Calliope gGmbH, Managing Partner
Mr Jeff Audrey	Not part of other controlling bodies
Mr David Smith	Keine weiteren Mitgliedschaften in Kontrollgremien

The table below shows the transactions with related companies and persons in the reporting period:

	INCOME 01/01–31/12/2016 EUR (000)	EXPENSES 01/01–31/12/2016 EUR (000)	RECEIVABLES EUR (000)	LIABILITIES EUR (000)
BerlinApotheke Schneider & Oleski oHG	6,637	4,679	443	65
mediosmanagement GmbH	0	382	0	115
Messner Rechtsanwälte	0	17	4	0
Total	6,637	5,078	447	180

Executive Board and Supervisory Board

The total remuneration for members of the Executive Board amounted to EUR 41,000. The remuneration of the individual Executive Board members was recorded in the respective financial years and is shown in the following remuneration report:

Gewährte Zuwendungen

EUR (000)	MANFRED SCHNEIDER MEMBER OF THE EXECUTIVE BOARD START DATE 14/10/2016			MATTHIAS GÄRTNER MEMBER OF THE EXECUTIVE BOARD		
	2016	2016 MIN.	2016 MAX.	2016	2016 MIN.	2016 MAX.
Fixed remuneration	20	0	0	20	0	0
Fringe benefits	0	0	0	0	0	0
Total	20	0	0	20	0	0
Short-term variable remuneration	0	0	0	2,410	0	0
Long-term variable remuneration						
Plan description (term of the plan)	0	0	0	0	0	0
Plan description (term of the plan)	0	0	0	0	0	0
Total	0	0	0	0	0	0
Pension-related expenses	0	0	0	0	0	0
Total remuneration	20	0	0	2,430	0	0
Inflow						
Fixed remuneration	14	0	0	14	0	0
Fringe benefits	0	0	0	0	0	0
Total	14	0	0	14	0	0
One-year variable remuneration	0	0	0	0	0	0
Multi-annual variable remuneration						
Plan description (term of the plan)	0	0	0	0	0	0
Plan description (term of the plan)	0	0	0	0	0	0
Total	0	0	0	0	0	0
Pension-related expenses	0	0	0	0	0	0
Total remuneration	14	0	0	14	0	0

In financial year 2016, with the approval of the Supervisory Board, Mr Matthias Gärtner also received 325,000 options to purchase shares in Medios AG from third parties with respect to his activities on the Medios AG Management Board.

The remuneration of the Supervisory Board in the past financial year amounted to a total of EUR 10,000.

36. Personnel

In financial year 2016, there was an average of 55 employees.

37. Earnings per share

"Earnings per share" is defined as the ratio of consolidated results attributable to Medios AG's shareholders and the weighted average number of shares in circulation in the reporting year. There were [no] instruments outstanding that could dilute the result. The diluted earnings per share are thus identical to the basic earnings per share.

	SHARE CAPITAL OR NUMBER OF SHARES (THOUSANDS)	WEIGHTED NUMBER OF SHARES (THOUSANDS)
01/01/2016	850	850
03/08/2016	8,350	850
26/10/2016	9,661	2,422
07/12/2016	12,422	3,534
31/12/2016	12,422	4,351
Weighted number of ordinary shares of Medios AG in financial year 2016 (thousands)		4,351

Calculation of earnings per share	2016	2015*
Share of consolidated results (in EUR 000) attributable to the parent company's shareholders	-3,171	-122
Weighted average number of ordinary shares (in thousands)	4,351	458
Basic earnings per share (in EUR)	-0.73	-0.27
Diluted earnings per share (in EUR)	-0.73	-0.27

* The values of the Medios AG are shown (formerly Crevalis Capital AG) 2015 due to lack of stock exchange listing of Medios Pharma GmbH in 2015.

38. Exemption under Section 264 III HGB

The subsidiaries did not utilise the exemption under Section 264(3) HGB for financial year 2016.

39. Inclusion in the consolidated financial statements

Mediosmanagement GmbH with its registered offices in Berlin prepares the consolidated financial statements for the wider group of companies, in which the Medios AG as subsidiary is included with its subsidiaries. The consolidated financial statements are disclosed in the electronic Federal Gazette (Bundesanzeiger).

40. Auditor's fee

The auditor for financial year 2016, Baker Tilly AG, charged fees totalling EUR 320,000 for financial year 2016. Of this, EUR 91,000 related to statutory auditing services for the audit of the annual and consolidated financial statements and EUR 198,000 related to other audit-related services and for miscellaneous services in the amount of EUR 31,000. Furthermore, no fees were charged for tax consultancy services or for other services.

All fees and expenses specified relate to net amounts and exclude statutory value added tax of 19%. The value added tax invoiced can be deducted for the Medios Group and thus recorded as expenditure.

41. Post-balance-sheet events

On January 9th, 2017, the Executive Board of Medios AG informed the two shareholders of Medios Manufaktur GmbH, Ms Claudia Neuhaus und Mr Manfred Schneider, that it would exercise its contractually agreed call option to acquire the remaining 49% in Medios Manufaktur GmbH. It elected for settlement by instalments, which allowed Medios AG to acquire the 49% of shares immediately, but to pay the purchase price in instalments. A total of EUR 6 million was paid in a first instalment in January 2017. The remaining purchase price in the amount of approx. EUR 2.8 million can be paid in three further half-yearly instalments.

On January 18th, 2017, Medios AG also announced the establishment of a wholly owned subsidiary, Medios Digital GmbH. Medios Digital GmbH was provided with share capital of EUR 100,000 and has its registered office in Berlin. The purpose of the company is to provide development, advisory and operational services in the area of information and system technology, in particular to provide services in the area

of software development, software maintenance and software support. All software development activities of listed company Medios AG and all other Group companies will be pooled within Medios Digital GmbH in future.

Medios AG acquired a property on March 29th, 2017 to significantly expand the production capacity of its subsidiary Medios Manufaktur GmbH and pool the activities of the Medios Group at one location. The property is located on an industrial estate in Berlin-Charlottenburg. It comprises 3,195 square metres of land and an office building. The total investment amount, including the production expansion and the construction of an additional building on this land, will be approx. EUR 11 million.

42. Declaration on the German Corporate Governance Code

The declaration of conformity with the German Corporate Governance Code required under Section 161 of the German Stock Corporation Act (AktG) was made by the Executive Board and the Supervisory Board of Medios AG and is permanently accessible to shareholders in the Investor Relations section of Medios AG's website.

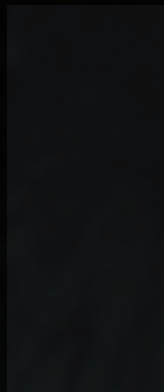
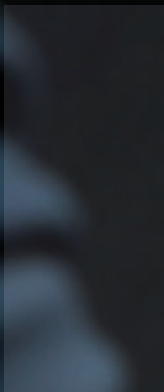
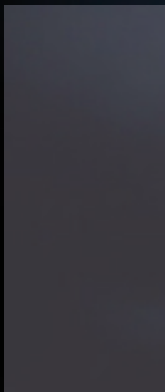
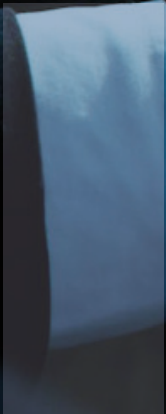
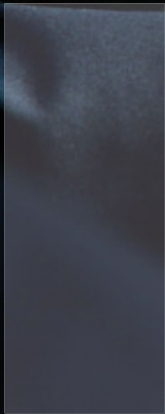
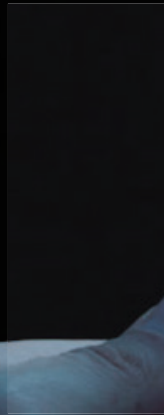
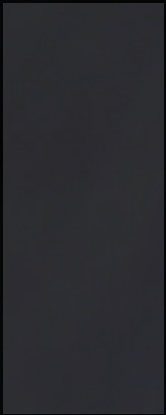
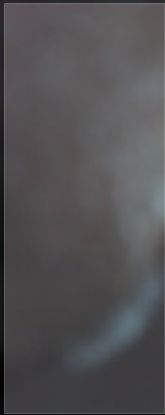
43. Approval for publication

These consolidated financial statements were adopted and approved for publication by the company's Management Board on April 25th, 017.

Berlin, April 25th, 2017

Manfred Schneider
Chairman of the Executive Board

Matthias Gärtner
Member of the Executive Board





Auditor's report

Auditor's report

We have audited the consolidated annual financial statements prepared by Medios AG, Hamburg, consisting of the consolidated statement of comprehensive income, the consolidated financial position, statement of cash flows, consolidated statement of changes in equity, Group notes and the combined management report for the financial year from 1 January 2016 to 31 December 2016. The preparation of the annual financial statements and combined management report in accordance with the IFRS, as applicable in the EU, and the supplementary regulations under commercial law to be applied in accordance with Article 315a Paragraph 1 of the German Commercial Code (HGB), is the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the annual financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated annual financial statements in accordance with Section 317 HGB and the generally accepted German standards for auditing financial statements issued by the German Institute of Public Auditors [Institut der Wirtschaftsprüfer (IDW)]. Those standards require that we plan and perform the audit such that inaccuracies and misstatements materially affecting the presentation of net assets, financial and earnings position in the consolidated statements are detected with reasonable assurance in accordance with the applicable accounting provisions and in the management report. Knowledge of the business activities and of the economic and legal environment of the Group and expectations as to potential misstatements are taken into account when determining audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated accounts and combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the demarcation of the group of consolidated companies, the accounting and consolidation principles used and significant estimates made by the legal representative, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We are of the opinion that our audit forms a reasonable basis for our assessment.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as applicable in the EU, and the additional requirements of German commercial law pursuant to Article 315a (1) HGB and give a true and fair view of the net assets, financial and earnings position of the Group in accordance with these requirements and the actual circumstances. The combined management report is consistent with the consolidated financial statements, meets the legal requirements, provides as a whole an accurate picture of the Group's situation and appropriately portrays the opportunities and risks of the Company's future development.

Munich, April 25th, 2017

Baker Tilly AG Wirtschaftsprüfungsgesellschaft
(formerly Baker Tilly Roelfs AG
Wirtschaftsprüfungsgesellschaft)

Frank Stahl
Auditor

Klaus Biersack
Auditor

Pro forma consolidated statement of
comprehensive income for the period from
January 1st, 2016 to December 31st, 2016
Medios AG, Berlin (Group) (non-audited)

I. Reasons and objective

The Pro-forma Group statement of comprehensive income for 2016 printed below¹ and the 2015 reference period (not audited) shall allow for the earnings performance of the Medios Group's associated companies in 2016 to be comprehensibly illustrated and assessed.

This pro-forma financial information was prepared similarly to the pro-forma financial information in the Medios AG securities prospectus dated 16 November 2016 (page 144 et seqq.). Reference is also made on the notes and information therein to the following statements.

It is generally true for this pro-forma financial information that it has been created solely for illustrative purposes and reflects a hypothetical situation which does not entirely correspond to the current situation in 2016 with respect to the earnings situation at Medios AG.

The following processes were and are the main reason for this additional presentation of a pro-forma Group statement of comprehensive income for 2016:

Medios AG did, by way of a contribution in kind with effect from 3 August 2016, acquire 100% of the shares in Medios Pharma GmbH and, also by way of a contribution in kind, 51% of the shares in Medios Manufaktur GmbH with effect from 26 October 2016.

Both acquisition processes led to consolidated financial statements being prepared for the 2016 financial year in accordance with the IFRS regulations following a reverse acquisition of a company. The Consolidated Statement of Comprehensive Income 2016² therefore gives only a partial view of the Group companies' full calendar year in accordance with the IFRS regulations for the preparation of consolidated annual financial statements. The Consolidated Statement of Comprehensive Income 2016 thereafter includes the full calendar year for Medios Pharma GmbH, only the data for four months for Medios AG and only the data for the months of November and December 2016 for Medios Manufaktur GmbH.

In contrast to this, consolidation was carried out in the enclosed pro-forma Group statement of comprehensive income 2016 for all the Group's associated companies (Medios AG, Medios Pharma GmbH and Medios Manufaktur GmbH) such that the respective profit and loss statements for these companies were combined for the full calendar year 2016. This procedure allows for comparison of the pro-forma

Group statement of comprehensive income 2016 with the pro-forma Group profit and loss account 2015 (page 153) printed in the stock exchange prospectus dated 16 November 2016.

II. Consolidation principles used specifically for the pro-forma Group statement of comprehensive income 2016

The pro-forma Group statement of comprehensive income 2016 is based on the audited individual financial statements 2016 for the Group companies which, in terms of disclosure, accounts and assessment, were transferred for reporting purposes in accordance with the International Financial Reporting Standards (IFRS).

In accordance with the anticipated scenario for this pro-forma financial information, it was assumed that the Group was already in existence on 1 January 2016. The pro-forma Group statement of comprehensive income 2016 therefore includes the consolidated statement of comprehensive income for the respective full (12-month) financial year 2016 in accordance with the following consolidation principles. The internal revenues and the necessary elimination of interim profits and losses, including the recognition of deferred taxes, were based on the circumstances for the entire financial year of 2016.

Moreover, a write-down in terms of income from the disclosure of hidden reserves in customer relationships was taken into account within the framework of the initial consolidation of Medios Manufaktur GmbH for the entire financial year 2016 in the amount of EUR 96,000.00, as well as the deferred tax income of EUR 31,000.00 connected with it.

The disclosure and consolidation of minority interests relates entirely to the units of minority shareholders in Medios Manufaktur GmbH amounting to 49%. The share of the profit of Medios Manufaktur GmbH disclosed within the scope of consolidation for the (pro-forma) financial year 2016 was accordingly assigned in the amount of 49% to the minority shareholders.

1 Also referred to hereafter as "pro-forma financial information".

2 As it is attached to this Annual Report

Both the pro-forma financial information for 2015 in the stock exchange prospectus and the consolidated annual financial statements actually prepared and audited in 2016 were drawn up with a view to Medios AG acquiring 100% of the shares in Medios Pharma GmbH in accordance with the criteria of a reverse acquisition (reverse acquisition of a company). The resulting (notional) acquisition costs for the units in Medios AG amounting to EUR 1,285,871 are assigned in terms of income to financial expenditure in the consolidated annual financial statements 2016. This expenditure, which affects income, was not recorded in the pro-forma Group statement of comprehensive income 2016 set out below, so that it would not have an adverse impact on the ability to compare it with the pro-forma financial information 2015 from the stock exchange prospectus. If this expenditure were to be recorded, the result for the period disclosed in the pro-forma Group statement of comprehensive income 2016 in the amount of EUR 3,120,331 would be reduced to EUR 1,834,460.

Additional personnel expenses of EUR 5,492,559 are recorded in the Group annual financial statements 2016. These result from taking share-based remuneration (stock options) into account for employees of the Group as per IFRS 2. These stock options were granted by third parties (shareholders) with the result that the Medios Group did not bear the financial burden for this.

In order not to adversely impact comparability with the pro-forma financial information 2015 and to be able to show the earnings trend irrespective of these special positions, these personnel expenses were not included in the pro-forma Group statement of comprehensive income 2016. If this were dealt with in another way, the period result of EUR 3,120,333 disclosed to date would be reduced by a further EUR 5,492,559.

IFRS - according to pro-forma rules

Total income statement 2016

	PRO FORMA IFRS GROUP 2016 EUR	PRO FORMA IFRS 2015 EUR
Revenues	160,431,114	90,135,649
Changes in inventories	-24,070	38,661
Other operating income	177,923	182,265
Overall operating performance	160,584,967	90,356,575
Cost of materials	-149,084,559	-83,557,057
Gross profit	11,500,408	6,799,518
Personnel costs	-2,921,211	-2,231,754
Scheduled amortisation	-310,832	-279,134
Other operating expenses	-2,483,891	-1,461,042
Earnings before interest and taxes (EBIT)	5,784,474	2,827,588
Other interest and related income	3,321	14
Interest and similar expenses	-22,348	-22,922
Earnings before taxes (EBT)	5,765,448	2,804,680
Income taxes	1,854,860	884,012
Overall result	3,995,849	1,920,668
Interests of minority shareholders	790,257	638,602
Overall result after minority interests	3,120,331	1,282,066

Income statement

for the period from January 1st to December 31st 2016
Medios Pharma GmbH, Berlin

	2016 EUR	2015 TEUR
Revenues	127,528,118,95	58,220
other operating income	25,094,97	2
Cost of materials	-121,732,112,82	-56,030
a) expenses for raw materials and supplies and purchased goods	-121,720,633,66	-56,030
b) cost of purchased services	-11,479,16	0
Personnel costs	-899,639,09	-554
a) wages and salaries	-758,295,75	-496
b) social security contributions, pensions and support thereof for retirement benefits: EUR 3.030,00 (Vj. TEUR 0)	-141,343,34	-58
Amortisation	-57,439,96	-38
other operating expenses	-944,769,71	-535
other interest and related income	1,972,22	0
Interest and similar expenses	-1,214,93	0
Taxes on income and earnings	-1,183,473,86	-325
Earnings after taxes	2,736,535,77	740
other taxes	-983,00	-1
Annual profit	2,735,552,77	739

Balance sheet as at 31/12/2016

Medios Pharma GmbH, Berlin

ASSETS	31.12.2016		31.12.2015
	EUR	EUR	TEUR
A. Fixed Assets		22,562,00	10
I. Intangible assets			
acquired concessions, industrial property rights and similar rights and assets, as well as licenses in such rights and assets	22,562,00		10
II. Property		356,613,40	117
1. Land, land rights and buildings including buildings on leased land	152,100,00		5
2. Other assets, plant and office equipment	190,544,00		112
3. Advance payments and assets under construction	13,969,40		0
B. Current Asset		4,494,875,05	1,711
I. Inventories			
finished products and goods	4,494,875,05		1,711
II. Receivables and other assets		9,678,340,50	1,735
1. accounts receivable trade	8,515,074,73		1,619
2. receivables from affiliated companies	121,022,70		5
3. other assets	1,042,243,07		111
III. Cash holdings and bank deposits		4,906,084,85	1,206
C. Prepaid Expenses		32,586,16	23
Total		19,491,061,96	4,800

Balance sheet as at 31/12/2016

Medios Pharma GmbH, Berlin

LIABILITIES	31.12.2016		31.12.2015
	EUR	EUR	TEUR
A. Equity		4,057,672,78	1,322
I. Subscribes capital	100,000,00		100
II. Capital reserves	482,804,35		483
III. Retained earnings	739,315,66		0
IV. Annual profit	2,735,552,77		739
B. Provisions		1,628,290,57	415
1. Provisions for taxes	1,504,778,86		321
2. other provisions	123,511,71		94
D. Payables		13,805,098,61	3,063
1. Trade payables of which with a remaining term of up to one year: EUR 8.511.469,99 (prev.year TEUR 2.862) payables from affiliated companies	8,511,469,99		2,862
2. of which with a remaining term of up to one year: EUR 1.273.249,90 (prev.year TEUR 0) of which with a remaining term of more than one year: EUR 4.000.821,92 (prev.year TEUR 0) other payables	5,274,071,82		0
3. of which of taxes: EUR 14.201,64 (prev.year TEUR 15) of which relating to social security: EUR 760,64 (prev.year TEUR 0) of which with a remaining term of up to one year: EUR 19.556,80 (TEUR 201)	19,556,80		201
Total		19,491,061,96	4,800

Income statement

for the period from January 1st to December 31st 2016
Medios Manufaktur GmbH, Berlin

	2016 EUR	2015 TEUR
Revenue	43,572,427,10	35,303
Decrease in finished goods inventories (prev.year increase)	- 24,070,08	64
other operating income	35,752,46	168
Cost of materials	-37,857,258,72	-30,914
Personnel costs	-1,889,460,03	-1,678
a) Wages and salaries	-1,599,064,16	-1,420
b) social security contributions,pensions and support thereof for retirement benefits: EUR 4.211,26 (prev.year TEUR 3)	-290,395,87	-258
Amortisation	-153,016,92	-145
other operating expenses	-1,354,247,95	-792
other interest and related income	0,65	0
Interest and similar expenses	-19,160,72	-21
Taxes on income and earnings	-697,205,65	-599
Earnings after taxes	1,613,760,14	1,386
other taxes	-989,78	0
Annual profit	1,612,770,36	1,385

Balance sheet as at 31/12/2016

Medios Manufaktur GmbH, Berlin

ASSETS	31.12.2016		31.12.2015
	EUR	EUR	TEUR
A. Fixed Assets		2,456,00	1
I. Intangible assets			
Acquired concessions, industrial property rights and similar rights and assets, as well as licenses in such rights and assets	2,456,00		1
II. Property		257,498,00	378
1. Land, land rights and buildings including buildings on leased land	2,592,00		3
2. Technical plant and machinery	104,689,00		192
3. Other assets, plant and office equipment	150,217,00		183
B. Current Asset		2,125,093,41	1,522
I. Inventories			
1. raw materials, supplies and operating materials	2,048,058,91		1,420
2. finished products and goods	77,034,50		101
II. Receivables and other assets		6,005,880,77	5,780
1. Trade receivables	5,968,995,63		3,424
2. other assets thereof to shareholders: EUR 0,00 (prev.year TEUR 486)	36,885,14		2,356
III. Cash holdings and bank deposits		1,571,146,82	24
C. Prepaid Expenses		8,350,80	8
Total		9,970,425,80	7,713

Balance sheet as at 31/12/2016

Medios Manufaktur GmbH, Berlin

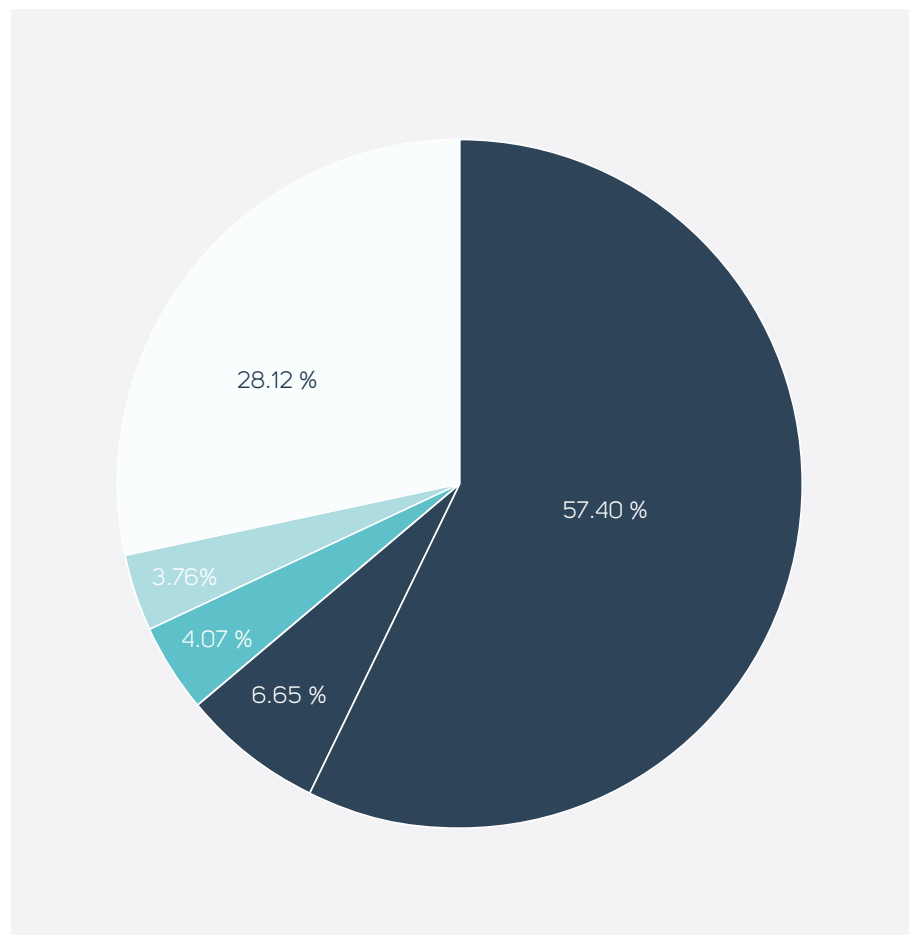
LIABILITIES	31.12.2016		31.12.2015
	EUR	EUR	TEUR
A. Equity		4,789,635,37	4,278
I. Subscribed capital	39,700,00		40
II. Capital reserves	1,018,255,00		1,018
III. Retained earnings	1,000,000,00		1,000
IV. Profit brought forward	1,118,910,01		835
V. Annual profit	1,612,770,36		1,385
B. Provisions		1,565,906,60	994
1. Provisions for taxes	433,030,58		339
2. Other provisions	1,132,876,02		655
C. payables		3,599,543,83	2,418
1. liabilities towards financial institutions of which with a remaining term of up to one year: EUR 0,00 (prev.year TEUR 403)	0,00		403
2. trade payables of which with a remaining term of up to one year: Euro 1.099.799,57 (prev.year TEUR 1.833)	1,099,799,57		1,833
3. payables from affiliated companies of which with a remaining term of up to one year: EUR 296.263,70 (prev.year TEUR 0) of which with a remaining term of more than one year: EUR 2.000.410,96 (prev.year TEUR 0) other payables	2,296,674,66		0
4. of wich from taxes EUR 193.403,38 (prev.year TEUR 170) of which relating to social security: EUR 9.666,22 (prev.year TEUR 11) of which with a remaining term of up to one year: EUR 203.069,60 (TEUR 182)	203,069,60		182
D. Deferred tax assets		15,340,00	23
Total		9,970,425,80	7,713

Shares

Shareholder structure

Headquarter	Hamburg
Business address	Berlin
Share capital	EUR 12,421,836
Number of shares	12,421,836 no par value bearer shares
Current rate	10.29 EUR (as of: May 2nd, 2017, XETRA)
Market capitalization	EUR 128 m
WKN/ISIN	A1MMCC / DE000A1MMCC8
Market segment	Regulated market (Hamburg) Regulated market (Frankfurt)

• mediosmanagement GmbH	57.40 %
• Manfred Schneider	6.65 %
• Claudia Neuhaus	4.07 %
• SarkInvest GmbH	3.76 %
• Freefloat	28.12 %







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Vice chairman: Joachim Messner
Member: Klaus J. Buß

Executive Board

Manfred Schneider
Matthias Gärtner
Registered in the commercial register of the district court
Hamburg under HRB 70680

Coordination

Stephanie Meyer, Medios AG

Design

Jesse Kearney, Creative Direction, Berlin
Gina Mönch, Art Direction, Berlin
Anne-Lena Michel, Photography, Berlin

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