

**Interim report of
MEDICLIN Aktiengesellschaft**
for the period from 1 January 2021 to 30 June 2021

MEDICLIN: Key data on business development

	H1 2021	H1 2020
Number of shares in millions	47.5	47.5
Number of cases (inpatient)	46,558	49,630
Number of beds as of 30.06.	8,342	8,423
Occupancy rates in %	71.5	70.7
Number of full-time employees (average number)	7,138	7,507

In thousands of €	H1 2021	H1 2020
Cash flow from operating activities	26,540	63,291
Cash flow from operating activities per share in €	0.56	1.33
Sales	323,117	323,547
EBITDA	23,205	29,394
EBITDA margin in %	7.2	9.1
EBIT (operating result)	-13,417	-8,764
EBIT margin in %	-4.2	-2.7
Financial result	-5,139	-4,720
Total consolidated result	-15,688	-11,071
Earnings per share in €	-0.33	-0.23
Gross capital expenditure	8,558	15,794
Thereof subsidies	1,140	1,274
Interest coverage factor (EBITDA/interest result)	4.5x	6.2x

In thousands of €	30.06.2021	31.12.2020
Balance sheet total	878,270	887,464
Equity	166,161	176,846
Equity ratio in %	18.9	19.9
Return on equity in % ¹	-8.2	-5.1
Financial liabilities (to banks)	97,109	97,977
Cash and cash equivalents	95,634	100,437
Net financial debt ²	39,454	50,649
Net financial debt ² /EBITDA ³	2.1x	2.0x

¹ Total consolidated result in the last 12 months/equity

² Adjusted average net financial debt in the last four quarters

³ Adjusted EBITDA in the last 12 months

Due to arithmetical reasons, calculation differences of +/- one unit (€, % etc.) may occur; percentage rates and changes in % were calculated on the basis of non-rounded € values.

Interim Group management report of MEDICLIN Aktiengesellschaft

for the period from 1 January 2021 to 30 June 2021

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Report on the economic position for the first six months of 2021

General statement on results of operations, financial position and net assets

The coronavirus pandemic continues to impact the Group's business performance

The third wave of the coronavirus pandemic in the first months of the 2021 financial year and the challenges this entails for our sector continued to impact the Group's business performance in the first half of the 2021 financial year. Fewer referrals from acute hospitals and the reluctance to enter into rehabilitation treatment meant that the occupancy rates rose only moderately in the first half of 2021.

Operating Group sales above the prior year's value, but still below pre-coronavirus levels

In the first six months of 2021 MEDICLIN generated Group sales of EUR 323.1 mill., corresponding to a decline of EUR 0.4 mill. or 0.1 % on the prior-year period. Sales include EUR 13.0 mill. from benefits under the protective shield to manage the coronavirus pandemic, down from EUR 29.4 mill. in the first half of 2020. At operating level, without benefits under the protective shield, Group sales increased by EUR 15.9 mill. or 5.4 % compared to the previous year's period. Compared to 2019 before the coronavirus pandemic, sales without benefits under the protective shield are still EUR 25.3 mill. or 7.6 % below the sales generated in the first half of 2019. Group sales in the first half of 2021 no longer include EUR 7.3 mill. in sales from MediClin Krankenhaus am Crivitzer See GmbH, which was sold as at 31 December 2020.

The Group operating result came to EUR –13.4 mill., which was EUR 4.6 mill. below the figure in the first half of 2020 of EUR –8.8 mill. The result was impacted by an increase in raw materials and consumables used of EUR 3.1 mill. or 5.6 %, mainly driven by expenditure for hygiene and protective measures and higher operating costs. Despite a decline in headcount, staff costs rose moderately by EUR 3.7 mill. or 1.7 %.

Occupancy rate up in the second quarter of 2021

The occupancy rate amounted to 74.8 % in the second quarter of 2021 and was thus higher than in the first quarter of 2021 (68.2 %). The better occupancy took quarter sales up to EUR 166.7 mill. from EUR 156.4 mill. in the first quarter of 2021. Sales in the first quarter of 2021 included benefits under the protective shield of EUR 7.6 mill., compared to EUR 5.4 mill. in the second quarter of 2021. The cost of materials ratio remained stable quarter-on-quarter, while staff costs declined, both in actual terms and per cent.

Outlook

The occupancy rates at the end of the second quarter of 2021 show that business in the post-acute and acute clinics is picking up again. However, at present it is impossible to predict whether the usual high average occupancy rate will already be reached again in the third quarter of 2021, the third quarter usually being the quarter with the strongest sales and earnings performance in the post-acute segment. Although the number of patients infected with the coronavirus has continuously declined since April 2021 and the number of persons who have been vaccinated has increased, the sales and

earnings performance in the full year will continue to be impacted by the further development of infections and the benefits under the protective shield. The latter will be far lower in 2021. Currently, MEDICLIN assumes that occupancy rates at pre-COVID levels might not be achievable before the second half of 2021.

Financial position and net assets

A total (gross) sum of EUR 8.6 mill. was invested in the first six months of the 2021 financial year (H1 2020: EUR 15.8 mill.). Given liquidity considerations and for reasons of precaution, capital expenditure is below the annual budget. Cash and cash equivalents as of 30 June 2021 amounted to EUR 95.6 mill. (31.12.2020: EUR 100.4 mill.). Cash and cash equivalents as of the balance sheet date include subsidies amounting to EUR 17.9 mill. for the new Hedon Klinik in Lingen as was also the case on 31 December 2020, EUR 40.7 mill. for expected reimbursements under the protective shield to manage the coronavirus pandemic, about EUR 15.0 mill. due to the shorter payment terms granted by coverage providers and EUR 7.9 mill. from the deferral of rent payments.

The Management Board rates both the results of operations and the Group's financial position and net assets as sound despite the temporary decline in earnings.

The macroeconomic and sector-related environment

The second quarter of 2021 saw a noticeable recovery of economic activity after the gross domestic product had dropped by 1.8 % in the first quarter of 2021 due to the third wave of the pandemic. Given the progress with vaccinations and the resulting decline in infections, the economy is set to further improve in the course of the year, according to a press release by the Federal Ministry for Economic Affairs and Energy. However, it is yet uncertain how the fourth wave of the pandemic, which is already spreading in other European countries, and its effects will develop in Germany. The signals from the labour market are still positive. Adjusted for seasonal effects, the unemployment decreased moderately in May and the number of people in employment, yet again adjusted for seasonal effects, rose again in April. Short-time work went down noticeably in March and the applications for short-time work arrangements imply a further decrease.

As domestic economic activity and, in particular, a stable labour market are essential for the health market, MEDICLIN assumes that the demand for medical, therapeutic and nursing care services is still high, but that the public is currently reluctant to avail itself of these services under the current circumstances.

MEDICLIN has no influence on the legislature and the budget policy of coverage providers. Since the population's medical care is systemically relevant during a pandemic, the German government helps ensure that the required capacity is kept available by supporting these efforts with financial compensation. In the acute sector, until 15 June 2021 select acute hospitals with a certain care structure received payments to compensate for the special burdens resulting from the coronavirus pandemic (lump sum amount to keep capacity available) amounting to EUR 560 per treatment day lost. Psychiatric and psychosomatic clinics that are paid in accordance with the Federal Directive on Nursing Care Rates (BPfIV) and that do not only offer partly inpatient services will receive a daily lump-sum amounting to EUR 280.

In the rehabilitation sector, facilities that offer preventive measures and rehabilitation under the social security pension funds will receive a monthly allowance of 75.0 % of the average monthly payments over the last twelve months for every bed that cannot be occupied due to the coronavirus pandemic. Facilities that offer preventive measures and rehabilitation in the scope of medical rehabilitation provided by health insurance funds will receive a daily lump-sum of 60.0 % of the average payment per bed agreed with the health insurance funds. These provisions will apply, depending on the continued

existence of an epidemic situation of national importance, until 31 December 2021 the longest. At the beginning of June 2021, the German Federal Parliament (Bundestag) once again confirmed the existence of an epidemic situation of national importance. This applies until 11 September 2021.

In summary, the macroeconomic and industry-related framework conditions have not changed materially compared to the statements in the 2020 Annual Report. As such, it is unlikely that there might be different or additional effects that could have a positive or negative impact on MEDICLIN's business development.

Results of operation, financial position and net assets

Results of operation

Group sales in the first six months of the 2021 financial year were down on the previous year's value, decreasing by EUR 0.4 mill. or 0.1 %, respectively.

SALES AND EARNINGS PERFORMANCE OF THE GROUP

	H1 2021	H1 2020
Group sales in millions of €	323.1	323.5
Raw materials and consumables used in millions of €	58.8	55.7
Cost of materials ratio in %	18.2	17.2
Staff costs in millions of €	221.2	217.6
Staff costs ratio in %	68.5	67.2
Depreciation and amortisation in millions of €	36.6	38.2
Other operating expenses in millions of €	26.1	26.2
Group operating result in millions of €	-13.4	-8.8

Compared to the first half of the previous year, raw materials and consumables used rose by a total of EUR 3.1 mill. (+ 5.6 %) to EUR 58.8 mill. The increase in expenses for medical expendable items was particularly pronounced (hygiene products, protective equipment etc.), which was also owed to the increase in operating activities compared to the prior-year period. Staff costs climbed moderately by EUR 3.7 mill. (+ 1.7 %) although the number of full-time employees decreased (by 369 full-time employees, including the 141 full-time employees of the clinic at Crivitz that had still belonged to the Group in 2020). The change in depreciation and amortisation over the previous year's value is as expected. Other operating expenses are at the prior-year level. A rise in IT expenses and the cost of personal protective equipment to avoid infections at the clinics are partly compensated for by a decline in maintenance costs.

The financial result of EUR -5.1 mill. was EUR 0.4 mill. lower than in the previous year. Lease liabilities from the adoption of IFRS 16 "Leases" account for EUR 4.1 mill. of the interest expenses totalling EUR 5.2 mill.

The total consolidated result attributable to shareholders of MEDICLIN Aktiengesellschaft was EUR -15.6 mill. (H1 2020: EUR -11.0 mill.). Earnings per share came to EUR -0.33 (H1 2020: EUR -0.23).

The sales and earnings performance at segment level is illustrated in more detail in the segment reporting section.

Financial position and net assets

The decline in cash flow from operating activities since 30 June 2020 is mainly due to one-off effect in the previous year: the shorter payment terms granted by coverage providers of five days reduced the trade receivables in other current assets by about EUR 22.0 mill., giving liquidity a one-time boost. Furthermore, given the clear improvement in the occupancy rate compared to the previous year, unfinished services rose more strongly than in the previous year by EUR 6.2 mill. The savings measures that are still in place are reflected in the significantly lower cash flow from investing activities.

In total, cash and cash equivalents decreased from EUR 100.4 mill. as at 31 December 2020 to EUR 95.6 mill. as at 30 June 2021. The presumable repayment of benefits amounting to EUR 40.7 mill. received under the protective shield and EUR 7.9 mill. for deferred rent payments will then weigh on the liquidity again. The return to the usual payment terms of the coverage providers will also burden the liquidity. Cash and cash equivalents include subsidies of EUR 17.9 mill. received for building the new Hedon clinic in Lingen.

LIQUIDITY

In millions of €	H1 2021	H1 2020
Cash flow from operating activities	26.5	63.3
Thereof total consolidated result	– 15.7	– 11.1
Cash flow from investing activities	– 3.5	– 10.6
Cash flow from financing activities	– 27.8	– 27.5
Cash flow for the period	– 4.8	25.2
Cash and cash equivalents at the beginning of the period	100.4	37.2
Cash and cash equivalents at the end of the period	95.6	62.4

The balance sheet total declined slightly since 31 December 2020 by EUR 9.2 mill.

The drop in non-current assets by EUR 29.2 mill. is mainly due to a decline in right-of-use assets by EUR 27.0 mill. Current assets increased by EUR 20.0 mill., especially due to higher trade receivables (EUR +10.2 mill.) in the wake of the better occupancy and higher receivables pursuant to hospital financing law (EUR +8.3 mill.) on the reporting date. Non-current liabilities declined by EUR 30.5 mill., mainly due to a drop in liabilities from right-of-use assets of EUR 23.0 mill. Miscellaneous payables in current liabilities rose by EUR 25.7 mill., especially because of higher provisions for vacations and flexitime on the reporting date (EUR +8.7 mill.) and a rise in repayment obligations under the protective shield for the first half of 2021 (EUR +17.1 mill.).

BALANCE SHEET STRUCTURE

In millions of €	30.06.2021	In % of balance sheet total	31.12.2020	In % of balance sheet total
Assets				
Non-current assets	654.4	74.5	683.6	77.0
Current assets	223.9	25.5	203.9	23.0
	878.3	100.0	887.5	100.0
Equity and liabilities				
Equity	166.2	18.9	176.8	19.9
Non-current liabilities	508.8	57.9	539.3	60.8
Current liabilities	203.3	23.2	171.4	19.3
	878.3	100.0	887.5	100.0

Segment reporting

In the post-acute segment sales rose on the previous year by EUR 4.2 mill. (+2.3 %). Segment sales include EUR 7.6 mill. from benefits under the protective shield to manage the coronavirus pandemic, down from EUR 16.1 mill. in the first half of 2020. Adjusted for these benefits, sales rose by EUR 12.7 mill. or 7.4 %. Compared to the first half of 2019, sales without the benefits under the protective shield are still EUR 22.7 mill. or 11.0 % under the current figure.

The acute segment posted a decline in segment sales of EUR 5.1 mill. or 4.0 %. Adjusted for the benefits under the protective shield, sales increased by EUR 3.6 mill. or 3.1 % compared to the prior-year period. Compared with the first half of 2019, segment sales are only EUR 1.1 mill. or 0.9 % below the year before the pandemic broke out.

In the other activities segment, sales of the nursing care business area improved by EUR 8.2 mill. or 0.4 % compared with the same period of the previous year. This includes EUR 0.7 mill. in benefits under the protective shield.

SALES

In millions of €	H1 2021	H1 2020	Change in %
Post-acute	192.1	187.9	+2.3
Acute	121.8	126.9	-4.0
Other activities and reconciliation	9.2	8.7	+4.5
Thereof nursing care business area	8.2	7.8	+6.2
Group	323.1	323.5	-0.1

RAW MATERIALS AND CONSUMABLES USED

	H1 2021	H1 2020	Change in %
Post-acute			
Raw materials and consumables used in millions of €	37.6	34.7	+8.3
Cost of materials ratio in %	19.6	18.5	
Acute			
Raw materials and consumables used in millions of €	32.0	30.3	+5.8
Cost of materials ratio in %	26.3	23.9	

STAFF COSTS

	H1 2021	H1 2020	Change in %
Post-acute			
Staff costs in millions of €	116.2	114.9	+1.2
Staff costs ratio in %	60.5	61.2	
Acute			
Staff costs in millions of €	74.8	75.4	-0.8
Staff costs ratio in %	61.4	59.4	

SEGMENT RESULT

In millions of €	H1 2021	H1 2020
Post-acute	-8.3	-7.5
Acute	-3.6	1.8
Other activities and reconciliation	-1.5	-3.1
Group	-13.4	-8.8

SEGMENT RESULTS AND NET ASSETS IN THE FIRST HALF OF 2021

In millions of €	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Group
Sales	192.1	121.8	36.9	350.8	-27.7	323.1
Total sales	195.6	123.7	37.9	357.2	0.0	357.2
Internal sales	3.5	1.9	1.0	6.4	27.7	34.1
Raw materials and consumables used	-37.6	-32.0	-13.8	-83.4	24.6	-58.8
Staff costs	-116.2	-74.8	-27.8	-218.8	-2.4	-221.2
Other operating expenses	-21.9	-15.8	-5.6	-43.3	17.2	-26.1
Segment result	-8.3	-3.6	0.7	-11.2	-2.2	-13.4
Thereof non-cash items:						
Scheduled depreciation/write-ups	-29.1	-8.2	-2.6	-39.9	0.0	-39.9
of which depreciation of right-of-use assets (IFRS 16)	-21.6	-1.4	-0.6	-23.6	0.0	-23.6
Unscheduled depreciation/write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Release of special item	0.6	2.7	0.0	3.3	0.0	3.3
Allowances	-0.6	-0.7	0.0	-1.3	0.0	-1.3
Allocation of provisions/liabilities	13.0	9.2	3.5	25.7	2.1	27.8
Release of provisions/liabilities	-0.3	-0.5	-0.7	-1.5	0.0	-1.5
Financial revenues	0.2	0.0	0.2	0.4	-0.4	0.0
Financial costs	-4.2	-0.6	-0.9	-5.7	0.6	-5.1
of which financial costs for lease liabilities (IFRS 16)	-3.9	-0.2	0.0	-4.1	0.0	-4.1
Financial result	-4.0	-0.6	-0.7	-5.3	0.2	-5.1
Taxes on income	0.3	0.0	0.3	0.6	2.3	2.9
Assets	519.3	194.6	50.8	764.7	113.6	878.3
Liabilities	441.5	63.1	105.8	610.4	101.7	712.1
Gross capital expenditure	2.9	2.6	2.7	8.2	0.0	8.2
Gross capital expenditure excl. IFRS 16	3.6	2.5	2.5	8.6	0.0	8.6

SEGMENT RESULTS AND NET ASSETS IN THE FIRST HALF OF 2020

In millions of €	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Group
Sales	187.9	126.9	33.7	348.5	-25.0	323.5
Total sales	191.2	129.6	35.7	356.5	0.0	356.5
Internal sales	3.3	2.7	2.0	8.0	25.0	33.0
Raw materials and consumables used	-34.7	-30.3	-13.9	-78.9	23.2	-55.7
Staff costs	-114.9	-75.4	-26.4	-216.7	-0.9	-217.6
Other operating expenses	-20.5	-14.9	-6.6	-42.0	15.8	-26.2
Segment result	-7.5	1.8	-3.0	-8.7	-0.1	-8.8
Thereof non-cash items:						
Scheduled depreciation/write-ups	-29.8	-9.0	-2.5	-41.3	0.0	-41.3
of which depreciation of right-of-use assets (IFRS 16)	-21.6	-1.4	-0.7	-23.7	0.0	-23.7
Unscheduled depreciation/write-ups	0.0	-1.2	0.0	-1.2	0.0	-1.2
Release of special item	0.6	3.8	0.0	4.4	0.0	4.4
Allowances	-0.4	-0.1	0.0	-0.5	0.0	-0.5
Allocation of provisions/liabilities	-11.5	-8.6	-3.9	-24.0	-0.7	-24.7
Release of provisions/liabilities	0.2	0.1	0.0	0.3	0.0	0.3
Financial revenues	0.2	0.1	0.2	0.5	-0.4	0.1
Financial costs	-3.9	-0.7	-0.5	-5.1	0.3	-4.8
of which financial costs for lease liabilities (IFRS 16)	-3.6	-0.2	0.0	-3.8	0.0	-3.8
Financial result	-3.7	-0.6	-0.3	-4.6	-0.1	-4.7
Taxes on income	0.2	0.3	0.8	1.3	1.1	2.4
Assets	578.6	200.3	46.8	825.7	76.9	902.6
Thereof held for sale	0.0	8.5	0.0	8.5	0.0	8.5
Liabilities	455.3	58.9	109.2	623.4	100.5	723.9
Thereof held for sale	0.0	2.7	0.0	2.7	0.0	2.7
Gross capital expenditure	17.7	4.9	5.9	28.5	0.0	28.5
Gross capital expenditure excl. IFRS 16	5.8	4.6	5.4	15.8	0.0	15.8

Development of the coverage provider structure

Pursuant to IFRSs (IFRS 8.34 "Information about major customers"), an entity is required to disclose information on the degree of dependency on major customers. The statutory social security pension fund and the public health insurance fund are the two largest funding agencies for medical rehabilitation. In the acute sector, the public health insurance funds are the main funding agencies.

Sales generated with coverage providers are monitored and controlled on a monthly basis. In the first six months of the 2021 financial year, the social security pension funds account for 48.4 % (H1 2020: 46.0 %) of the demand for services in the post-acute segment, while the public health insurance funds make up 44.0 % (H1 2020: 45.6 %) of the demand for services in this segment. In the acute segment, 91.7 % of requested services (H1 2020: 91.8 %) were attributable to the public health insurance funds.

Capital expenditure

A new medical care centre (with specialist doctors) was founded in Dessau as at 1 January 2021, for which goodwill of EUR 0.6 mill. was recognised in the balance sheet. In addition to services of the cardiologic practice that was taken over at the location, MEDICLIN MVZ Dessau offers general practitioner services as well. Payments on account and assets under construction of EUR 2.3 mill. refer to two nursing care homes. Approximately EUR 4.3 mill. were spent on maintenance in the first half of 2021, down from EUR 4.8 mill. in the prior-year period.

GROSS ADDITIONS TO NON-CURRENT ASSETS (WITHOUT RIGHT-OF-USE ASSETS)

In millions of €	H1 2021	H1 2020
Licences, concessions	0.3	2.8
Goodwill	0.6	0.0
Land, buildings	0.7	3.0
Technical Equipment, EDP	0.2	0.4
Operating and office equipment	2.7	4.7
Payments on account and assets under construction	4.1	4.9
Total	8.6	15.8

Employees

The average number of staff in terms of full-time employees went down in the first half of 2021 compared to the previous year. All in all, an average of 10,169 employees worked for MEDICLIN in the first half of the 2021 financial year (H1 2020: 10,467).

The Group employed an average of 360 trainees in the first six months of 2021 (H1 2020: 345 trainees).

AVERAGE NUMBER OF EMPLOYEES IN THE GROUP AND IN THE SEGMENTS IN THE FIRST HALF OF THE YEAR

Shown in full-time employees	H1 2021	H1 2020	Change
Post-acute	3,853	4,062	-209
Acute	2,064	2,195	-131
Other activities	1,221	1,250	-29
Thereof nursing care business area	211	192	+19
Thereof service business area (including administration)	1,010	1,058	-48
Group	7,138	7,507	-369

KEY DATA PER FULL-TIME EMPLOYEE IN THE GROUP

In €	H1 2021	H1 2020
Sales per full-time employee	45,267	43,099
Staff costs per full-time employee	30,994	28,982

Report concerning related parties

Business relations to related parties are handled at normal market conditions and amount to the following:

In millions of €	H1 2021	H1 2020
Income		
Sales from post-acute, acute and other services	1.4	1.5
Real estate management income	0.2	0.2
Pension payments of MAUK ¹	0.5	0.5
Service contracts	0.5	0.4
Expenses		
Lease expenses ²	23.1	23.2
Real estate management costs	0.5	0.5
Insurance premiums	1.0	1.0
Service contracts	1.9	1.6
Remuneration for key management personnel	2.4	1.0
Payments to MAUK ¹	0.6	0.6
EDP services	1.0	1.9
Default interest	0.3	0.1

In millions of €	30.06.2021	31.12.2020
Receivables		
Repayment claims from preliminary financing of clinic expansion/building measures	0.2	0.3
Receivables from post-acute, acute and other services	0.3	0.2
Receivables from payroll accounting	0.1	0.0
Liabilities		
Rents for clinic properties May and June 2020 including default interest	8.6	8.3
Service contracts	0.1	0.2
EDP services	0.1	0.1
Provisions for insurance payments	0.4	0.1
Provisions for remuneration for key management personnel	2.1	0.8

¹ Mitarbeiterunterstützungskasse der vereinigten Klinikbetriebe (MAUK)

² Lease expenses concern the rental payments to OIK-Immobilienfonds; due to the application of IFRS 16 they are shown in the depreciation and amortisation and interest expenses items of the consolidated interim profit and loss account.

Except for EUR 0.8 mill., the provisions for remuneration for key management personnel are due within the time frame of one year (31.12.2020: EUR 0.1 mill.).

OIK-Immobilienfonds

In mid-2016 MEDICLIN filed a suit with the District Court of Offenburg claiming repayment of rental payments above the usual market rate. The Company assumes that the rents paid for the period 2005 to 2015 were higher than the usual market rents.

The suit was filed against current and former shareholders of the Company, who hold shares of the real estate fund into which the hospitals acquired and rented back between 1999 and 2001 were incorporated. The first oral hearing took place on 16 November 2018 before the District Court (Landgericht) of Offenburg.

MEDICLIN carefully weighed up the opportunities and risks of the suit in view of the fact that the subject matter of the legal dispute is highly complex, especially with regard to the evaluation whether rents conform to usual market rates, and that some of the very difficult questions of law involved have not yet been decided by the highest courts.

Therefore the Management Board is of the opinion that no changes to the balance sheet are required in this respect.

Forecast, risk and opportunity report

Forecast report

The information published in the forecast in the Annual Report 2020 remains unchanged. In summary, MEDICLIN's macroeconomic and industry-related framework conditions have not changed materially compared to the statements in the 2020 Annual Report. As such, it is currently unlikely that there might be different or additional effects that could have a positive or negative impact on MEDICLIN's business development.

Risk and opportunity report

The first six months of the 2021 financial year did not see any additional risks and opportunities resulting from the coronavirus pandemic that would have led to changes in the risk and opportunity management. The information published in the 2020 Annual Report continues to apply. From today's point of view, there are no risks with respect to MEDICLIN's future development that would endanger the Company's survival in the 2021 financial year.

Forward-looking statements

This report contains forward-looking statements that are based on management's current expectations. Words such as "anticipate", "assume", "believe", "estimate", "expect", "intend", "can/could", "plan", "project", "should" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties that are based on the current assumptions and forecasts of MEDICLIN AG management. Should any of these risks and uncertainties materialise, or if the assumptions underlying any of the forward-looking statements prove incorrect, then the actual results may be materially different from those expressed or implied by such statements. MEDICLIN AG does not intend or assume any obligation to continuously update these forward-looking statements, so as to adapt them to events or developments that occur after the release of this interim report.

Consolidated interim financial statements of MEDICLIN Aktiengesellschaft

for the period from 1 January 2021 to 30 June 2021

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Consolidated interim balance sheet as of 30 June 2021

ASSETS

In €	30.06.2021	31.12.2020
NON-CURRENT ASSETS		
Goodwill and other intangible assets		
Concessions, licences	6,541,305	7,897,310
Goodwill	49,888,841	49,253,841
Payments on account	970,186	894,782
	57,400,332	58,045,933
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	128,543,726	123,468,597
Right-of-use assets on land, land rights and buildings including buildings on third-party land	347,094,080	371,099,404
Technical equipment and machines	12,642,596	13,274,913
Operating and office equipment	34,774,250	37,811,777
Right-of-use assets on operating and office equipment	2,679,878	2,643,079
Payments on account and assets under construction	17,408,720	23,740,512
	543,143,250	572,038,282
Financial assets		
Investment in stock of subsidiaries	90,322	90,322
Reinsurance cover	764,510	764,510
Other financial investments	2,056	2,056
	856,888	856,888
Other financial assets		
Receivables pursuant to hospital financing law	39,927,630	41,647,730
	39,927,630	41,647,730
Deferred tax assets	13,086,171	11,016,452
	654,414,271	683,605,285
CURRENT ASSETS		
Inventories	9,162,885	9,341,672
Trade receivables	86,497,551	76,335,138
Current income tax claims	4,337,353	2,401,516
Other financial assets		
Other current financial assets	5,808,711	5,178,148
	5,808,711	5,178,148
Other assets		
Prepaid expenses	5,262,768	1,311,935
Receivables pursuant to hospital financial law	17,151,900	8,852,916
	22,414,668	10,164,851
Cash and cash equivalents	95,634,479	100,437,077
	223,855,647	203,858,402
	878,269,918	887,463,687

EQUITY AND LIABILITIES

In €	30.06.2021	31.12.2020
EQUITY		
Shares MEDICLIN Group		
Subscribed capital	47,500,000	47,500,000
Capital reserve	129,391,829	129,391,829
Revenue reserve	21,732,616	16,764,377
Consolidated balance sheet result	-32,085,653	-16,493,229
	166,538,792	177,162,977
Non-controlling interests	-377,900	-316,812
	166,160,892	176,846,165
NON-CURRENT LIABILITIES		
Financial liabilities		
Liabilities to banks	70,279,961	71,196,091
	70,279,961	71,196,091
Lease liabilities	311,856,295	334,874,917
Pensions and similar commitments	62,567,156	68,324,949
Other provisions	23,862,532	23,901,156
Other financial liabilities		
Miscellaneous financial liabilities	0	0
	0	0
Other payables		
Liabilities pursuant to hospital financing law	37,995,471	38,187,887
Miscellaneous payables	2,265,960	2,782,611
	40,261,431	40,970,498
	508,827,375	539,267,611
CURRENT LIABILITIES		
Trade payables	13,247,348	11,307,664
Financial liabilities		
Liabilities to banks	26,828,837	26,781,278
	26,828,837	26,781,278
Lease liabilities	54,820,535	54,009,475
Other provisions	13,860,820	15,530,311
Other financial liabilities		
Miscellaneous financial liabilities	6,032,727	6,298,754
	6,032,727	6,298,754
Other payables		
Liabilities pursuant to hospital financing law	16,804,624	11,388,381
Miscellaneous payables	71,686,760	46,034,048
	88,491,384	57,422,429
	203,281,651	171,349,911
	878,269,918	887,463,687

Consolidated interim profit and loss account

In €	January – June 2021	January – June 2020	April – June 2021	April – June 2020
Sales	323,117,381	323,546,948	166,751,631	156,133,263
Other operating income	6,233,134	5,276,885	2,690,894	2,710,860
Total operating performance	329,350,515	328,823,833	169,442,525	158,844,123
Raw materials and consumables used				
a) Cost of raw materials and supplies	-35,901,667	-34,785,368	-18,106,467	-16,413,876
b) Cost of purchased services	-22,896,277	-20,895,910	-12,206,642	-10,147,950
	-58,797,944	-55,681,278	-30,313,109	-26,561,826
Staff costs				
a) Wages and salaries	-187,077,397	-183,741,092	-91,583,724	-87,373,028
b) Social security, pension and retirement	-34,158,925	-33,830,334	-17,529,542	-17,552,564
	-221,236,322	-217,571,426	-109,113,266	-104,925,592
Other operating expenses	-26,110,749	-26,177,622	-13,267,603	-12,179,578
Result before interest, taxes, depreciation and amortisation/ EBITDA	23,205,500	29,393,507	16,748,547	15,177,127
Depreciation and amortisation	-36,622,216	-38,157,861	-18,306,642	-20,041,321
Operating result/ EBIT	-13,416,716	-8,764,354	-1,558,095	-4,864,194
Financial result				
a) Income from participations	0	51,000	0	51,000
b) Interest and similar income	30,235	18,835	8,049	14,128
c) Interest and similar expenses	-5,168,791	-4,789,476	-2,943,662	-2,418,136
	-5,138,556	-4,719,641	-2,935,613	-2,353,008
Result before tax	-18,555,272	-13,483,995	-4,493,708	-7,217,202
Taxes on income	2,867,582	2,413,215	502,225	1,319,135
Total consolidated result	-15,687,690	-11,070,780	-3,991,483	-5,898,067
Thereof attributable to shareholders of MEDICLIN AG	-15,592,424	-11,016,387	-3,969,188	-5,900,142
Thereof attributable to non-controlling interests	-95,266	-54,393	-22,295	2,075
Total consolidated result attributable to shareholders of MEDICLIN AG per share				
Undiluted in €	-0,33	-0.23	-0,08	-0.12
Diluted in €	-0,33	-0.23	-0,08	-0.12

Consolidated interim statement of comprehensive income

In €	January – June 2021	January – June 2020	April – June 2021	April – June 2020
Total consolidated result	-15,687,690	-11,070,780	-3,991,483	-5,898,067
Other comprehensive income				
Revaluation from defined benefit plans and similar obligations	5,942,878	-1,249,076	0	-3,439,980
Taxes on income	-940,461	197,666	0	544,377
Additions to value adjustments that are not reconciled to the total consolidated result	5,002,417	-1,051,410	0	-2,895,603
Thereof attributable to shareholders of MEDICLIN AG	4,968,239	-1,044,100	0	-2,875,139
Thereof attributable to non-controlling interests	34,178	-7,310	0	-20,464
Additions to value adjustments that are reconciled to the total consolidated result	0	0	0	0
Group comprehensive income	-10,685,273	-12,122,190	-3,991,483	-8,793,670
Thereof attributable to shareholders of MEDICLIN AG	-10,624,185	-12,060,487	-3,969,188	-8,775,281
Thereof attributable to non-controlling interests	-61,088	-61,703	-22,295	-18,389

Consolidated cash flow statement

In €	January – June 2021	January – June 2020
Total consolidated result	-15,687,690	-11,070,780
Result of finance activities	5,138,556	4,719,641
Result of income taxes	-2,867,582	-2,413,215
Operating result (EBIT)	-13,416,716	-8,764,354
Depreciation on fixed asset items	36,622,216	38,157,861
Result before interest, taxes, depreciation and amortisation (EBITDA)	23,205,500	29,393,507
Change in non-current provisions	-928,423	1,250,914
Change in current provisions	-1,669,490	-785,224
Result from the disposal of fixed asset items	-9,068	-162,257
Result from other non-cash items	-5,000,547	-5,496,697
Change in other current assets	-20,944,220	13,133,971
Change in other non-current liabilities	-518,162	572,723
Change in other current liabilities	34,453,738	26,196,829
Payments received from interest	30,219	22,802
Income taxes paid	-2,079,835	-835,713
Cash flow from operating activities	26,539,712	63,290,855
Payments received from the disposal of fixed assets	27,039	349,340
From the disposal of property, plant and equipment	27,039	349,340
Payments received from investment subsidies	4,969,329	4,545,361
Income from participations	0	51,000
Cash used for investments	-8,557,899	-15,591,732
For intangible assets	-946,597	-2,732,473
For property, plant and equipment	-7,611,302	-12,859,259
Cash flow from investing activities	-3,561,531	-10,646,031
Repayment of lease liabilities	-22,573,845	-22,108,042
Repayment of financial liabilities	-937,886	-947,867
Interest payments for lease liabilities	-3,436,508	-3,809,425
Other interest payments	-832,540	-596,523
Cash flow from financing activities	-27,780,779	-27,461,857
Change in financial resources fund	0	-18,549
Cash flow for the period	-4,802,598	25,164,418
Cash and cash equivalents at the beginning of the period	100,437,077	37,249,818
Cash and cash equivalents at the end of the period	95,634,479	62,414,236

The cash and cash equivalents at the end of the period correspond to the balance sheet item "cash and cash equivalents" and encompass primarily cash in hand and current bank credit balances.

Statement of changes in equity

In €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MEDICLIN Group	Non-controlling interests	Total equity
As of 01.01.2020	47,500,000	129,391,829	-29,568,498	43,669,121	190,992,452	-245,990	190,746,462
Total consolidated result	-	-	-	-11,016,387	-11,016,387	-54,393	-11,070,780
Other comprehensive income	-	-	-1,044,100	-	-1,044,100	-7,310	-1,051,410
Group comprehensive income	-	-	-1,044,100	-11,016,387	-12,060,487	-61,703	-12,122,190
Dividend payout	-	-	-	0	0	-	0
As of 30.06.2020	47,500,000	129,391,829	-30,612,598	32,652,734	178,931,965	-307,693	178,624,272

In €	Subscribed Capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MEDICLIN Group	Non-controlling interests	Total equity
As of 01.01.2021	47,500,000	129,391,829	16,764,377	-16,493,229	177,162,977	-316,812	176,846,165
Total consolidated result	-	-	-	-15,592,424	-15,592,424	-95,266	-15,687,690
Other comprehensive income	-	-	4,968,239	-	4,968,239	34,178	5,002,417
Group comprehensive income	-	-	4,968,239	-15,592,424	-10,624,185	-61,088	-10,685,273
As of 30.06.2021	47,500,000	129,391,829	21,732,616	-32,085,653	166,538,792	-377,900	166,160,892

Notes

General information

The unaudited consolidated interim financial statements of MEDICLIN Aktiengesellschaft for the first six months of the 2021 financial year were prepared in accordance with International Accounting Standard (IAS) 34. In the interim report, the Group principally applied the same accounting policies as in the consolidated financial statements for the 2020 financial year. It should thus be read in conjunction with the Annual Report published by the Group for the 2020 financial year and the interim report for the first quarter of 2021.

The discount rate for pension obligations pursuant to IAS 19 amounts to 0.9 % as of 30 June 2021 (31.03.2021: 0.9 %; 31.12.2020: 0.4 %).

Changes in the Management Board

Since 1 April 2021, Dr. York Dhein is a member of the Management Board of MEDICLIN Aktiengesellschaft. As COO, he is in charge of rehabilitation. The Chairman of the Management Board, Volker Hippler, resigned as the Chairman and member of the Management Board of MEDICLIN AG in mutual understanding with the Supervisory Board, effective from 30 June 2021. Dr. Joachim Ramming from the Supervisory Board of MEDICLIN Aktiengesellschaft was appointed as his successor and will take up office from 1 August 2021. In the meantime, the Chief Financial Officer Tino Fritz is in charge of Volker Hippler's duties.

Suspension of rent payments

On the basis of the Act to Mitigate the Consequences of the COVID-19 Pandemic under Germany's Civil, Insolvency and Criminal Procedure Law" of 27 March 2020, MEDICLIN used the option to suspend rent payments for the months of May and June 2020 and recognises this in accordance with the amendment to IFRS 16 "Leases – Covid-19-Related Rent Concessions" issued by the IASB on 28 May 2020. This provides for practical relief in accounting of allowances like deferral of rent payments and rent reductions granted directly in connection with the outbreak of the coronavirus pandemic. On 31 March 2021, the IASB extended the application period of this provision from 30 June 2021 to 30 June 2022. The rents that were deferred for two months amount to EUR 7.9 mill. and refer to the rents for 21 clinics. The default interest pursuant to Section 288 (2) of the German Civil Code (BGB) is 8.12 % p.a. Default interest in the first half of 2021 amounted to EUR 320 thou. (from May to December 2020: EUR 400 thou.). MEDICLIN currently does not assume that the right-of-use assets are permanently impaired.

Amendments to standards issued by the EU Commission and adopted into EU law in the first six months of 2021

In the Official Journal of 14 January 2021, the European Union adopted Commission Regulation (EU) No. 2021/25 of 13 January 2021 that adopted Phase 2 of the "LIBOR and other Interest Rate Benchmarks Reform" (IBOR reform) issued by the International Accounting Standards Board (IASB) on 27 August 2020 into EU law. The new provisions refer to amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases". The objective of the amendments is to address the financial reporting consequences of the actual replacement of existing interest rate benchmarks with alternative reference rates at the time of replacement. The amendments provide for a practical expedient with regard to changes that are required by the IBOR reform. Furthermore, hedge accounting shall be allowed to continue with amended documentation despite the replacement of the interest rate benchmark.

The amendments must be applied for financial years beginning on or after 1 January 2021. Premature adoption is admissible. These practical expedients are of no relevance to MEDICLIN as the interest rate benchmark of the main loans (syndicated loans) is Euribor, which has already been reformed and complies with the requirements under the Benchmark Regulation and the lease rates for the clinic properties are linked to the consumer price index instead of an interest rate benchmark.

In the Official Journal of 2 July 2021, the European Union published Commission Regulation (EC) No. 2021/1080 of 28 June 2021 adopting the "Annual Improvements to IFRS Standards 2018–2020 Cycle" containing amendments to IAS 41 "Agriculture", IFRS 1 "First-time Adoption of International Financial Reporting Standards", and IFRS 9 "Financial Instruments". In the same Official Journal, amendments to IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IFRS 3 "Business Combinations" were issued. More details regarding the contents of the amendments are available in the Annual Report 2020, in the "Standards and legal regulations that have been issued by the IASB, but are not yet binding" section. These amendments are not expected to have any effects on the consolidated financial statements of MEDICLIN. The amendments must be applied from 1 January 2022.

Amended standards and interpretations issued by the IASB in the first six months of 2021

On 12 February 2021 the IASB issued amendments to IAS 1 "Presentation of Financial Statements", IFRS Practice Statement 2 "Making Materiality Judgements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The amendments to IAS 1 clarify that entities must disclose all "material" accounting policies. Previously, the Standard had referred to "significant" accounting policies. According to the amended IAS 1.117, the description of other accounting policy information is considered material if, together with information in the other accounting policies used by an entity in its financial statements, can reasonably be expected to influence decisions of primary users taken on the basis of the financial statements. The amendment further clarifies that information on accounting policies is considered material if the users would not be able to understand other material information in the financial statements without such information. IAS 1.117B includes examples of information that is usually considered to be material for the financial statements of an entity. Immaterial information on the accounting policies should not be disclosed. If such information is disclosed, this may not obscure any material information on accounting policies. In addition to the amendment to IAS 1, IFRS Practice Statement 2 was amended accordingly, in order to provide entities with guidelines for the practical application of the materiality concept with regard to information on accounting policies.

The amendments to IAS 8 clarify how to distinguish between changes in accounting policies and changes in accounting estimates. The separation is important as changes in accounting estimates must be applied prospectively to future business events and occurrences, whereas changes to accounting policies must be applied retrospectively to past business events and occurrences as well as the current period. The amendments must be first applied for reporting periods beginning on or after 1 January 2023. Premature adoption is admissible, subject to the endorsement yet to come.

On 7 May 2021 the IASB issued amendments to IAS 12 "Taxes on Income – Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The IASB thus reacts to uncertainties existing with regard to accounting for deferred taxes upon initial recognition of leases under IFRS 16 and decommissioning costs in the cost of the item of property, plant and equipment under IAS 16. In the past, a so-called initial recognition exemption applied under IAS 12.15 upon initial recognition of assets and liabilities, stating that under certain circumstances no deferred tax was recognised. However, there was uncertainty as to whether this exemption also applied to leases and disposal and restoration obligations. Following the amendments, deferred taxes must, for instance, be recognised for leases recognised by the lessee and for disposal and restoration obligations. This amendment will have no effects on MEDICLIN as MEDICLIN already recognises deferred taxes when accounting for leases under IFRS 16. The amendments must be applied for reporting periods beginning on or after 1 January 2023. Premature adoption of the amendments is permitted. Premature adoption is admissible, subject to the endorsement yet to come.

On 31 March 2021 the IASB issued an amendment to IFRS 16 "Leases – Covid-19-Related Rent Concessions after 30 June 2021". The amendment refers to the extension of the practical expedient granted to lessees in May 2020 to account for concessions in connection with the coronavirus pandemic. This practical expedient previously only applied to payments that would have been due in accordance with the original contract on or before 30 June 2021. The IASB now extended this period to cover payments with an original due date until 30 June 2022. The amendments become effective for reporting periods beginning on or after 1 April 2021.

Resolutions of the virtual Annual General Meeting on 26 May 2021:

- Approval of the acts of the Management Board and Supervisory Board for the 2020 financial year
- Election of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as auditor and Group auditor for the 2021 financial year
- Approval of the remuneration system for members of the Management Board
- Amendment to Article 12 of the Articles of Incorporation (Supervisory Board remuneration)
- Amendment to Article 2 (1) of the Articles of Incorporation (Company objects)
- Amendment to Articles 5 and 6 (2) of the Articles of Incorporation (Management Board)
- Amendment to Article 8 (3) and articles 9, 10 and 11 of the Articles of Incorporation (Supervisory Board)
- Amendment to Articles 16 (1) and 18 (2) and (3) of the Articles of Incorporation (Annual General Meeting)

Subsequent events

Since 30 June 2021 there have been no occurrences or events of particular significance which MEDICLIN believes could have a material impact on the Group's net assets, financial position and results of operations.

Responsibility statement by the Management Board

We assure to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, that the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

MEDICLIN Aktiengesellschaft

Offenburg, 30 July 2021

The Management Board

Quarterly development in the Group

In millions of €	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Sales	166.7	156.4	161.2	175.2	156.1	167.4
EBITDA	16.7	6.5	16.9	31.2	15.2	14.2
EBITDA margin in %	10.0	4.1	10.5	17.8	9.7	8.5
EBIT (operating result)	-1.5	-11.9	-1.8	10.8	-4.9	-3.9
EBIT margin in %	-0.9	-7.6	-1.2	6.1	-3.1	-2.3
Financial result	-2.9	-2.2	-2.9	-2.6	-2.3	-2.4
Total consolidated result	-4.0	-11.7	-4.5	6.6	-5.9	-5.2
Earnings per share in €	-0.09	-0.24	-0.10	0.14	-0.12	-0.11
Cash flow from operating activities	12.5	14.0	22.5	32.9	50.8	12.5
Cash flow from operating activities per share in €	0.27	0.29	0.48	0.69	1.07	0.26
Equity ratio in %	18.9	19.2	19.9	20.1	19.8	21.0
Gross capital expenditure (without right-of-use assets pursuant to IFRS 16)	4.0	4.6	6.1	4.7	6.3	9.5
Adjusted net financial debt (end of quarter)	45.9	41.8	29.1	41.0	61.9	70.5
Number of cases (inpatient)	24,599	21,959	25,541	27,762	20,903	28,727
Number of beds (end of quarter)	8,342	8,357	8,354	8,431	8,423	8,423
Occupancy rates in %	74.8	68.2	74.8	79.6	59.8	81.7
Number of full-time employees (quarterly average)	7,122	7,155	7,444	7,427	7,457	7,558

Key data on the MEDICLIN share

ISIN: DE 000659 5101; WKN: 659 510; TICKER: MED

In € per share	H1 2021	H1 2020
Earnings, undiluted/diluted	-0.33	-0.23
Cash flow from operating activities	0.56	1.33
Book value ¹ as of 30.06.	3.51	3.77
Share price as of 30.06.	4.20	3.96
52-weeks high	4.78	-
52-weeks low	3.60	-
Market capitalisation as of 30.06. in millions of €	199.5	188.1
Number of shares in millions	47.5	47.5

¹ Equity less non-controlling interests
Source: Deutsche Börse AG; Xetra/as of 13.07.2021

Financial calendar

26 February 2021

Disclosure of the preliminary figures for the 2020 financial year

26 March 2021

Annual press and analysts' conference for the 2020 financial year

3 May 2021

Publication of the interim report from 1 January 2021 to 31 March 2021

26 May 2021

Annual General Meeting

30 July 2021

Publication of the interim report from 1 January 2021 to 30 June 2021

2 November 2021

Publication of the interim report from 1 January 2021 to 30 September 2021

Adresses and imprint

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This Interim Report is also available in German.

This is a translation of the German Interim Report.

In case of divergence from the German version, the German version shall prevail.

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