



**ANNUAL REPORT 2021**  
MEDICLIN Aktiengesellschaft

## MEDICLIN: Key data on business development

	2021	2020	Change in %
Number of shares in millions	47.5	47.5	0.0
Number of cases (inpatient)	99,380	102,933	-3.5
Number of beds as of 31.12.	8,313	8,354	-0.5
Occupancy rate in %	75.7	74.0	
Number of full-time employees (annual average)	7,115	7,471	-4.8
<b>In thousands of €</b>	<b>2021</b>	<b>2020</b>	<b>Change in %</b>
Cash flow from operating activities	81,967	118,690	-30.9
Cash flow from operating activities per share in €	1.73	2.50	-30.9
Sales	673,137	659,864	+2.0
EBITDAR	86,014	78,225	+10.0
EBITDAR margin in %	12.8	11.9	
EBITDA	85,222	77,499	+10.0
EBITDA margin in %	12.7	11.7	
EBIT (operating result)	11,563	151	+7,571.4
EBIT margin in %	1.7	0.0	
Financial result	-9,117	-10,239	+11.0
Result attributable to shareholders of MEDICLIN AG	1,485	-9,035	-116.4
Earnings per share in €	0.03	-0.19	-116.2
Dividend per share in €	-	-	
Capital expenditure (gross additions to non-current assets without right-of-use assets IFRS 16)	18,072	26,595	-32.0
Thereof subsidies	3,295	3,762	-12.4
Proportion of own funds in %	81.8	85.9	
Interest coverage factor (EBITDA/interest income)	9.2x	7.5x	
<b>In thousands of €</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>Change in %</b>
Balance sheet total	881,239	887,464	-0.7
Equity	183,023	176,846	+3.5
Equity ratio in %	20.8	19.9	
Return on equity <sup>1</sup> in %	0.8	-5.1	
Financial liabilities (to banks)	96,181	97,977	-1.8
Cash and cash equivalents	119,516	100,437	+19.0
Net financial debt <sup>2</sup>	40,276	50,649	-20.5
Net financial debt <sup>2</sup> / EBITDA <sup>3</sup>	1.2x	2.0x	

<sup>1</sup> Group result in the last 12 months/equity

<sup>2</sup> Adjusted average net financial debt in the last four quarters

<sup>3</sup> Adjusted EBITDA in the last 12 months

The calculations may lead to rounding differences of +/- one unit (€, %, etc.); percentage rates have been determined on the basis of € values.

## Health in view

**Listening to our patients and residents, understanding them, speaking their language and respectfully caring for them in every situation – this is our mission which we aim to fulfil in all respects.**

### NOTE

In order to improve readability, we refrain from stating both genders in the Annual Report. Whenever a gender-specific term is used, it should be understood as referring to both genders, unless explicitly stated. This does not entail any type of judgement whatsoever and no offense is intended.

## Quarterly development of the Group in 2021

In millions of €	Q1	Q2	Q3	Q4
Sales	156.4	166.8	174.9	175.0
EBITDAR	6.4	17.2	33.3	29.1
EBITDAR margin in %	4.1	10.3	19.0	16.6
EBITDA	6.5	16.7	33.1	28.9
EBITDA margin in %	4.1	10.0	18.9	16.5
EBIT (operating result)	-11.9	-1.5	14.8	10.2
EBIT margin in %	-7.6	-0.9	8.5	5.8
Financial result	-2.2	-2.9	-2.1	-1.9
Result attributable to shareholders of MEDICLIN AG	-11.7	-4.0	10.9	6.3
Earnings per share in %	-0.24	-0.09	0.23	0.13
Cash flow from operating activities	14.0	12.5	32.7	22.8
Cash flow from operating activities per share in €	0.29	0.27	0.69	0.48
Equity ratio in %	19.2	18.9	20.0	20.8
Capital expenditure (gross additions to non-current assets without right-of-use assets IFRS 16)	4.6	4.0	3.6	5.9
Net financial debt <sup>1</sup> (end of quarter)	41.8	50.4	38.2	30.8
Number of cases (inpatient)	21,943	24,442	26,798	26,197
Number of beds (end of quarter)	8,357	8,342	8,311	8,313
Occupancy rate in %	68.2	74.8	81.1	78.4
Number of full-time employees (quarterly average)	7,155	7,122	7,076	7,105

<sup>1</sup> Adjusted net financial debt

### FEEDBACK REGARDING THE ANNUAL REPORT

If you have feedback or want to make comments regarding our Annual Report, please send an email to: [feedback.gb@mediclin.de](mailto:feedback.gb@mediclin.de)

We are looking forward to your input.

### FURTHER INFORMATION

[www.mediclin.de](http://www.mediclin.de)

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**DR. JOACHIM RAMMING**  
CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,  
Dear Ladies and Gentlemen,

I have been a member and Chairman of the MEDICLIN Management Board since August of last year. I found a Company that is well positioned in terms of staff and organisation despite the pandemic-related restrictions to guarantee optimal care to its patients and nursing home residents. We have our employees to thank for this, and I mean all of them.

Therefore, my colleagues on the Management Board and I would like to use this opportunity to express our thanks: we would like to thank you for your engagement and commitment, without which we could not have closed out our second financial year so well despite the COVID-19 pandemic.

### **Group sales and Group operating result significantly exceed the previous year**

In the 2021 financial year MEDICLIN generated Group sales of EUR 673.1 mill. and a Group operating result of EUR 11.6 mill. Both Group sales and the Group operating result thus exceeded our expectations. This positive performance was due to the occupancy rate in the fourth quarter of 2021 clearly exceeding expectations.

The upward trend in Group sales (EUR +13.3 mill. or 2.0 %) becomes even more apparent when looking at the figures without the benefits under the protective shield and a divestment carried out in 2020. In the 2020 financial year, Group sales included benefits under the protective shield of EUR 37.6 mill. and EUR 14.4 mill. in sales from MediClin Krankenhaus am Crivitzer See GmbH, Crivitz, which was sold as at 31 December 2020.

Given the better business performance, the benefits under the protective shield received in financial year 2021 only amounted to EUR 21.0 mill. As such, on a purely operating basis, Group sales increased by EUR 44.2 mill. or 7.3 % compared with the same period of the previous year.

The Group operating result of EUR 11.6 mill. was EUR 11.4 mill. above the previous year. This positive performance is owed primarily to higher sales, while the pronounced increase in raw materials and consumables used (which amounted to EUR 9.5 mill.) weighed on the result. Staff costs climbed moderately by EUR 1.2 mill.

The development was similar in the individual segments.

In summary, I would like to state: the positive business performance can be largely attributed to rising occupancy figures. For us, the fact that these numbers are increasing is also proof that the people who have entrusted their care to us value our medical, therapeutic and nursing care services. They know that we will provide them with the best possible care despite the current challenges presented by the pandemic.

### **So far, the focus has been on measures to recover from the COVID-19 pandemic**

The operational challenges of the new financial year are the ongoing pandemic and the high number of infections among both employees and patients, which present considerable challenges despite the fact that we are well prepared by our safety standards for infection, isolation and staff deployment, which have now become almost routine.

In addition, the world has been transformed after 24 February 2022. Russia's invasion of Ukraine and the inhuman suffering that this invasion has caused there leaves us stunned, but not passive: our Group and the employees at our clinics are offering free medical aid and accommodation to address the crisis, and we have coordinated this support together with the respective cities and communities.

This is the current situation. Nobody knows how long this war and the associated refugee crisis will last. The consequences so far are significantly rising prices, especially in the energy sector, but also in the other cost of materials areas. The already strained supply chains will continue to be adversely affected. It is also not clear whether the millions of people fleeing to the surrounding countries as well as to Germany will initiate another resurgence of the pandemic.

Ultimately, we not only desire to, but must live up to our healthcare mandate, and that means we will do everything we can to satisfy requirements even more efficiently and better.

It is manifestly clear that the healthcare market is about to change. This change process affects both the acute and the rehabilitation sectors. Actually, this is nothing new. A discussion had started even before the pandemic about what ways and tools could be used to make the market more quality-oriented, cost-effective and efficient. However, what has become clear during the pandemic – even painfully so – is the lack of digitalisation. This was first of all apparent in healthcare administration and the range of digital offerings for patients, but the problem extends to scientific data evaluation services that work to expand our knowledge.

At the moment, topics relating to the pandemic still dominate politics and thus also the attention of lawmakers, so that no statements can yet be made about which further developments are politically desirable.

### **We want to improve in the 2022 financial year**

In addition to addressing the pandemic and geopolitical challenges, which have demanded a lot from us, though we will ultimately overcome them, we want to continue leading MEDICLIN into the future. We are making good progress with finding suitable digitalisation solutions. E-health is particularly significant for our post-acute clinics. Digital applications offer attractive possibilities to support our staff and patients during admission, while preparing for the treatment and during the therapy itself. This applies not only during inpatient care, but also before and after the hospitalstay. By performing well here, we boost customer loyalty. Our medical clinics also benefit from Web-based solutions that allow patients and doctors to exchange information more effectively and improve networking between physicians. We are convinced that the most promising approach to healthcare going forward, including also from a medical perspective, is to increasingly interweave acute care and rehabilitation services. We will therefore do everything we can to further boost our Company's sales and improve profitability through strict cost control.

### **Post- and long-COVID: Interdisciplinary therapy findings**

There is still one more topic that I would like to touch on. You can also read about it in our 2021 Annual Report.

In Germany, around 16.8 million people have been infected with COVID-19 so far. Over 125,000 people have died from it. However, more and more people are suffering from significant health impairments that emerge later after recovering from the COVID-19 infection. Experts call this new clinical picture “post-COVID syndrome” or “long-COVID syndrome”. Such later health impairments can also occur in people who had only mild courses of the COVID-19 disease during the initial infection. There are also people who did not suffer from COVID-19, but are suffering mentally from the effects of the pandemic.



MEDICLIN offers these people physical and mental treatment that is tailored to their individual needs. This means that the treatment approach is always multimodal, i.e. it consists of building blocks from different specialist areas. Depending on the type and severity of the symptoms, neurologists, internists (pulmonologists, cardiologists, diabetologists), psychosomatic disorder specialists and psychotherapists, as well as ENT doctors collaborate together on treatment. After comprehensive diagnostics, treatment is always carried out in accordance with an individually tailored plan. In this regard, for instance, MEDICLIN is currently conducting an accompanying clinical study on medical rehabilitation of COVID-19 patients together with the University of Düsseldorf. The aim of the project is to gain a deeper understanding of the illness and to further improve medical rehabilitation treatment.

**Dear Shareholders,**

Our healthcare system is able to withstand the challenges of the pandemic. The MEDICLIN facilities mastered the situation they were faced with and continue to fulfil their duty to provide healthcare to the German people. We will do everything in our power to keep it that way.

I would like to thank you for the trust you place in us.

Dr. Joachim Ramming

Chairman of the Management Board

“The figures at the end of 2021 show that we coped very well with the challenges of the second year of the pandemic, and in fact we did better than expected. That gives us courage for the future, especially since we know we can count on our committed and motivated employees.”

Tino Fritz  
Chief Financial Officer

“Appropriate rehabilitative therapy after acute treatment or preventative measures are the keys to recovery. Outpatient and digital offerings in the field of rehabilitation have enormous growth potential due to the multifaceted demand for these services.”

Dr. York Dhein  
Management Board



**TINO FRITZ**  
CHIEF FINANCIAL OFFICER

**DR. JOACHIM RAMMING**  
CHAIRMAN OF THE MANAGEMENT BOARD

**DR. YORK DHEIN**  
MANAGEMENT BOARD

“Good health is indispensable, and so is patient-centred care. I think that the pandemic has driven this point home for many people. The fact that our clinics were able to switch to pandemic mode in such a short period of time and maintain a safe level of care was mainly thanks to our employees. Thank you all for that.”

Dr. Joachim Ramming  
Chairman of the Management Board



# The MEDICLIN share

## The MEDICLIN share

### 2021 was a successful stock market year despite its challenges

Despite all the challenges, 2021 was a successful year for the stock markets; the DAX rose by almost 16 %, posting an increase for the third year in a row.

The pandemic and its economic consequences weighed on the stock markets and are reflected in the DAX by a relatively wide span between yearly high and low prices. In March 2021, the DAX reached its pre-COVID-19 level, followed by new record highs in the course of the year until finally exceeding the 16,000 point threshold for the first time ever in DAX history in November. On 19 November 2021 the index reached an all-time high of 16,290 points; the lowest values were around 14,800 points in May and October.

At the beginning of 2022, investors had still expected the effects of the COVID-19 pandemic on the global and domestic economy to be manageable and that the stock prices would go up. This, however, has changed since Russia invaded Ukraine. The invasion led to massive price slumps on the stock exchanges. So far, the DAX reached the lowest point on 7 March 2022 at 12,439 points. Another reason for the subdued outlook besides the Russian military operations is the anticipated interest rate turnaround in the wake of inflation, which will probably first materialise in the USA.

### Detailed investor information is available on our website

The Investor Relations section on MEDICLIN's website provides all the information relevant for private and institutional investors, such as the financial calendar, key company data, press releases, annual and interim reports, and information on the Annual General Meeting; this includes current data and information referring to previous years.

The MEDICLIN share (Xetra) closed 2021 at a price of EUR 3.92, which was only marginally below the share price at the beginning of the year (EUR 3.96). The yearly low was EUR 3.68; the yearly high was EUR 4.78.

DZ Bank AG and Solventis Beteiligungen GmbH conduct research coverage on the MEDICLIN share. Based on the preliminary figures for the 2021 financial year, their recommendations are "Hold" and "Buy".

### Shareholder structure

The major shareholders of MEDICLIN AG are Asklepios Kliniken GmbH & Co. KGaA with 52.73 % and ERGO Group AG with 35.00 %. 12.27 % of the shares are in free float.

### Share indicators

ISIN: DE0006595101; WKN: 659 510; Ticker: MED

In € per share	2021	2020
Result undiluted/diluted	0.03	-0.19
Cash flow from operating activities	1.73	2.50
Book value <sup>1</sup> as of 31.12.	3.86	3.73
Year-end price	3.92	3.88
Annual high	4.78	5.35
Annual low	3.68	3.60
Market capitalisation (year-end price) in millions of €	186.2	184.3
Number of shares in millions	47.5	47.5

<sup>1</sup> Equity less non-controlling interests  
Source: Deutsche Börse AG; Xetra

# Summarised management report and Group management report of MEDICLIN Aktiengesellschaft for the 2021 financial year

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## Basis of Group activities

### Business model of the Group

The MEDICLIN Aktiengesellschaft Group (MEDICLIN) is a company active in Germany in the legal form of an Aktiengesellschaft (stock corporation). MEDICLIN is active throughout Germany and its facilities offer professional medical services in the fields of acute care and post-acute rehabilitation and, at some of the locations, nursing care services.

Focuses within the range of services in acute and post-acute care are neuromedicine (neurology, neurological early rehabilitation, neurosurgery and neuroradiology), psychosomatics and psychiatry, geriatrics as well as orthopaedics. In the acute treatment sector, the Group offers medical services in specialised facilities, such as neurosurgery at Plau am See, cardiac centres in Coswig and Lahr, neurological early rehabilitation in Lingen, Soltau and Plau am See or the specialist orthopaedic clinic in Bad Dübren. Furthermore, certain locations have special competencies in the areas of ENT (tinnitus, cochlea implants), oncology (radiotherapy) and internal medicine (cardiology, pneumology, endocrinology).

This cross-sector presence enables MEDICLIN to pursue a business model that allows offering its patients interdisciplinary medical care. The network of outpatient and inpatient acute and post-acute medical services across sector boundaries increases the efficiency of healthcare while guaranteeing a high-quality standard along the entire treatment chain. The usual interruptions in treatment between sectors can be avoided within the Group network through integrated medical care at individual locations and at a regional and national level. This enables patient-oriented treatment as well as efficiency enhancements at the individual clinics through synergies and standardisation.

Together with the local clinic management teams, the managing directors that are responsible for a certain region are in charge of the operational and strategic orientation of the medical facilities and the development of the range of services at their facilities, thus ensuring the economic success of the clinics within their region.

MEDICLIN focuses its offering of medical services on the actual demand and on comprehensive medical care for patients. The development in the post-acute segment shows that this strategy even works in the context of the pandemic. By means of interdisciplinary knowledge transfer, experts for different types of illnesses were able to find successful treatments and therapies for post-COVID and long-COVID patients within a very short period of time.

### EXTERNAL FACTORS THAT COULD INFLUENCE THE BUSINESS PERFORMANCE

In the 2021 reporting year the Group's operating performance was strongly affected by both the direct effects of the COVID-19 pandemic and the measures taken by federal and state governments to control its effects. The specific measures and their effects on the business performance will be described in the following sections whenever this is relevant.

#### General external factors

Besides the factors in connection with the COVID-19 pandemic, new or amended legal regulations are external factors that affect the Company's business performance. Legal regulations in the healthcare sector mostly affect the way the services are rendered and the remuneration of services, and usually refer to stricter requirements for organisational resources and staff and/or restrictions regarding the remuneration paid for medical, therapeutic and nursing care services.

The macroeconomic development in Germany has an indirect effect on the Group's business performance, especially with regard to its impact on the labour market. A stable labour market and secure jobs have a positive effect on the demand for medical services, as treatments are not postponed and there is an increased readiness to use rehabilitation and prevention services. Moreover, falling unemployment figures and a high proportion of dependent employees improve the financial situation of the social security and pension funds.



Other external factors with an influence on the business performance are the demographic development in Germany, progress in medical technology and the personnel situation in the sector, especially with regard to skilled nursing care staff.

### **The acute sector is strongly regulated**

The remuneration of acute services is strongly regulated, which is why regulatory provisions play a more important role here than in the downstream sectors. Services are remunerated in the scope of agreed budgets, via a combination of case-based lump sums and a remuneration for cost of nursing staff. If a year-on-year increase in services is agreed during the annual budget negotiations, the hospitals have to grant a discount. This so-called fixed cost degression discount accounts for quantity-related cost advantages (fixed cost degression).

Certain indications are subject to minimum nursing staff thresholds. This applies to intensive care and paediatric intensive care, geriatrics, internal medicine and cardiology, general surgery and trauma surgery, heart surgery, neurology, neurological stroke units and neurological early rehabilitation and paediatrics.

These minimum staff thresholds became mandatory on 1 February 2021. In the previous year, the application of the Ordinance was suspended from 1 March 2020 due to the COVID-19 pandemic for some of the more staff-intensive hospital areas.

### **Entrepreneurial thinking is required in the rehabilitation sector**

In the rehabilitation sector, the scope of services and the remuneration are agreed individually with the coverage providers in the form of annual budgets.

Here there is no adjustment for deficiency in proceeds if the budget as approved by the coverage providers is not met. Maintaining the required capacities and making changes to the therapeutic range of services is therefore largely at the risk of the hospital operator.

### **In the nursing care sector, the operator is also largely responsible for the business risk**

The nursing care sector comprises inpatient care and patients who receive full-time, part-time or short-term nursing care.

Nursing care services may only be charged to the public nursing care insurances if they are rendered by an approved facility that concluded a supply contract with the nursing care insurance fund. Remuneration premiums on nursing care for medical treatment will generally only be paid for professional nurses.

The risk of creating capacity for these types of services also lies with the operators of nursing care homes.

### **SUBSCRIBED CAPITAL, SHAREHOLDER STRUCTURE AND COMPANY BODIES**

MEDICLIN Aktiengesellschaft (MEDICLIN AG) has its registered office in Offenburg, Baden-Württemberg. The Company is listed in the Prime Standard<sup>1</sup> of the Frankfurt stock exchange. The Group's subscribed capital amounts to EUR 47.5 mill. and is split up in 47,500,000 no-par-value bearer shares. MEDICLIN AG's main shareholders are Asklepios Kliniken GmbH & Co. KGaA with 52.73 % and ERGO Group AG with 35.00 %; 12.27 % of the shares are in free float.

The Supervisory Board acts as the highest controlling and supervisory body and is subject to the provisions of the German Codetermination Act (MitbestG). The members of the Supervisory Board have formed several committees to which the Board delegates advisory functions as well as decision-making authorities to the extent that this is legally admissible.

### **GROUP STRUCTURE**

MEDICLIN AG is a holding company and the ultimate parent company of the MEDICLIN Group. As a listed company, it meets all the requirements of the capital market and can use the latter for capital procurement.

The medical services are rendered by the individual medical facilities, who are thus responsible for generating operating business. Service functions for these medical facilities, such as finance, accounting, controlling, taxes, internal audit, compliance, human resources and social affairs, payroll, purchasing, construction and technology, quality management, organisation and corporate communication are bundled by MediClin GmbH & Co. KG, Offenburg. In order to efficiently allocate resources and achieve cost degression effects (economies of scale), the following

<sup>1</sup> The Prime Standard is a market segment of the Frankfurt Stock Exchange's regulated market with the highest transparency standards. Companies must comply with the requirements of the Prime Standard to be listed in the DAX, MDAX, TecDAX and SDAX indices.

subsidiaries perform certain services on behalf of the entire Group:

- MediClin-IT GmbH  
Installation of network technology, user support, training
- MediClin Immobilien Verwaltung GmbH  
Real estate management, investment management, cost and income management in connection with real estate
- MediClin à la Carte GmbH  
Operation of the catering and cafeteria units, quality and hygiene management
- MC Service GmbH  
Maintenance and cleaning services, optimisation of cleaning procedures
- MediClin Energie GmbH  
Power trade, energy management, development of energy concepts

As of 31 December 2021, MEDICLIN included 34 clinics, seven nursing care facilities and 11 medical care centres nationwide. The Group intends to sell one clinic and one medical care centre by way of a share deal in 2022 (please refer to the notes).

Seven of the 34 clinics are dedicated acute-care hospitals and 27 are post-acute (rehabilitation) clinics. 12 post-acute clinics provide specific acute services in addition to medical rehabilitation measures.

The nursing care facilities offer full-time and short-term nursing care as well as day-care services. These facilities are located at the same sites as the post-acute clinics, and can thus benefit from the latter's infrastructure.

Services offered by the medical care centres mainly pertain to the outpatient acute market.

MEDICLIN has a total capacity of 7,831 beds and 482 nursing places on the balance sheet date.

On average, the Group employed 7,115 full-time employees in the 2021 financial year. On 31 December 2021, MEDICLIN's headcount was 10,154.

## SEGMENTS AND BUSINESS AREAS

The reportable operating segments of MEDICLIN are the post-acute, acute and other activities segments. This last segment encompasses the nursing care business area and the service business area. Specific acute services rendered in post-acute clinics are allocated to the post-acute segment, because it is impossible to make a clear business-related distinction between the rehabilitation services that are primarily rendered in the facilities and acute medical services as they jointly use the existing infrastructure. Sales and results of the medical care centres are assigned to the acute segment.

## RANGE OF SERVICES

MEDICLIN's range of medical services is highly professional and certified. Medical focus areas are neurology, psychosomatics and psychiatry.

### Average number of employees by service (excluding the Management Board, managing directors and trainees)<sup>1</sup>

Shown in full-time employees	2021	2020
Medical	865	918
Nursing care	2,297	2,436
Medical-technical	1,509	1,577
Functional	412	442
<b>Medical services</b>	<b>5,083</b>	<b>5,373</b>
Support functions	1,096	1,144
Technical	154	146
Administration	622	650
Other	34	36
<b>Non-medical services</b>	<b>1,906</b>	<b>1,976</b>

<sup>1</sup> Including the average number of full-time employees of MediClin Krankenhaus am Crivitzer See GmbH, Crivitz, in 2020

The share of neurology, psychosomatics and psychiatry amounts to 48.4 % (previous year: 46.2 %) of total beds available at the end of the year (not including nursing care). Further focus areas are orthopaedics, oncology, cardiology and geriatrics.

#### Number of beds/places

As of 31.12.	2021	2020
<b>Post-acute</b>		
Neurology	1,699	1,705
Psychosomatics	1,089	966
Orthopaedics	1,581	1,471
Internal medicine	203	259
Cardiology	458	579
Oncology	388	468
Geriatrics	406	372
Other	287	342
<b>Total</b>	<b>6,111</b>	<b>6,162</b>
<b>Acute</b>		
Neurology	385	370
Psychosomatics	274	273
Psychiatry	341	341
Surgery	203	203
Orthopaedics	98	98
Internal medicine	157	157
Other	262	305
<b>Total</b>	<b>1,720</b>	<b>1,747</b>
Nursing care	482	445
<b>Group</b>	<b>8,313</b>	<b>8,354</b>

#### STAFF

72.73 % of the average full-time employees employed over the reporting year work in medical services, while 27.27 % were in charge of non-medical services. MEDICLIN ensures high-quality treatment by employing well-trained staff. The Group has the personnel capacities that are required by the coverage providers based on indication and number of beds.

### Objectives and strategy

#### INTERDISCIPLINARY MEDICAL CARE ACROSS SECTOR LIMITS

In order to provide comprehensive and, in particular, patient-oriented care, the Group seeks to link outpatient, inpatient and post-discharge care at its individual locations. Potential cooperation partners include hospitals as well as registered physicians and coverage providers. In case of special indications, the Group cooperates at national level with its own or third-party specialist clinics.

#### FOCUSING ON GROWTH AREAS

The Group's range of services places a clear focus on neurology, psychosomatics and psychiatry, indications with strong demand. In addition, the Group concentrates on the treatment of civilisation diseases and illnesses that are increasing on the back of demographic change, such as in the medical and therapeutic fields of geriatrics and cardiology.

#### Development of the average number of employees by segment (including the Management Board, managing directors and trainees)<sup>1</sup>

Shown in full-time employees	2021	2020
Post-acute	3,838	4,022
Acute	2,060	2,207
Other activities	1,217	1,242
Thereof nursing care business area	213	197
Thereof service business area (including administration)	1,004	1,045
<b>Total</b>	<b>7,115</b>	<b>7,471</b>

<sup>1</sup> Including the average number of full-time employees of MediClin Krankenhaus am Crivitzer See GmbH, Crivitz, in 2020

## CAPITAL EXPENDITURE PLANNING IS BASED ON STRATEGIC TARGETS

The consistent pursuit of the strategic objectives in capital expenditure planning secures the future of the respective facilities and generates organic growth. The required capital expenditure at facilities with a corresponding need is provided in the form of own funds and subsidies by the respective federal state government.

## Corporate management

### THE MANAGEMENT BOARD MANAGES THE GROUP ON THE BASIS OF STRATEGIC AND FINANCIAL TARGETS

The financial control parameter "sales growth" is determined once a year in the scope of Group and segment planning for the acute and post-acute segments and takes into account the Group's strategic target figure for sustainable sales growth. The operating result (EBIT) and the EBIT margin serve to measure the Group's and the segments' earning power.

The control parameters are monitored on a monthly basis and summarised in a financial report. In addition, the Management Board also uses performance data, such as occupancy and nursing day statistics that are recorded on a weekly basis as well as the monthly DRG reports. This data provides current information on clinic efficiency and helps to coordinate, plan, control and monitor the operating processes.

At Group level, the leverage (maximum of 3.5x the quotient of adjusted net debt/adjusted EBITDA) is another control parameter that also serves banks to determine the interest.

In addition to financial parameters, the Management Board also uses non-financial performance indicators. Given the Group's business activities, the main indicators are patient and employee satisfaction, while also environmental issues are becoming more and more important to measure the sustainable development of the Group and its facilities.

The financial performance indicators are explained under [www.mediclin.de/en/investor-relations/facts-and-figures/](http://www.mediclin.de/en/investor-relations/facts-and-figures/)

## CONTINUOUS PLANNING MONITORING

Usually once a year the clinics, in close coordination with the Group's controlling department, draw up planning for the future business development of the Group for the three upcoming financial years (bottom-up approach). During the year MEDICLIN uses the monthly and quarterly results to regularly review the business forecast and to analyse any deviations. If required, the forecast is adjusted to the new business performance and the public is informed accordingly.

## Research and development

### MEDICLIN SUPPORTS SCIENTIFIC PROJECTS

MEDICLIN supports the ongoing development of medical services and their measurability by participating in scientific projects regarding medical care. In addition to research projects conducted in individual clinics, which are usually financed via third-party funds, some clinics also participate in clinical studies on the evaluation and further development of medical and therapeutic services.

At present, for instance, MEDICLIN is conducting an accompanying research project on medical rehabilitation of COVID-19 patients together with the university in Dusseldorf. The aim of the project is to gain a deeper understanding of the illness and to further improve medical rehabilitation treatment.

## Sustainability reporting

As a group within the health sector, MEDICLIN believes it should first and foremost fulfil the needs of patients and employees while treating nature and its resources with due care.

The Management Board therefore uses performance measures that are collected in the areas where sustainable management is relevant. They are used to further develop the Group in a profitable and sustainable manner.

MEDICLIN prepares a non-financial declaration pursuant to Sections 315b and 315c German Commercial Code (HGB) and Regulation (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

(hereinafter EU Taxonomy Regulation). This year's declaration was updated since the previous year and, as in the previous year, forms part of the summarised management report and Group management report.

The sustainability report (German version) for 2021 is available at [www.mediclin.de/nachhaltigkeitsbericht](http://www.mediclin.de/nachhaltigkeitsbericht)

## Non-financial declaration pursuant to Sections 315b and 315c German Commercial Code (HGB)

### INFORMATION ON THE BUSINESS MODEL

Section 315c German Commercial Code (HGB) in conjunction with Section 289c HGB states that the non-financial declaration should include a brief description of the corporation's business model. MEDICLIN's business model is based on linking outpatient and inpatient acute medical and rehabilitation services as well as nursing care. Providing medical care across the defined acute treatment, rehabilitation and nursing care sectors increases the efficiency and quality of the healthcare provided (please refer to the section on the Group's business model in the summarised management report and the Group management report).

### SUSTAINABILITY REPORT

MEDICLIN's sustainability reporting and choice of material topics to be covered by the non-financial declaration is based on the standards issued by the Global Reporting Initiative (GRI). MEDICLIN uses the GRI as the framework as per Section 289d German Commercial Code (HGB). GRI 102-46 and GRI 103 were used as framework for the materiality analysis. The description of the management approaches for material issues is also based on GRI 103.

In the 2021 financial year the Company conducted its first review in accordance with the Taxonomy Regulation (EU) 2020/852<sup>1</sup> to establish whether part of the sales, capital expenditure and operating expenditure associated with MEDICLIN's material economic activities is or can be classified as taxonomy-eligible.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt, was commissioned to conduct a voluntary ISAE 3000 (Revised) audit with limited assurance of the summarised non-financial declaration of MEDICLIN AG for 2021.

<sup>1</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

## MEDICLIN WELCOMES THE EU INITIATIVE TO FACILITATE SUSTAINABLE INVESTMENT

The EU Taxonomy Regulation introduces a general framework for determining whether economic activities classify as environmentally sustainable. In addition to this Regulation, technical screening criteria (Delegated Regulation (EU) 2021/2139 of 4 June 2021) and publication requirements (Delegated Regulation (EU) 2021/2178 of 6 July 2021) were defined. The technical screening criteria help to determine whether economic activities contribute substantially to the defined objectives and are to ensure that economic activities serve these objectives.

The EU Taxonomy Regulation will cover a total of three areas: Environmental, Social and Governance (ESG). So far, information and technical screening criteria are available for the first two of six defined environmental objectives. These are:

1. climate change mitigation,
2. climate change adaptation,
3. the sustainable use and protection of water and marine resources,
4. the transition to a circular economy,
5. pollution prevention and control, and
6. the protection and restoration of biodiversity and ecosystems.

In terms of the EU Taxonomy Regulation, an economic activity only classifies as taxonomy-compliant if it contributes substantially to one of the six environmental objectives without causing significant harm to any of the other objectives. This principle is called "do no significant harm" or, in short, DNSH. In addition, the taxonomy is to ensure that the minimum human rights requirements are met. These requirements are based on the OECD Guidelines for Multinational Enterprises, the Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), the UN Guiding Principles on Business and Human Rights, and the International Bill of Human Rights.

## MAIN ECONOMIC ACTIVITIES – TAXONOMY-ELIGIBILITY

MEDICLIN has compared all the taxonomy-eligible economic activities listed in the Regulation with its own economic activities. The delegated act on sustainable activities for climate change adaptation and mitigation objectives focuses on those economic activities and sectors that have the greatest potential to achieve the climate change objectives, including energy, select fields of the manufacturing industry, transport and buildings. With regard to the healthcare sector, the act lists the running of residential care homes, including nursing care homes, as economic activities that make a substantial contribution to climate change adaptation (12.1 residential care activities). As the aforementioned economic activity does not classify as an enabling activity, the sales generated with such activity are, according to clarification by the EU in its Draft Commission Notice published on 2 February 2022 (part 2 of the Frequently Asked Questions), not taxonomy-eligible. MEDICLIN does not fulfil the conditions (climate risk analysis and capital expenditure plan for adaptation solutions) that were defined to classify the capital expenditure and operating expenditure associated with such activity as taxonomy-eligible. Therefore, the running of nursing care homes does not lead to taxonomy-eligible sales or expenditure for MEDICLIN.

Following careful review together with all the relevant departments and functions, MEDICLIN has come to the conclusion that its material economic activities are not covered by the delegated legal act on sustainable activities for climate change adaptation and mitigation and are therefore not taxonomy-eligible. This consequently indicates that MEDICLIN and its main business activities are no main source of greenhouse gas emissions.

MEDICLIN's assessment of the taxonomy-eligibility concentrates on the economic activities of a healthcare provider as these are the turnover-generating services. The economic activities of the subsidiaries (energy management, cleaning and catering) are classified as activities that are required to actually carry out the Group activities of a healthcare provider. They are not reported as activities that might be taxonomy-eligible and are not included in the relevant sales as they themselves do not generate any external sales with third parties.

## Approach

The key performance indicators (KPIs) include turnover, capital expenditure (CapEx KPI) and operating expenditure (OpEx KPI). For the 2021 reporting period, the KPIs for taxonomy-eligible economic activities and non-taxonomy-eligible economic activities must be disclosed.

## Turnover KPI

The share of taxonomy-eligible economic activities (numerator) in MEDICLIN's Group sales was divided by the Group's turnover. No taxonomy-eligible activities were identified with regard to the numerator. The denominator of the turnover KPI is based on the Group's consolidated sales. Please refer to the consolidated profit and loss account for the financial year from 1 January to 31 December 2021, line item 2 "Sales" on page 58 of the Annual Report 2021. For more details on the accounting policies for Group sales, please refer to page 70 of the notes to the consolidated financial statements.

In a Draft Commission Notice published by the EU Commission on questions of interpretation on 2 February 2022, the Commission addresses the interpretation of capital and operating expenditure. The Draft specifies that the term "low CO<sub>2</sub>" refers only to the examination of taxonomy requirements under the technical screening criteria and is not relevant with regard to taxonomy-eligibility in the 2021 financial year and will therefore not be considered by MEDICLIN in its presentation of taxonomy-eligible components.

## CapEx KPI

The CapEx KPI is defined as taxonomy-eligible capital expenditure (numerator) divided by total capital expenditure (denominator).

The total capital expenditure amount includes additions to non-current assets (IAS 16), intangible assets (IAS 38) and right-of-use assets (IAS 16) as well as additions from business combinations. Goodwill is not included in capital expenditure as it does not classify as an intangible asset pursuant to IAS 38. Gross capital expenditure including right-of-use assets as per IFRS 16 amounts to EUR 18.2 mill. as presented in the segment reporting section in the notes to the annual financial statements, page 86. This includes capital expenditure for goodwill and financial assets in the amount of EUR 0.6 mill. that is not considered in the calculation of the CapEx KPI. Accordingly, the capital expenditure



that is relevant for the denominator of the CapEx KPI without goodwill and including additions under IFRS 16 totals EUR 17.6 mill.

### OpEx KPI

The operating expenditure of MEDICLIN that is relevant for the OpEx KPI comprises maintenance and repairs. EUR 15.9 mill. was spent on this in the reporting year. The OpEx KPI is defined as taxonomy-eligible operating expenditure (numerator) divided by total operating expenditure (denominator).

The Group does not report any capital or operating expenditure in the numerator of the CapEx KPI and the OpEx KPI for category a) in connection with assets or processes associated with taxonomy-eligible economic activities.

Furthermore, the Group does not have any capital expenditure plans to upgrade a taxonomy-eligible economic activity in order to become taxonomy-eligible or to expand a taxonomy-eligible economic activity, and therefore has no taxonomy-eligible capital or operating expenditure as per category b).

As such, only CapEx or OpEx in category c) could qualify as taxonomy-eligible at MEDICLIN. As the disclosure obligations for the 2021 financial year refer exclusively to taxonomy-eligible CapEx and OpEx, we assessed this category with regard to its taxonomy-eligibility as follows:

When analysing capital expenditure for the 2021 financial year, the individual capital expenditure items were compared with the economic activities listed in Annex I and II of the delegated legal act on climate change mitigation. In this context, additions of EUR 0.8 mill. to vehicles were classified as the economic activity "6.5 Transport by motorbikes, passenger cars and light commercial vehicles".

Other capital expenditure in connection with new buildings and measures to existing buildings totalling EUR 3.7 mill. in 2021 was classified as economic activity "7.1 Construction of new buildings".

When analysing maintenance and repair expenditure for the 2021 financial year, the individual operating expenditure items were compared with the economic activities listed in Annex I and II of the delegated legal act on climate change mitigation. Expenditure amounting to EUR 1.4 mill. was classified as "7.2 Renovation of existing buildings", EUR 0.2 mill. as "7.3 Installation, maintenance and repair of energy efficiency equipment" and EUR 0.3 mill. was classified as "6.5 Transport by motorbikes, passenger cars and light commercial vehicles".

MEDICLIN has identified the relevant acquisitions and measures for allocating CapEx and OpEx and also identified the economic activities of the delegated climate change mitigation act that are primarily associated therewith, thus ensuring that neither turnover nor CapEx and OpEx are considered more than once.

## SUSTAINABILITY MANAGEMENT

In order to be able to successfully implement tasks and measures for sustainable corporate development, they must be made part of the corporate strategy, as this is the only way the opportunities and risks resulting from global or sector-related change can be adequately accounted for.

### Share of taxonomy-eligible and non-taxonomy-eligible economic activities in Group sales, CapEx and OpEx

	in millions of €	Share of taxonomy-eligible economic activities in %	Share of non-taxonomy-eligible economic activities in %
Group sales	673.1	0.0	100.0
Capital expenditure (gross amount, without goodwill, incl. additions under IFRS 16)	17.6	25.7	74.3
Maintenance and repairs	15.9	12.3	87.7

### Structure and responsibility

An interdisciplinary working group is in charge of coordinating and further developing the Group's sustainability-related initiatives and activities. It provides information about new legal environmental, social and corporate governance requirements and supports the individual departments in implementing these legal requirements. The working group is further responsible for supporting planning, target definition and implementation of sustainability activities and to document the progress made. The working group acts as consultant to all employees and departments in all matters surrounding sustainability. It further collects and analyses information, data and results that meet or could meet sustainability criteria across the entire Group.

This working group consists of managers and employees from the fields of human resources, energy management, finance, procurement, quality management, compliance, marketing, catering, corporate communication and investor relations. The respective managers are responsible for implementing the adopted measures in their areas of responsibility.

### MATERIALITY JUDGEMENT

The first step of the working group was to use the GRI standards to identify relevant sustainability issues in the respective areas. The departments responsible for the respective GRI standards analysed all the aspects of the GRI standards in pertinent worksheets and evaluated their relevance for MEDICLIN.

Furthermore, the GRI standards were compared with the statutory requirements as defined in the German Commercial Code (Section 289c HGB). During the first meetings of the working group in 2018, the members of the group analysed what material significance the issues could have for the Company itself in its capacity as a health-care service provider on the one hand and society and the environment on the other. In this context, the group also analysed whether these relevant issues could impact the efficiency of MEDICLIN.

This evaluation was reviewed in 2020 and did not lead to any changes. The issues that were identified continue to be relevant in 2021. The next review is scheduled for 2022.

The following issues are therefore deemed to be material in line with the terminology under German commercial law:

- Social factors: patient satisfaction
- Employee matters: employee satisfaction
- Environmental issues: energy, emissions reduction
- Fight against corruption and bribery: compliance
- Profitability

No material issues were detected in the "respect for human rights" category.

This analysis also revealed that MEDICLIN's most important stakeholders are its patients and employees.

### Material non-financial risks

The working group did not identify any material non-financial risks in the reporting year that are highly probable to have a strong negative impact on the issues that were defined as being material. The same applies to the effects of the COVID-19 pandemic. The restrictions in the wake of the pandemic due to additional and extensive protective measures and regulations did not have any noteworthy impact on patient and employee satisfaction.

This was also confirmed by the regular surveys that are carried out to evaluate patient satisfaction. In 2021 patient satisfaction as measured on the basis of the recommendation rate was only marginally below the previous year. This shows that the organisational changes that are being implemented in the facilities since 2020 to control the risk of infection and to ensure the well-being of patients and residents have been accepted.



These changes that were introduced in 2020 also protect our employees against infection and therefore address health and safety at work aspects that are relevant to employee satisfaction. All the measures that have been developed and adopted are based on the experience and expertise of an interdisciplinary team of doctors and central hygiene and quality management staff. The measures for the protection of patients, residents and employees apply across the entire Group. The requirements prescribe how to deal with infections or suspected infections, both with regard to patients and residents as well as employees. The central procurement department continues to ensure that sufficient protection and testing equipment is available.

The economic consequences of the COVID-19 pandemic in 2021 are discussed in the relevant parts of the summarised management report and the Group management report, as are the expectations regarding the possible consequences of the pandemic and the Russian invasion of Ukraine in the current 2022 financial year.

## **PATIENT SATISFACTION (SOCIAL FACTORS)**

Patient satisfaction is of particular strategic significance. It depends on the quality of the medical, therapeutic and nursing care services, i.e. the services provided by MEDICLIN, and is influenced by the attractiveness of the premises and the technical medical equipment.

The services provided to this important group of stakeholders is therefore constantly and systematically measured by means of regular surveys. A high score reflects the patients' satisfaction with the course and the success of the treatment and, consequently, the assessment and quality of the medical, therapeutic and nursing care services offered. Hospital and clinic premises and the food and beverages on offer are likewise evaluated.

High patient satisfaction is an important quality criterion and key to MEDICLIN's success.

## **Quality management**

### **Requirements and concept**

Quality management measures, evaluates and monitors patient satisfaction. All our employees' activities at the MEDICLIN clinics and retirement homes focus on providing the best possible service to their patients and residents. Our approach of communicating and presenting the findings of surveys openly and transparently helps to sustainably improve the treatment and nursing care quality by means of the internal benchmark process.

### **Objectives and measures**

The aim is to ensure that patient satisfaction is permanently at a high level. In order to achieve this objective, all clinics regularly conduct standardised patient surveys. The answers are evaluated by an external institute and the findings are reported back to the clinics on a quarterly basis and published on the intranet.

### **Internal clinic benchmarking**

In order to improve patient satisfaction within the Group as a whole, the results of the individual clinics are used as a form of internal benchmarking. If a need for action becomes apparent, the corresponding measures are initiated by the management of the clinic and the quality management team and the success is measured systematically by means of targeted surveys. We use the quarterly routine follow-up surveys to verify whether the measures taken were effective and led to an improvement in patient satisfaction. The Management Board is informed regularly of these results.

Key to patient satisfaction in the post-acute clinics is to inform the patients extensively and transparently about their pending therapy and the possible outcome before the treatment commences. Early consultations with the patient on therapy objectives and the achievable results play an important role in preventing false expectations right from the start. MEDICLIN believes that the introduction of a professional expectations management system increases patient satisfaction, while improving the communication with coverage providers with regard to the evaluation criteria.

### External survey by the German pension insurance

In addition, the German pension insurance (DRV) conducts external surveys in our rehabilitation clinics with regard to their specialisations. These are also reflected in the internal benchmarking. Due to the pandemic, however, MEDICLIN currently has no findings of surveys conducted by the coverage providers for 2020 and 2021.

### Transparent approach to treatment-related questions

In other countries, treatment services have been measured from the patients' view and made publicly available for comparison purposes for years. The perceived improvement in the patients' health-related quality of life is not only considered to be a criterion for differentiating between the services of several providers but an important quality criterion for evaluating the success of the treatment.

The quality of the results is not only of significance for hospitals. To date, these medical and rehabilitation-related data are collected by means of different generic measurement instruments by the German pension insurance (Reha-QS) and the public health insurance funds (QS-Reha). For years, these instruments have also included a patient evaluation of results, but a direct comparison is only possible within each of the systems and is not available to the wider public.

Key figures on indication-related treatment quality in medical rehabilitation have meanwhile become public and are available on the website of the transparency initiative by quality clinics ([www.qualitaetskliniken.de](http://www.qualitaetskliniken.de)), of which MEDICLIN is a founding member for post-acute clinics. This website gives clinics the possibility to transparently present their quality in four dimensions and to compare it with other medical facilities. The four quality dimensions are treatment quality, patient satisfaction, patient safety and organisational quality. These are presented in such a way that they are easy to understand for patients. All MEDICLIN's post-acute facilities are members of this initiative and publish findings in all four dimensions.

The average recommendation rate of the MEDICLIN clinics in the [qualitaetskliniken.de](http://qualitaetskliniken.de) portal is 78 % and, as such, only slightly below the internal results. This also shows that the organisational health protection measures taken during the pandemic were accepted by our patients.

### Catering – MediClin à la Carte Requirements and concept

Another factor that influences patient satisfaction is the choice and presentation of food and beverages on offer at the post-acute clinics and retirement homes. In addition to the quality of the offering, it is important to actively and openly respond to suggestions and complaints by patients and residents. A concept of high-quality and attractive catering also includes monitoring the patients' satisfaction with respect to the offering. This is the responsibility of the MediClin à la Carte subsidiary.

### Objectives and measures

The personnel in charge at MediClin à la Carte believes that one crucial element to successfully increasing patient satisfaction is to directly address unsatisfied guests and to suggest solutions.

### Guest relations managers – contact persons for immediate feedback

In order to achieve these targets, MediClin à la Carte is working with the quality management department and the MediClin Academy to train designated guest relations managers.

They are the point of contact for all patients and guests at the facilities' cafeterias and restaurants. Having the guest relations managers, who are easily recognisable by means of a special name tag, available on site helps patients address problems immediately. These relations managers are supported by the heads of their respective clinics and liaise with the quality management department of the clinic in question. Information on the guest relations manager is available to patients at the patient meet and greets, in the dining halls or the advertising monitors in the cafeterias.

### Specific food survey

In addition to the guest relations managers who actively solicit and receive patient feedback, MediClin à la Carte also uses an anonymous system. On a monitor that is placed in the dining room over a longer period of time, patients can provide feedback on how satisfied they are with the food and beverages on offer. The main advantages of this systematic and detailed means of recording, which is called FeedbackNow, are the direct and immediate feedback, the ability to trace results in real-time and the fact that the intuitive software delivers analyses that are directly available for further use. On this basis we can take direct measures at the respective facility to increase patient satisfaction with regard to food and beverages.

### Measures are taking effect – satisfaction is increasing

Thanks to the appointment of the guest relations managers and their work as well as the regular FeedbackNow monitoring, the number of qualified feedback messages (praise, suggestions, complaints) has increased considerably. Suggestions and complaints are classified according to whether they can be implemented directly on-site or whether additional further measures have to be taken to address these issues. All in all, this principle of collecting feedback in such a direct manner has decreased complaints overall, although the figures from 2021 are only comparable to a limited degree to figures from previous years due to the effects of the pandemic.

## EMPLOYEE SATISFACTION (EMPLOYEE MATTERS)

Every day, MEDICLIN's caring and competent employees provide medical, rehabilitation and nursing care services to patients and residents. Even under the harsh restrictions in the course of the COVID-19 pandemic, our employees proved to be motivated and highly efficient in completing their tasks under these difficult circumstances.

### Concept

The more trust and esteem the employees experience in their respective areas of responsibility and the more satisfied they are with their working conditions and environment, the more motivated they will be. Employee satisfaction is therefore a key factor to MEDICLIN's success. In order to achieve this, MEDICLIN strives to offer its employees an attractive workplace in a good and family-friendly working environment as well as superior qualification and/or further training options.

### Objectives and measures

#### Family-friendly working conditions

In addition to employee development, family-friendly working conditions are an important issue for MEDICLIN when it comes to attracting and keeping qualified personnel. The Company offers individual part-time arrangements that are tailored to meet children's day-care schedules and the families' needs. About 50 % of our employees work in part-time models. Some MEDICLIN facilities cooperate with local kindergartens, which adjusted their opening times to cover the clinics' shift requirements. MEDICLIN has especially trained staff to offer counselling when it comes to caring for relatives. So-called nursing care guides inform colleagues, who – while continuing to work – are taking care of relatives at home, of the relevant laws and regulations as well as the routine of home care among other things. Employees returning to work after parental leave, or after caring for a relative, or prolonged sickness receive support to make their return into the job as easy as possible.

#### Occupational health management

Occupational health management combines the objectives and measures of health and safety at work and health promotion. Our workplace integration management system, which complies with the relevant legislation, helps employees return to work after prolonged sickness and reestablish themselves in keeping with their strength. Since the end of 2021, the human resources and social affairs department is in charge of the occupational health management (BGM) project that was launched in 2020.

### Further training and qualification

MEDICLIN provides its employees with opportunities to receive further qualification and training. The Management Board and the Group works council agreed in a Group works agreement to support further professional training.

The MediClin Academy supports the competences of employees through systematic personnel development and focused training and skills-enhancement programmes. Offers range from subject-specific topics to seminars imparting core personal qualifications.

A total of 213 seminars was offered in 2021 (previous year: 162 seminars), 68 of which (previous year: 85 seminars) were either cancelled or could not take place for lack of sufficient participants. A total of 1,480 persons (previous year: 734 participants) attended the remaining 145 events (previous year: 77 events). The fact that the number of participants doubled despite the ongoing difficult circumstances caused by the pandemic shows in our view that the further professional training offered by MediClin Academy continues to be highly popular. The participants' satisfaction is reflected in the excellent reviews of the courses: the overall evaluation of all the seminars conducted in 2021 was "Good" (1.6).

The COVID-19 pandemic has massively accelerated the trend to offer qualifications and further training online. In 2021 83 % of the events that took place were offered online in order to give our employees the possibility to further develop their skills and expertise despite the restrictions imposed by the pandemic.

### Transparent dialogue-oriented communication

Employees will be further encouraged to identify with the Company by promoting active and dialogue-oriented communication. The Group intends to commence carrying out regular employee surveys from 2022. The surveys are to be carried out twice a year, involve all employees and cover various aspects.

The aim is to enter into a continuous exchange with our staff to better understand their needs and to be able to communicate the corporate targets more transparently and in more detail.

## ENERGY AND EMISSIONS REDUCTION (ENVIRONMENTAL ISSUES)

The aim of MEDICLIN's energy management is to ensure the clinics' energy supply and price certainty. Together with the building and technical department, energy management is seeking solutions to reduce energy consumption and emissions.

### Concept

The Group aims to cover part of its energy and heat requirements through its own generation facilities. A large variety of constructional and technical measures for reducing energy consumption and emissions are another important aspect in this respect.

### Objectives and measures

The aim of our energy management is to sustainably reduce energy consumption in the entire Group. In November 2017 a target was determined together with the Management Board to reduce primary energy consumption by 5 % within five years (base year 2016) without neglecting economic aspects. The first target achievement analyses will be available in 2023.

### Reducing energy consumption by means of in-house cogeneration units (CHP)

The largest contribution to reducing energy consumption is made by a total of 34 CHPs at 26 sites and five photovoltaic plants. Additionally, the Group has four biogas plants that provide MEDICLIN facilities with district heat.

### Reducing CO<sub>2</sub> emissions

The highly efficient generation by means of combined power and heat is also an important factor in reducing CO<sub>2</sub> emissions, which thus dropped by 558 tons in the 2020 financial year from 26,568 tons in 2019 to 26,010 tons. The figures for CO<sub>2</sub> emissions in 2021 will be available in September 2022.

In addition to the aforementioned measures, MEDICLIN also takes various technical and constructional measures to reduce energy consumption, such as using high-performance pumps, modern lighting technology or facade insulation.

CO<sub>2</sub> emissions are calculated on the basis of the quantity procured from each individual energy source and that energy source's specific CO<sub>2</sub> emissions factor.

### CO<sub>2</sub> emissions factors 2020

Energy source	CO <sub>2</sub> emissions factor
Electricity	209 <sup>1</sup> in g/kWh
Gas	202 in g/kWh
Oil	270 in g/kWh
District heat	20 in g/kWh

<sup>1</sup> CO<sub>2</sub> emissions factor of MEDICLIN's own electricity mix

### Quantities are recorded by means of calibrated measurement instruments

Both the electricity acquired and the generated quantities are recorded by means of calibrated measurement instruments. The same applies to the procurement of gas.

### Energy management is service provider for the clinics

The locations are provided with monthly electricity and gas reports with important data on consumption, costs and forecasts. These reports are to provide the responsible persons with a better overview of the consumption at their own facility.

## COMPLIANCE (FIGHT AGAINST CORRUPTION AND BRIBERY)

### Concept

The responsibility of the compliance department is to ensure that the laws and internal corporate policies, in short: rules, are complied with.

This includes the implementation of compliance processes, the analysis of compliance risks, comprehensive consulting services with regard to compliance-related issues and the corresponding monitoring activities. Further, it includes responsibility for the internal whistleblower system and providing staff training on compliance issues as well as compliance reporting. The chief compliance officer who reports directly to the Chairman of the Management Board is responsible for this area.

### Objectives and measures

Fighting against corruption and bribery is a material part of MEDICLIN's compliance management system. The Code of Conduct included in the corporate governance declaration, in particular, serves the Management Board, the Group's executives and employees as a guideline for compliance with all the relevant legal requirements and the principle of ethical and moral integrity.

### Binding requirements enable employees to abide by the rules

MEDICLIN has prepared internal rules of procedure for its employees defining specific requirements for impeccable legal and ethical behaviour. In addition, and due to the statutory requirements in the healthcare sector, the Group issued and implemented binding requirements for employees in individual spheres of responsibility, for instance in connection with handling patient data and company information, cooperation with other partners in the healthcare sector and the industry. Additional rules were prepared with regard to financial benefits in connection with corruption and with regard to data protection compliance and are updated whenever required. The employees in charge are informed and trained whenever required.

### Control measures provide additional security

Compliance has introduced control measures for specific situations, in particular to avoid corruption. These measures provide additional assurance with regard to compliant conduct. MEDICLIN did not become aware of any case of corruption in 2021.

### Whistleblowing

MEDICLIN's employees are protected when they report violations against the law or policies or other misconduct to the Company. This information is passed on to the chief compliance officer confidentially for follow-up measures.

### Training measures and consulting

It is particularly important that all the commercial directors receive specific training as they are the responsible compliance contact persons in their respective facilities. In 2021 all the commercial directors that joined the Company or were promoted to commercial director received online training in small groups on compliance issues and were informed of all the main risk areas in this respect. The training initiative was also extended to cover additional central areas within the facilities and central administration. Providing training and raising awareness are ideal measures for promoting the preventive nature of compliance. The same goes for requests for advice that constitute a material part of the MEDICLIN's compliance activities.

### Reporting

The head of compliance regularly informs the Management Board of compliance issues in person and by means of a written report. The Management Board is informed ad hoc of any special occurrences. The Management Board, in turn, is responsible for regularly informing the Supervisory Board or, if applicable, the Audit Committee of compliance issues.

## PROFITABILITY

MEDICLIN regularly provides information on its economic performance in quarterly reports and its annual report. The Company is convinced that profitability and sustainability are by no means mutually exclusive, which is effectively proven by the central procurement department and the MediClin à la Carte subsidiary.

### Catering – MediClin à la Carte

#### Concept

MediClin à la Carte supplies all the MEDICLIN facilities across Germany with food and beverages. The production, delivery and presentation of varied and healthy meals, partly meeting specific dietary requirements, are subject to strict hygiene requirements. These requirements are met by the Company, also in view of sustainability issues.

#### Objectives and measures

Sustainability is achieved by optimising transport legs and by reducing waste with regard to food and packaging.

### Cost reductions in logistics

The introduction of a Group-wide uniform menu in 2013 and 2014 and the strict implementation of this menu allows MediClin à la Carte to bundle food orders and reduce the number of suppliers to a minimum. Product adjustments further led to a leaner product range and a lower number of deliveries, which means that, on average, only 1/3 of the previous number of deliveries is required. Suppliers are selected based on their ability to supply nationwide and provide consistent product quality. Except for regional bakeries and beverage suppliers, the food suppliers are either certified according to the International Featured Standards (IFS)<sup>1</sup> or the relevant ISO standards. The certification ensures consistent quality levels along the production chain in the food industry. The IFS certification focuses among other things on systems in place for quality and food safety management and manufacturing processes, which means that internal business processes are audited on a regular basis according to international standards and MEDICLIN receives a safe product that complies with the legal requirements (labelling, weight control and requirements regarding nutritional value analysis).

### Certification

MediClin à la Carte is also certified in accordance with ISO 9001:2015. The monitoring audit was successfully completed in 2020. The recertification was successfully completed in 2021.

### Waste reduction

The introduction of a standardised ordering system, in which the clinic enters the planned number of patients per day and which calculates the corresponding portion sizes, enables the operating locations to pursue strategic procurement strategies and save resources and to avoid incorrect orders and large excess quantities.

In order to further improve the sustainable use of resources and raw materials along the entire value chain, MediClin à la Carte has since 2019 participated in a comprehensive research project, which was carried out by the University of Stuttgart and funded by the German Federal Ministry of Food and Agriculture and the German project

<sup>1</sup> The International Featured Standards (IFS), which was formerly known as the International Food Standard, is a set of "food, product and service standards" designed to ensure that a product or service is produced or rendered in accordance with certain specifications agreed with the customer.



management agency Federal Office for Agriculture and Food. The “EloFoS – Efficient Lowering of Food Waste in the Out-of-Home Sector” research project investigated efficient measures to reduce food waste in out-of-home catering, which also includes the rehabilitation clinics.

The key objective of this study was to enable the sustainable use of resources and raw materials along the entire food value chain and the efficient avoidance of food waste. MediClin à la Carte accepts its responsibility to act in a sustainable and resource-conserving manner and wants to make an active contribution to the avoidance of food waste. The researchers monitored waste production at three operating locations from July 2019 to obtain information on the volume, the composition, the value and the reasons for the disposal of food. The findings were presented in July 2021. In addition to the findings, the researchers also defined an action plan with measures that were implemented whenever this was possible (e.g. stacking cold cuts).

### Central procurement

In the healthcare sector, requirements such as supply assurance, quality, hygiene, application safety and regulatory approval have top priority in procurement decisions in addition to the usual economic criteria. Therefore, the request to select only suppliers or medical products that meet as many sustainability criteria as possible can only be fulfilled to a limited degree. Furthermore, budgeting on the part of the coverage providers means that decisions have to be based heavily on price.

The central procurement department is responsible for ensuring the Group’s procurement process for all medical and non-medical equipment, furnishings as well as expendable items. It is the general point of contact for all matters pertaining to procurement in the Group, including services. Medical and non-medical expendable items are ordered by the facilities in accordance with a standardised procedure. The range of available products is managed and entered into the materials management system by the central procurement department.

According to the German Medicinal Products Act (AMG), the supply of the Group facilities with medicines must be organised via a regional supply structure. It is effected through a local registered pharmacy or, if available in the vicinity, a hospital pharmacy. Only one of the Group’s facilities has its own pharmacy.

Laboratory and laundry services also need to be available from regional suppliers and meet requirements specific to the healthcare sector. The commissioned suppliers are responsible for the logistical supply of the local clinics. One of the facilities is partly supplied from one of the Asklepios Group’s central warehouses.

On the outbreak of the COVID-19 pandemic in 2020, the central procurement department ensured that sufficient protective and testing equipment was permanently available at clinics and nursing care homes by promptly establishing a central warehouse of its own as a precaution. Meanwhile the usual supply channels have been re-established and the warehouse capacity is carefully and gradually reduced.

### Concept

The central procurement department has defined three key requirements with regard to suppliers: quality, delivery reliability and profitability, according to which the suppliers are regularly assessed within the Group. Whenever possible, for instance where non-medical products are concerned, the selection of new suppliers takes into account to what extent such new suppliers can meet sustainability criteria while meeting the exacting quality standards.

### Measures and objectives

At the moment, MEDICLIN does not actively review or audit its suppliers with regard to sustainability criteria, as the safety and hygiene requirements as well as the corresponding certification are more important factors in the healthcare sector. Moreover, the suppliers of medical technology are usually international corporations where conducting audits is hardly feasible.

With regard to the procurement of other, non-medical products such as office equipment, furniture, electronics, etc., the central procurement department is already working with several suppliers who have defined and disclosed their own environmental policies.

The central procurement department is also responsible for the fleet, comprising about 190 vehicles including vehicles for patient transport. The central procurement department checks regularly to what extent electric and/or hybrid vehicles can be used within the Group in an ecologically and economically viable way. Given the high mileage of the vehicles that are in use, the transition only made sense and was only implemented for a few vehicles after their contracts had expired.

## Report on the economic position

### Sector-related environment

#### PANDEMIC LEAVES ITS MARK

The healthcare industry is one of the large sectors of the German economy and is a driver of growth and employment. An ageing population, greater health awareness and medical-technological progress have been boosting demand for medical and rehabilitation services for years. Additional drivers are the increasing number of chronically ill or multimorbid patients and a rising demand for digital offers in healthcare. While this acts as a guarantor for growth within the industry, it also pushes up expenditures in the healthcare sector.

In order to counteract the constant rise in expenditure, the coverage providers should develop innovative remuneration systems based on preventive measures and treatment quality instead of rendering the remuneration structures more and more complex.

As a provider in the health sector, MEDICLIN is highly aware of its special responsibility during a pandemic situation. Comprehensive measures were taken to safely provide patients with medical, rehabilitation and nursing care services in the customary quality during the pandemic. Despite these measures, the number of patients treated in 2021 and 2020 was below the usual number. This also means that, despite state aid and compensation payments by coverage providers, operating sales and earnings figures have not yet returned to the pre-COVID-19 level of 2019.

#### MEDICLIN IS ONE OF THE MAJOR PRIVATE HOSPITAL OPERATORS

The market, on which the major private hospital groups are active, mainly comprises the three sectors acute care, rehabilitation and nursing care. On the basis of the number of hospital beds, private groups hold an overall market share of 19.1% (as per 2019). In the rehabilitation sector, MEDICLIN is one of the largest providers.

#### Acute sector

The Federal Statistical Office stated in December 2020 that there were 1,914 hospitals in Germany in 2019. 545 hospitals were run by state institutions, 645 by non-profit organisations and 724 by private operators. This means that about 37.8% of all hospitals are private facilities that account for nearly 19.3% of beds and treat about 17.7% of all the patients that are treated in a year. The private facilities employ about 140,000 full-time employees, i.e. more than 15% of all the full-time employees employed in hospitals. According to the Federal Statistical Office, the average length of stay in the hospitals was 7.2 days in 2019, while the average occupancy rate was 77.2%.

In terms of beds, MEDICLIN accounted for 1.9% of the market of private hospital operators in 2019. In 2019 MEDICLIN treated 41,995 inpatients. The average length of stay was 8.1 days and the occupancy rate 76.0%.

In 2021 MEDICLIN treated 34,069 inpatients (previous year: 36,471 inpatients). The average length of stay was 9.0 days (previous year: 8.5 days) and the occupancy rate 73.2% (previous year: 68.1%).

#### Post-acute sector (rehabilitation)

In 2019 the number of rehabilitation facilities decreased compared to the previous year (more recent figures by the Federal Statistical Office are not available). All in all, there were 1,112 facilities (2018: 1,126 facilities) with a total of 163,336 beds (2018: 163,688 beds). The share of private suppliers in this field is 54.0% in terms of facilities and 65.8% in terms of cases and patients. In 2019 the number of patients rose by 0.1% year-on-year to 1,993,585 patients (2018: 1,992,353 patients), while the number of nursing days increased from about 50.3 mill. days to about 50.6 mill. days. The average length of stay in 2019 was 25.4 days (2018: 25.2 days). The average occupancy rate was 84.9% (2018: 84.1%).



In 2019 MEDICLIN treated 80,058 patients with an average length of stay of 25.5 days. The occupancy rate stood at 91.0 %.

Due to the restrictions resulting from the COVID-19 pandemic, the Group treated only 65,311 patients in 2021 (previous year: 66,462 patients) with an average length of stay of 26.1 days (previous year: 25.4 days). The occupancy rate stood at 76.4 % (previous year: 75.0 %).

In terms of beds, MEDICLIN's share of the market of rehabilitation facilities is likely to have increased moderately in the last two years.

### **Nursing care sector**

The Federal Statistical Office states that the number of persons in need of care increased from 3.4 million to more than 4.1 million persons between 2017 and 2019 (20.9 %). In 2019 80.2 % of all persons in need of care (3.3 million persons) were taken care of in their own homes, of which more than 2.1 million persons received care only from their relatives. 19.8 % or more than 0.8 million persons in need of care live in homes offering full-time nursing care.

In 2019 there were 15,380 nursing care homes with 969,553 places in Germany. 11,317 facilities, i.e. 73.6 % of all nursing homes, offer full-time inpatient nursing care. They provided 886,654 or 91.4 % of places.

Compared to 2017, the number of nursing care homes increased by 6.2 % or 900 facilities. The number of homes run by private operators increased by 403 facilities or 6.5 % to 6,570 homes. In terms of number of facilities, private nursing care homes had a market share of 42.7 %.

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

### **RISING OCCUPANCY RATES AT POST-ACUTE CLINICS DESPITE HIGH INCIDENCE RATES**

In the first three months of the 2021 financial year, a low number of referrals from the acute hospitals and the extremely low occupancy rates of the post-acute clinics weighed on the Group's business performance. In the second quarter of 2021 capacity utilisation started to rise

again although the country was hit by additional pandemic waves and even exceeded the prior-year figures. This was driven mainly by two factors: the patients' trust in MEDICLIN's high security and hygiene standards and large-scale vaccination offers for the general public.

The Group's occupancy rate in the 2021 financial year was 75.7 %, up from 74.0 % in the previous year.

### **GROUP RECORDS SALES AND EARNINGS GROWTH**

In the 2021 financial year MEDICLIN generated Group sales of EUR 673.1 mill. (previous year: EUR 659.9 mill.) and a Group operating result of EUR 11.6 mill. (previous year: EUR 0.2 mill.). Thus both Group sales and the Group operating result exceeded the forecast published at the beginning of November 2021 when the fourth wave of the pandemic struck. This positive performance was due to the occupancy rate in the fourth quarter of 2021 clearly exceeding expectations.

The upward trend in Group sales (EUR +13.3 mill. or 2.0 %) becomes even more apparent when looking at the figures without the benefits under the protective shield and a divestment carried out in 2020.

In the 2020 financial year, Group sales included benefits under the protective shield of EUR 37.6 mill. and EUR 14.4 mill. in sales from MediClin Krankenhaus am Crivitzer See GmbH, which was sold as at 31 December 2020. Given the better business performance, the benefits under the protective shield received in financial year 2021 only amounted to EUR 21.0 mill. As such, on a purely operating basis, Group sales increased by EUR 44.2 mill. or 7.3 % year-on-year.

The Group operating result of EUR 11.6 mill. was EUR 11.4 mill. above the previous year. This positive performance is owed primarily to higher sales, while the pronounced increase in raw materials and consumables used (which amounted to EUR 9.5 mill.) weighed on the result. Staff costs increased moderately by EUR 1.2 mill.

### POSITIVE SEGMENT PERFORMANCE

Sales in the post-acute segment of EUR 410.8 mill. were EUR 17.1 mill. or 4.3 % above the comparable prior-year period. Sales include payments under the protective shield to manage the COVID-19 pandemic in the amount of EUR 12.9 mill., which is clearly below the figures in 2020 (previous year: EUR 22.4 mill.). The segment's operating sales have thus grown by EUR 26.6 mill. or 7.2 %.

The sales of the acute segment of EUR 243.4 mill. decreased by EUR 5.3 mill. or 2.1 % compared with the previous year's value. These sales include EUR 6.8 mill. from benefits under the protective shield to manage the COVID-19 pandemic, down from EUR 15.0 mill. in 2020. Without the benefits under the protective shield and without the sales of the aforementioned divested clinic, operating sales in the segment thus rose by EUR 17.3 mill. or 7.9 %. The sales of the medical care centres included in the acute segment's sales amounted to EUR 10.6 mill. in the 2021 financial year, compared to EUR 9.4 mill. in the previous year.

The post-acute segment generated a result of EUR 15.3 mill. (previous year: EUR 4.8 mill.). The result in the acute segment amounts to EUR -4.0 mill. (previous year: EUR -1.5 mill.). The clear increase in raw materials and consumables used weighed on both segments.

Sales in the nursing care business area, which is part of the other activities segment, rose to EUR 17.3 mill. in the year under review (previous year: EUR 15.8 mill.).

### SOUND FINANCIAL STRUCTURE

In addition to cash and cash equivalents of EUR 119.5 mill. (previous year: EUR 100.4 mill.), the Group has access to credit lines in the amount of EUR 74.8 mill. The cash and cash equivalents figure includes an expected repayment of benefits under the protective shield in the amount of EUR 45.6 mill. which is due to the fact that the business performance was far better than anticipated.

Funding of internal growth is thus guaranteed and will derive primarily from the cash flow, provided the sales growth is in line with the target.

The equity ratio was 20.8 % (31.12.2020: 19.9 %) while adjusted net financial debt amounted to EUR 40.3 mill. (31.12.2020: EUR 50.6 mill.) on the reporting date. As at 31 December 2021 the debt ratio was 1.2 x (31.12.2020: 2.0x) of adjusted EBITDA, which is still clearly below the maximum target level of 3.5x.

The Management Board rates both the results of operations as well as the Group's financial position and net assets as sound despite the economic consequences of the COVID-19 pandemic which has been ongoing for the last two years.

## Business development

### Results of operation, financial position and net assets

#### RESULTS OF OPERATION

##### Sales development and performance of the Group operating result

Group sales of EUR 673.1 mill. in the 2021 financial year (previous year: EUR 659.9 mill.) were EUR 13.2 mill. or 2.0 % above the previous year's value. Group sales contain benefits under the protective shield amounting to EUR 21.0 mill. Sales from outpatient healthcare services amounted to EUR 16.3 mill. (previous year: EUR 15.9 mill.); of this amount, EUR 8.9 mill. (previous year: EUR 8.1 mill.) was generated by the medical care centres.

MEDICLIN's Group operating result is EUR 11.6 mill. (previous year: EUR 0.2 mill.). In the previous year Group EBIT included a one-off effect of EUR –1.4 mill. from the

write-down on the book value in connection with the disposal of MediClin Krankenhaus am Crivitzer See GmbH, Crivitz, on 31 December 2020.

##### Development of expenses

Raw materials and consumables used rose sharply over the previous year to EUR 122.1 mill. (previous year: EUR 112.7 mill.). The entire increase of EUR 9.4 mill. or 8.4 % refers to the cost of purchased services item. The increases were most pronounced with energy and fuel expenses (EUR 3.1 mill.), expenses for laboratory tests (EUR 4.5 mill.) and expenses for external medical staff (EUR 2.4 mill.).

The merely moderate rise in staff costs over the previous year is mainly due to a lower number of full-time employees. Short-time work compensation in the amount of EUR 1.1 mill. (previous year: EUR 1.9 mill.) eased the burden somewhat.

#### Group sales and Group operating result

In millions of €	2021		2020	
	Group sales	Group EBIT	Group sales	Group EBIT
1st quarter	156.4	– 11.9	167.4	– 3.9
2nd quarter	166.8	– 1.5	156.1	– 4.9
3rd quarter	174.9	14.8	175.2	10.8
4th quarter	175.0	10.2	161.2	– 1.8
<b>Year total</b>	<b>673.1</b>	<b>11.6</b>	<b>659.9</b>	<b>0.2</b>

#### Expenses

	2021	2020	Change in %
Raw materials and consumables used in millions of €	122.1	112.7	+ 8.4
Cost of materials ratio in %	18.1	17.1	
Staff costs in millions of €	423.4	422.2	+ 0.3
Staff costs ratio in %	62.9	64.0	
Depreciation and amortisation in millions of €	73.7	77.3	– 4.8
Other operating expenses in millions of €	56.3	58.6	– 4.0

MEDICLIN assumes that staff costs will rise in the future. The expansion of the range of services and legal requirements regarding the number of staff will lead to additional hires. Salaries and wages are also expected to increase in 2022.

Depreciation and amortisation amounted to EUR 73.7 mill. (previous year: EUR 77.3 mill.). Depreciation and amortisation includes EUR 47.2 mill. (previous year: EUR 47.4 mill.) in scheduled depreciation of right-of-use assets, while EUR 3.1 mill. refers to amortisation of intangible assets (previous year: EUR 3.3 mill.) and EUR 23.3 mill. refers to depreciation of property, plant and equipment (previous year: EUR 26.7 mill.). The depreciation and amortisation ratio (without depreciation and amortisation of right-of-use assets) amounts to 3.9 % (previous year: 4.5 %).

Other operating expenses decreased by EUR 2.3 mill. to EUR 56.3 mill. (previous year: EUR 58.6 mill.). Expenses for rents and leases amounted to EUR 3.5 mill. (previous year: EUR 3.2 mill.).

### Financial result and tax ratio

The financial result amounted to EUR –9.1 mill. at year-end (previous year: EUR –10.2 mill.). Interest and similar expenses stood at EUR 9.3 mill. (previous year: EUR 10.3 mill.). This includes interests for liabilities from right-of-use assets amounting to EUR 7.4 mill. (previous year: EUR 8.3 mill.).

The tax ratio in the main Group segments was 15.825 % (corporation tax, solidarity surcharge). A change to the tax rate is not expected.

The tax burden in the year under review was EUR 1.0 mill. (previous year: tax income of EUR 1.1 mill.).

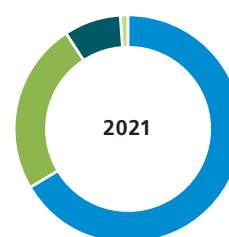
### Total consolidated result

In the 2021 financial year, the consolidated result attributable to shareholders of MEDICLIN AG was EUR 1.5 mill. (previous year: EUR –9.0 mill.) and the earnings per share resulting therefrom were EUR 0.03 (previous year: EUR –0.19).

### Development of the coverage provider structure

The statutory social security pension funds and the public health insurance funds are the two largest funding agencies for medical rehabilitation. In the acute sector, the public health insurance funds are the main funding agencies. On the whole, the Group generated more than 90 % of sales with these two coverage providers.

Breakdown of sales by coverage provider groups without nursing care in %



	2021	2020
Public health insurance funds	67.2	67.9
Social security pension funds	24.5	23.7
Private health insurance companies	8.2	8.2
Other coverage providers	0.1	0.2

### FINANCIAL POSITION

MEDICLIN covers its capital requirements from operating cash flow, investment subsidies and a syndicated loan. The syndicated loan has a volume of EUR 90.0 mill. and consists of a bullet loan for EUR 50.0 mill. and a revolving working capital facility for EUR 40.0 mill. On 31 December 2021 (as was the case on 31.12.2020) EUR 75.0 mill. thereof had been drawn. The syndicated loan has a term of five years (2019 to 2024), including two options to renew the loan by another year. One renewal option each was exercised in 2020 and 2021, extending the term until November 2025 and November 2026, respectively. Both loan components are subject to a variable interest rate composed of the EURIBOR for the relevant interest period plus an agreed margin.

In order to be able to respond better to the effects of the COVID-19 pandemic, the Group took out three short-term credit framework agreements with a total volume of EUR 50.0 mill. in November 2020 to further secure liquidity and general funding needs.

Non-current liabilities to banks, including the subsidised loan, amount to EUR 69.3 mill. (31.12.2020: EUR 71.2 mill.), while current liabilities to banks amount to EUR 26.8 mill. (31.12.2020: EUR 26.8 mill.).

Financing is complemented by rental agreements for hospitals rented on a long-term basis. Except for one contract, the underlying rental contracts have a term until 31 December 2027. One contract was extended by another 20 years in the 2018 financial year. The contracts provide for an annual adjustment of rents in accordance with changes in the German consumer price index – the maximum, however, is 2 % p.a.

Cash and cash equivalents amount to EUR 119.5 mill. on the balance sheet date (31.12.2020: EUR 100.4 mill.). Going forward, the liquidity will be burdened by the presumable repayment of benefits amounting to EUR 45.6 mill. received under the protective shield and EUR 7.9 mill. for deferred rent payments as well as reduced cash flows due to the announced shorter payment terms for receivables pertaining to acute care services. Cash and cash equivalents include subsidies of EUR 18 mill. for building the new Hedon Klinik in Lingen.

On 31 December 2021 the Group had free credit lines amounting to EUR 74.8 mill.

MEDICLIN has sufficient financial resources to maintain the required liquidity at all times.

MEDICLIN's liquidity management secures the availability of sufficient financing resources and the required degree of financing flexibility. A further measure to cover these risks is the Group-wide liquidity supply through central cash pool management. Available cash and cash equivalents are invested in the form of short-term time deposits.

## EMPLOYEES

The average number of employees in 2021, calculated on the basis of full-time employees, was 7,115 (previous year: 7,471 full-time employees). The number of full-time employees decreased by 356 compared to the previous year.

On 31 December 2021 the headcount was almost 10,154. The average number of trainees was 375 in 2021 (previous year: 361 trainees).

## CAPITAL EXPENDITURE

Gross investments in non-current assets totalled EUR 18.1 mill. in 2021 (previous year: EUR 26.6 mill.). Given liquidity considerations and for reasons of precaution capital expenditure is below the annual budget.

### Essential gross investments to non-current assets

In millions of €	2021	2020
Licences, concessions	1.5	3.6
Goodwill	0.6	0.0
Land, buildings	5.0	5.4
Technical equipment, IT	0.5	2.1
Operating and office equipment	7.1	8.4
Payments on account and assets under construction	3.4	7.1
Financial assets	0.0	0.0
<b>Total</b>	<b>18.1</b>	<b>26.6</b>

On 1 January 2021, a new medical care centre (with specialist doctors) was founded, 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. All in all, a gross amount of EUR 2.1 mill. (previous year: EUR 3.6 mill.) was invested in intangible assets.

Gross additions to property, plant and equipment before deduction of special items totalled EUR 16.0 mill. (previous year: EUR 23.0 mill.). EUR 2.1 mill. was spent on medical equipment including accessories. Approximately EUR 7.9 mill. was used for the reconstruction and expansion

of clinics. EUR 4.3 mill. thereof pertain to newly built retirement homes, while EUR 1.3 mill. was spent on the reconstruction of rooms, for which patients pay a surcharge, and other patient rooms. Investments in the IT infrastructure amounted to EUR 1.9 mill.

EUR 15.9 mill. (previous year: EUR 16.1 mill.) was spent on maintenance and repairs.

## LIQUIDITY

The cash flow from operating activities fell by EUR 36.7 mill. This is due mainly to a one-off effect in the previous year, when the coverage providers' reduced payment terms of five days decreased trade receivables by EUR 18.4 mill., thus increasing the liquidity. Given the clear improvement in the occupancy rate at the balance sheet date compared to the previous year, unfinished services and services not yet invoiced further rose by a total of EUR 4.9 mill. (previous year: EUR –7.3 mill.).

The fact that investment activities are still restrained also had a positive effect on liquidity in the 2021 financial year. A gross amount of EUR 1.8 mill. (previous year: EUR 3.5 mill.) was spent on intangible assets, while gross investments in property, plant and equipment totalled EUR 15.2 mill. (previous year: EUR 22.3 mill.).

Investment subsidies received amounted to EUR 9.6 mill. (previous year: EUR 10.7 mill.).

The payments from divestments in the amount of EUR 6.0 mill. received in the previous year pertain to the disposal of shares in MediClin Krankenhaus am Crivitzer See GmbH, Crivitz as at 31 December 2020. This results in a cash flow from investing activities totalling EUR –7.1 mill. (previous year: EUR –8.6 mill.). The pronounced increase in cash flow from financing activities was mainly caused by less rent paid in the previous year due to the deferral of payments. In the 2020 financial year, MEDICLIN had made use of the option to defer rent payments for 21 clinic properties over two months as provided for in the German "Act to Mitigate the Consequences of the COVID-19 Pandemic under Germany's Civil, Insolvency and Criminal Procedure Law".

Cash and cash equivalents at the end of the period thus increased by EUR 19.6 mill. to EUR 120.0 mill.

## NET ASSETS

The balance sheet total decreased by EUR 6.3 mill. since 31 December 2020.

The EUR 68.3 mill. decrease in non-current assets is mainly attributable to a decline in property, plant and equipment caused by depreciation, especially with regard to right-of-use assets. The increase in current assets by EUR 62.0 mill. is primarily due to higher cash and cash equivalents. The EUR 68.3 mill. decrease in non-current

## Consolidated cash flow statement (abridged)

In millions of €	January– December 2021	January– December 2020
Cash flow from operating activities	82.0	118.7
Cash flow from investing activities	–7.1	–8.6
Cash flow from financing activities	–55.3	–46.5
Change in consolidation scopes for financial funds	0.0	–0.4
Cash flow for the period	19.6	63.2
Cash and cash equivalents at the beginning of the period	100.4	37.2
Cash and cash equivalents at the end of the period	120.0	100.4

assets is mainly attributable to a decline in property, plant and equipment caused by depreciation, especially with regard to right-of-use assets. The increase in current assets by EUR 62.0 mill. is primarily due to higher cash and cash equivalents, higher other financial assets, higher other assets and assets held for sale on the reporting date. On the equity and liabilities side of the balance sheet, non-current liabilities decreased by EUR 54.5 mill., mainly due to lower lease liabilities. Current liabilities, in turn, rose considerably by EUR 42.0 mill. The increase mainly pertains to payment obligations in connection with the deferral of rent payments (EUR 7.9 mill.) and obligations to repay benefits received under the protective shield (EUR 45.6 mill.).

### Provisions for additional rent payments

Non-current liabilities, in turn, include lease liabilities from leases totalling EUR 288.8 mill. (31.12.2020: EUR 334.9 mill.), while current liabilities include EUR 54.9 mill. in lease liabilities from leases (31.12.2020: EUR 54.0 mill.).

The other provisions in the non-current liabilities item include provisions for additional rent payments in the amount of EUR 21.0 mill. This obligation is related to the

rent reductions received in 2005 to 2007 in the approximate amount of EUR 21.0 mill. for clinic properties that were pooled in a fund and rented back.

The agreement includes a repayment obligation up to the amount of the rent reductions granted, which is conditional on the achievement of certain economic performance parameters of all the clinics pooled in the fund (debtor warrant). The planning for the upcoming financial years as at the balance sheet date renders it likely that the agreed performance parameters will be reached.

For further explanations regarding the individual balance sheet items, please refer to the corresponding sections in the notes to the consolidated financial statements.

## SEGMENT REPORTING

### Sales

The share of the post-acute segment in Group sales of EUR 673.1 mill. was 61.0 % (previous year: 59.7%), while the share of the acute segment was 36.2 % (previous year: 37.7%) and the nursing care business area contributed 2.6 % (previous year: 2.4 %).

Sales in the post-acute segment rose by EUR 17.1 mill., or 4.3 %, to EUR 410.8 mill. Segment sales include EUR 12.9 mill. from benefits under the protective shield to manage the COVID-19 pandemic (previous year: EUR 22.4 mill.).

### Balance sheet structure

In millions of €	31.12.2021	In % of balance sheet total	31.12.2020	In % of balance sheet total
<b>Assets</b>				
Non-current assets	615.3	69.8	683.6	77.0
Current assets	265.9	30.2	203.9	23.0
	<b>881.2</b>	<b>100.0</b>	<b>887.5</b>	<b>100.0</b>
<b>Equity and liabilities</b>				
Equity	183.0	20.8	176.8	19.9
Non-current liabilities	484.8	55.0	539.3	60.8
Current liabilities	213.4	24.2	171.4	19.3
	<b>881.2</b>	<b>100.0</b>	<b>887.5</b>	<b>100.0</b>

Sales in the acute segment of EUR 243.4 mill. were EUR 5.3 mill. or 2.1 % higher than the previous year's value. These sales include EUR 6.8 mill. from benefits under the protective shield to manage the COVID-19 pandemic, (previous year: EUR 15.0 mill.).

The other activities and reconciliation segment recorded sales of EUR 18.9 mill. (previous year: EUR 17.5 mill.) in the 2021 financial year. The nursing care business area generated sales of EUR 17.3 mill. (previous year: EUR 15.8 mill.).

### Expense items

The expenses for raw materials and consumables used in the post-acute segment increased by EUR 8.2 mill. or 11.6 % with purchased services like energy and fuel, laboratory

tests and external medical staff showing particularly pronounced increases.

The situation in the acute segment is similar with the cost of raw materials and consumables used rising, especially with regard to purchased services. All in all, they rose by EUR 3.4 mill. or 5.5 %, respectively.

Staff costs in the acute segment of EUR 223.9 mill. were EUR 1.0 mill. above the previous year's value, while they decreased by EUR 3.8 mill. to EUR 143.6 mill. in the acute segment.

In the post-acute segment, the average number of full-time employees in 2021 was 3,838 (previous year: 4,022 full-time employees), while the number of full-time employees in the acute segment was 2,060 (previous year: 2,207 full-time employees).

### Sales

In millions of €	2021	2020	Change in %
Post-acute	410.8	393.7	+4.3
Acute	243.4	248.7	-2.1
Other activities and reconciliation	18.9	17.5	+8.2
Thereof nursing care business area	17.3	15.8	+9.0
<b>Group</b>	<b>673.1</b>	<b>659.9</b>	<b>+2.0</b>

### Raw materials and consumables used

	2021	2020	Change in %
<b>Post-acute</b>			
Raw materials and consumables used in millions of €	78.5	70.3	+11.6
Cost of materials ratio in %	19.1	17.8	
<b>Acute</b>			
Raw materials and consumables used in millions of €	65.5	62.1	+5.5
Cost of materials ratio in %	26.9	25.0	

### Staff costs

	2021	2020	Change in %
<b>Post-acute</b>			
Staff costs in millions of €	223.9	222.9	+0.4
Staff costs ratio in %	54.5	56.6	
<b>Acute</b>			
Staff costs in millions of €	143.6	147.4	-2.5
Staff costs ratio in %	59.0	59.3	



### Segment results

The result in the post-acute segment improved to EUR 15.3 mill. (previous year: EUR 4.8 mill.), whereby the improvements were achieved exclusively in the second half of 2021 on the back of the higher occupancy rates.

The result in the acute segment amounted to EUR –4.0 mill. (previous year: EUR –1.5 mill.). The segment result was burdened by a one-off effect of EUR –1.4 mill. from the write-down on the book value in connection with the sale of MediClin Krankenhaus am Crivitzer See GmbH, Crivitz on 31 December 2020.

In the other activities segment, which comprises the service business area and the nursing care business area, the segment result was EUR 0.3 mill., up from EUR –3.1 mill. in the previous year.

### Capital expenditure

In 2021 a total of EUR 18.1 mill. (gross amount) was invested in non-current assets. Capital expenditure was distributed among the segments as follows:

In millions of €	2021	2020
Post-acute	7.2	8.4
Acute	5.3	7.2
Other activities and reconciliation	5.6	11.0
<b>Group</b>	<b>18.1</b>	<b>26.6</b>

### Segment results

In millions of €	2021	2020
Post-acute	15.3	4.8
Acute	–4.0	–1.5
Other activities and reconciliation	0.3	–3.1
<b>Group</b>	<b>11.6</b>	<b>0.2</b>

### Annual average number of employees in the segments

Shown in full-time employees	2021	2020	Change
Post-acute	3,838	4,022	–184
Acute	2,060	2,207	–147
Other activities	1,217	1,242	–25
Thereof nursing care business area	213	197	+16
Thereof service business area (incl. administration)	1,004	1,045	–41
<b>Total</b>	<b>7,115</b>	<b>7,471</b>	<b>–356</b>

### Breakdown of sales by coverage provider groups and segments<sup>1</sup>

In %	Post-acute		Acute	
	2021	2020	2021	2020
Public health insurance funds	44.3	44.3	91.5	91.6
Social security pension funds	47.6	47.3	0.1	0.1
Private health insurance companies	8.0	8.2	8.3	8.1
Other coverage providers	0.1	0.2	0.1	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Without nursing care business area

## General report on economic position

### **To date, the German government has been focusing on measures for economic recovery from the COVID-19 pandemic**

According to the Annual Economic Report 2022 (AER 2022) published by the German government at the end of January 2022, i.e. before Russia's invasion of Ukraine, the German economy is facing major challenges. The focus was on the COVID-19 pandemic and its economic effects. Over the last two years, state protective shield measures have saved the economy from major collapse and protected jobs. In the AER 2022, the German government states that it will continue with the existing economic measures and further develop them in the interests of stabilisation and to aid recovery. At present it is not foreseeable whether this will be possible as originally planned.

The Management Board is currently positive about the business outlook for 2022 with regard to the successful response to the continuing challenges posed by the COVID-19 pandemic. This assessment, however, is subject to the proviso that the military conflict and its consequences will have no major and lasting negative impact on the German economy.

### **Group sales and Group operating result exceed forecast in 2021**

At the beginning of 2021, the certainty that 2021 would also be marked by the pandemic prevented a reliable assessment of the Company's own business performance for that year. MEDICLIN could only assume, on the basis of the findings from the previous year, that the sales and earnings performance would continue to be strongly influenced by the development of the pandemic, the success of the vaccination programme among the population and the level of benefits under the protective shield, which – according to expectations – would be significantly lower in 2021. This assessment was confirmed in the course of the reporting year.

Despite the pandemic situation – which remained tense with the exception of the summer months – the occupancy rate in the Group rose continuously from April 2021, so that in October 2021 the Management Board assumed that this stable utilisation of the medical and therapeutic services would continue for the remaining months of the 2021 financial year. The Management Board therefore forecast Group sales at the level of the previous year and a Group operating result between EUR 0.0 mill. and EUR 5.0 mill.

However, as the occupancy rate in the fourth quarter of 2021 was significantly above expectations, MEDICLIN is reporting Group sales of EUR 673.1 mill. for the 2021 financial year, which is EUR 13.2 mill. or 2.0 % above the previous year's figure. The Group operating result of EUR 11.6 mill. was driven by the increase in sales and exceeded the predicted range mentioned above.

## Forecast report

### Forecast economic recovery endangered

In its AER 2022 published in January 2022, the German government assumed that the economy would “pick up noticeably in 2022, provided that the future course of the pandemic permits this”. As was the case in 2021, this was expected to be driven by the export industry. Rising employment and higher wages should enable strong growth in consumer spending. Public spending was expected to remain at its current high level in real terms. For 2022 as a whole, the German government anticipated price-adjusted GDP to increase by 3.6 % (previous year: +2.7 %).

As far as the labour market is concerned, short-time work schemes cushioned the blow to the labour market throughout the pandemic – a significantly lower utilisation of these schemes was anticipated for 2022. The unemployment rate is expected to fall to 5.1% from 5.7% in 2021.

After a long period of very low inflation rates, consumer prices rose by an annual average of 3.1 % in 2021. This increase was essentially driven by the energy markets and supply bottlenecks in almost all sectors. In its AER 2022, the German government predicted an average annual increase in consumer prices of 3.3 % in 2022.

Following Russia’s invasion of Ukraine, it is questionable whether the economic upturn that was anticipated in January 2022 will actually materialise. Economic experts are expecting that inflation in Germany could rise to 6 %.

The transformation of our social market economy into an eco-social market economy features heavily in the AER 2022. The challenges are manifold. Transforming to a climate-neutral and fundamentally sustainable economy and society requires changes in almost every area, be it in the education system, digitalisation, immigration policy to combat the shortage of skilled workers, or by massively reducing bureaucracy to allow the economy the freedom

it needs to innovate and develop technologies for the future. It is currently unclear whether and to what extent these tasks defined by the government can actually be tackled under the given circumstances.

### Digitalisation in the healthcare sector must be accelerated

During the pandemic the healthcare system did not become overwhelmed. This was due to the lockdown measures, but also primarily thanks to the tremendous commitment of the people working there.

However, the experience of the last two years has also shown that Germany is lagging years behind when it comes to digitalisation in the healthcare sector – and this is not only relevant in the fight against the pandemic. After years of discussions, electronic patient records (epr) were finally introduced gradually during 2021. The epr must be up and running in hospitals by 1 January 2022 at the latest. However, the systems for digital data evaluation and the linking of information to manage medical and therapeutic knowledge as well as human and financial resources do not in fact exist yet. For example, treating and monitoring post-COVID and long-COVID symptoms requires an interdisciplinary approach, which is only possible through networking across many sectors, including the area of research.

In the AER 2022, the German government ranks artificial intelligence (AI) as one of the most important digital technologies. As part of its AI strategy, the German government has launched numerous initiatives which, among other things, aim at developing and using AI in specific sectors for socially relevant fields of application such as healthcare, the world of work, environmental and climate protection.

The Management Board welcomes the fact that the trend towards digitalisation in the healthcare sector has accelerated. They see great potential here to significantly improve the processes for all involved.

## **New laws and regulations as well as planned legislation in the healthcare sector**

### **BENEFITS UNDER THE PROTECTIVE SHIELD**

The regulations for reimbursement of pandemic-related additional expenses and compensation for reduced sales in licensed nursing care facilities as well as measures to support everyday operations were extended until 31 March 2022, while the incidence-linked regulations relating to hospitals keeping capacity free were extended until 19 March 2022. The flat rate compensation for beds that cannot be occupied as planned due to the pandemic will continue. In addition, there is a care allowance for COVID-19 patients and an additional allowance for protective equipment.

### **STRICT RULES ON COMPULSORY VACCINATION AND TESTING**

On 10 December 2021, the Federal Parliament (Bundestag) passed its Act to Strengthen the Vaccination Programme as a Preventive Measure against COVID-19 and to Amend other Regulations in Connection with the Pandemic. The Act came into force to a large extent on 12 December 2021. In particular, the Act introduces new regulations on compulsory vaccination in vulnerable facilities and services, comprehensive testing obligations for vaccinated/recovered employees in specific facilities and services, the expansion of who is authorised to carry out COVID-19 vaccinations and a new range of measures available to the federal states.

### **FEDERAL PARLIAMENT (BUNDESTAG) PASSES HEALTH CARE DEVELOPMENT ACT (GVWG)**

The Federal Parliament (Bundestag) passed the Health Care Development Act (GVWG) on 11 June 2021. The new law essentially regulates the development of the nursing care sector. From 1 September 2022, only nursing care facilities that pay their nursing and support staff according to the collective wage agreement or at least at the same level as the agreement will be licenced to provide care. Payment according to the collective agreement is fully funded. For medical facilities that are not bound by collective agreements funding is guaranteed up to 10 % above the average rates in the collective wage agreements for the region. In order to protect those in need of care from rising costs, the nursing care insurance will in future pay a supplement for care in a nursing home in addition to the particular benefit for the degree of care needed. In outpatient care, the amounts for home care services have increased by 5 % to offset rising remuneration there, too. The law is also strongly incentivising the expansion of short-term nursing care.

In the future, a uniform nationwide staffing ratio will apply across all nursing homes. This has led to nursing homes being able to hire 20,000 additional nursing assistants since 1 January 2021. From 1 July 2023, nationwide staffing ratios will be specified, which will enable the recruitment of additional staff.

To finance nursing care insurance, a federal subsidy of EUR 1.0 bill. per year will be introduced from 2022.

The public health insurance funds will receive an additional federal subsidy of EUR 7.0 bill. in 2022. This is necessary to keep the additional contribution rate for public health insurance stable at 1.3 % in 2022 and will also enable the statutory health insurance system to comply with the German government's social guarantee to keep the total social insurance amount below 40 % in 2022.

It is not yet possible to make a reliable estimate whether the new laws and regulations described above will have an impact on MEDICLIN's business performance in the 2022 financial year.

## Outlook

### SUBJECT TO THE GENERAL ECONOMIC CONDITIONS, RISING OCCUPANCY RATES RAISE EXPECTATIONS OF HEALTHY BUSINESS PERFORMANCE

MEDICLIN itself is well-positioned in terms of staff and organisation despite the pandemic-related restrictions to guarantee optimal care to its patients and nursing home residents and in terms of fully utilising the existing capacity. The occupancy rates rose without pause over the course of 2021 despite further pandemic waves and exceeded the previous year's figures. This trend is also continuing in the new financial year. Earnings will be burdened by the clear increase in the cost of raw materials and consumables used and staff costs. This development is driven, in particular, by energy costs and the shortage of skilled professionals.

Nevertheless, the Management Board assumes that the sales and earnings performance driven by rising demand for medical, therapeutic and nursing care services will lead to sales and earnings growth in the Group and, in particular, the post-acute segment.

This assessment, however, is subject to the proviso that the consequences of the Russian invasion of Ukraine have no massive lasting negative impact on the German economic performance and the assumption that the pandemic will cease to have any significant effects after the first quarter of 2022.

### CAPITAL EXPENDITURE WILL BE RAMPED UP AGAIN IN 2022

Gross capital expenditure of EUR 18.1 mill. was lower in 2021 than in the previous year (EUR 26.6 mill.). In the current financial year, MEDICLIN expects higher capital expenditure.

A large share of the capital expenditure was channelled into the modernisation and expansion of buildings as well as into medical equipment and accessories. The Company always examines whether the planned construction measures are eligible for subsidies before making such investments. Funding of internal growth is guaranteed and will derive primarily from the cash flow, provided the sales growth is in line with the target.

Sales in millions of € and sales development	Actual results 2021 financial year		Targets 2022 financial year
Group	673.1	+2.0 %	between +3.0 % and +6.0 %
Post-acute segment	410.8	+4.3 %	between +4.0 % and +6.0 %
Acute segment	243.4	+3.7 %	between +2.0 % and +4.0 %
EBIT in millions of € and EBIT margin	Actual results 2021 financial year		Targets 2022 financial year
Group	11.6	1.7 %	between 18.0 and 26.0
Post-acute segment	15.3	3.7 %	between 5.0 % and 6.0 %
Acute segment	-4.0	-1.6 %	between 0.0 % and 1.0 %

## Risk and opportunity report

The health and well-being of patients and the residents of nursing care facilities are obligations that set high standards for handling risks. Due to the risk and opportunities management system it has implemented, MEDICLIN is able to realistically assess the operating and entrepreneurial risks of its business activities. MEDICLIN has a variety of growth opportunities and, given its positioning across several sectors and its regional structure, the Company is in a good position to optimally use these opportunities.

The risks and opportunities arising in connection with the development of the COVID-19 pandemic are explained in more detail in the section on the evaluation and summary of current risks and opportunities.

### Risk and opportunity management

#### OBJECTIVES AND APPROACH

The aim of risk and opportunity management is to identify and control the main risks to which the Group and the individual medical facilities are exposed and to identify opportunities that arise for the Group or individual medical facilities.

In addition to relevant legal risk management requirements, MEDICLIN sees its risk and opportunity management as a tool for optimising risk control. The approach is standardised across the Group and defined in MEDICLIN's risk management manual. The risk inventory is the central tool within Group risk management to identify and assess potential corporate risks. It is described in the guideline for conducting risk inventories. The manual and the guideline both help to systematically detect economic risks and opportunities early on. In addition to the internal monitoring and control systems, they are important elements of the Company's risk management strategy.

In addition to providing a guideline for conducting the risk inventory, the risk management manual also illustrates the design of the risk management system. It contains the Group's main risk policy principles as well as

- all the features and aspects of the risk management system that are specific to MEDICLIN,
- the current allocation of tasks and responsibilities in connection with the risk management process, and
- the legal framework.

The risk management software *copa.ris* is used to help with the risk inventories. The software covers all steps required in the scope of risk management. The twice-yearly risk inventory and the corresponding training will in future be performed by the compliance and risk management department.

The risk inventory comprises all acute, rehabilitation and nursing care facilities, the service enterprises and medical care centres as well as the central tasks and departments at corporate headquarters.

The handling of risks and opportunities, as well as the regulations governing the risk inventory workflow management, are obligatory for the employees at corporate headquarters, all facilities and subsidiaries.

In addition to the manual and the guideline, the Group has an internal risk management report that details the results of the last risk inventory. This internal summary report is prepared twice a year and adopted by the Management Board. Its main objectives are to provide information on potential risks within the Group, and to communicate and manage such risks. It also includes a summary of identified risks and risk assessments as well as the opportunities from the Group's viewpoint and serves to regularly update the Supervisory Board. MEDICLIN thus sees its internal summary report as an important component of active corporate governance.

## Further risk management instruments

The risk inventory as a central instrument of the MEDICLIN risk management process is supplemented by an array of further instruments for risk identification and risk prevention. In the operational area these include, in particular:

- In relation to patient-oriented risk management:
  - Systematic complaint management
  - Ongoing patient satisfaction polls
  - Software-supported platform for recording critical incidents (CIRS) in defined clinics
  - Group-wide data protection policy
- In relation to employee-oriented risk management:
  - Systematic implementation of vocational safety requirements (MAAS BGW<sup>1</sup>), and the related certification at MEDICLIN's facilities
  - Critical incident reporting system (CIRS)
  - Systematic employee surveys

Measures to minimise risks also include mandatory Group guidelines, like the Group guidelines on handling medical equipment, systematic error management in the framework of the internal quality management system and internal controls of central core processes.

The central safety objectives for risk management concerning MEDICLIN's IT systems are:

- Safety of patients, users and third parties
- Effectiveness of medical data processing for curative measures
- Data and system security to prevent data/system confidentiality, availability and integrity from being compromised

In order to reach these objectives, MEDICLIN's IT infrastructure is designed to meet the criteria set forth in the IT-Grundschutz Catalogues of the Federal Office for Information Security (BSI). Binding Group-wide IT standards, among others, are used to implement the objectives of minimising the number and impact degree of disturbances.

## Risk assessment and risk classification

The main aspects of every risk are documented and assessed in the risk management software *copa.ris* by the respective risk owner.

Together with the responsible person in central services, the local risk owner assesses the identified risks together with their damage amount and probability of occurrence.

Four risk classes have been defined at facility or department level to assess the risk situation and each of these risk classes requires a different response. The risk classes are defined as follows:

- Existential – expected damage of more than EUR 10 mill.
- Action required – expected damage between EUR 5 mill. and EUR 10 mill.
- Monitoring required – expected damage between EUR 1 mill. and EUR 5 mill.
- Acceptable – expected damage of up to EUR 1 mill.

The risks at facility or department level that were classified in the 2021 financial year as "monitoring required" or "acceptable" are immaterial at Group level.

Risks are further classified according to risk categories and then allocated to different risk areas. The risk areas that are relevant for the Group are explained below.

<sup>1</sup> MAAS-BGW: Management requirements on work safety issued by the statutory accident insurance and prevention for the healthcare and welfare sector (Berufsgenossenschaft Gesundheitsdienst und Wohlfahrtspflege, BGW)



## ENVIRONMENT AND SECTOR RISKS

Since the healthcare sector and its financing are regulated by law, changes in legislation, particularly with respect to the reimbursement of the cost of medical, therapeutic and nursing care services, can impact the business performance. MEDICLIN closely monitors legislative action and, in the context of its risk and opportunity management system, analyses the risks and opportunities this could entail with regard to the Group's results.

Currently, there is a shortage of skilled professionals in the healthcare industry as well as other industries. The lack of qualified staff can negatively impact the medical, therapeutic and nursing care performance and lead to declines in the occupancy rates and sales of individual clinics. In addition, the shortage may lead to rising staff costs. MEDICLIN is deemed an attractive employer and will continue to build up this reputation. The personnel policy of MEDICLIN is based on a broad offer of further education and a staff-oriented design of workplaces. This is to promote staff loyalty, while giving the Group a certain degree of independence with regard to shortages on the labour market. The competition environment of individual medical facilities may be influenced by changes in the range of services offered by competitors. It may also be influenced by changes in the cooperation or partnerships with registered physicians. Although some competitors are planning to expand their range of services at individual locations, MEDICLIN does not expect any major effects that would adversely impact its respective sales. The regional concept enables MEDICLIN to react to regional changes and to successfully and adequately support its locations. As health insurance funds merge and social security pension funds (DRV Bund and Länder) cooperate more closely, the dependency on individual coverage providers also becomes greater. Additionally, individual coverage providers (e.g. AOK) pursue regional market differentiation strategies that could lead to risks in connection with lower occupancy rates in individual clinics. Regarding the structure of

referring physicians and coverage providers, the aim is to maintain a heterogeneous structure in order to limit the dependency on individual coverage providers.

## STRATEGIC RISKS

Risks that could endanger the reputation of MEDICLIN are primarily associated with patient satisfaction. The Group conducts regular patient surveys and actively approaches patients to avoid this risk.

New risks could arise if the Group made the strategic decision to tap into new business areas or expand existing business areas which, however, could be minimised by carrying out a detailed analysis of the risks and opportunities involved.

## FINANCIAL RISKS

Financial risks may arise in connection with default, changes in interest rates and liquidity risks. The Group has receivables vis-à-vis social insurance coverage providers under the Hospital Compensation Act (KHEntgG). The risk exposure from potential bad debts is controlled by means of active claims management. Appropriate impairments were made to counteract potential default risks. Provisions were also set aside for risks resulting from reviews by the association of the German Medical Service (MD).

Additional financial risks may result from statutory provisions or regulations leading to a drastic rise in expenses. This refers to the Nursing Staff Strengthening Act (Pflegepersonal-Stärkungs-Gesetz – PpSG) and the Regulation on Nursing Staff Thresholds (Pflegepersonaluntergrenzen-Verordnung – PpUGV).

Financial security is essentially measured using the key figures equity ratio and debt ratio. Components of this key data are the consolidated balance sheet total, the equity recorded in the consolidated balance sheet and loans from banks.

MEDICLIN has rented the majority of real estate in the post-acute segment. Except for one contract, the underlying rental contracts have a term until 31 December 2027. One contract was extended by another 20 years in the 2018 financial year. The contracts provide for an annual adjustment of rents in accordance with changes in the German consumer pricing index (i.e. a maximum of 2 % p.a.). Strategic measures and measures relating to operating business at the post-acute locations are supposed to lead to sales and earnings improvements at the clinics with the result that the burdens from rents (including rent increases) have no negative impact on the Group.

### OPERATING RISKS

Business risks and process risks result from the provision of services and the corresponding working procedures in the clinics. Business risks are posed primarily by high fixed costs that can only be offset through flexibilisation of internal operating procedures to a certain extent. MEDICLIN has implemented a number of measures which reduce the break-even point of the individual clinics on the one hand, and increase occupancy rates through new service offers on the other.

Risks resulting from the operation of clinics and the handling of patients are minimised through structured internal quality management. Internal quality management is an important element in risk prevention and early identification of risks in the field of operating performance.

### INFRASTRUCTURE RISKS

Infrastructure risks mainly focus on the risk areas of information technology and personnel. Information technology risks pertain to the reliability of important systems and data safety. The expertise of the Group's subsidiary MediClin-IT GmbH ensures that the Group is well protected in both these fields.

Data protection is governed by the Group-wide data protection policy and is one of the central responsibilities of MediClin-IT GmbH.

The dependency on external personnel (outsourcing) and the loss of key personnel are considered both a market and an infrastructure risk. These risks could intensify, because the healthcare market is experiencing a severe shortage of qualified personnel as was already described

in the sections on environment and sector risks. This risk is counteracted by active human resource management and the fact that the Company is perceived as an attractive employer.

Risks resulting from delays in construction or renovation measures could have a negative impact on the sales and earnings situation. The responsible central departments closely monitor these projects in order to minimise these risks.

Environmental risks do not exist. Please also refer to the non-financial declaration pursuant to Sections 315b and 315c HGB in this respect.

### MACROECONOMIC RISK

Despite the ongoing pandemic, the German economy still boasts a stable labour market indicating, from today's viewpoint, that demand for medical, therapeutic and nursing care services will not massively decrease irrespective of the demographic trend and the effects of the COVID-19 pandemic. In addition to the acute treatment of infected patients, the pandemic could result in additional demand for medical and therapeutic treatment in connection with post-COVID and long-COVID symptoms.

## Evaluation and classification of opportunities

As with the risks, MEDICLIN has defined areas and classes of opportunities for the facilities and departments. The opportunity classes are specified as follows:

- Very high expectations – opportunity expected to be more than EUR 10 mill.
- High expectations – opportunity expected to be between EUR 5 mill. and EUR 10 mill.
- Medium expectations – opportunity expected to be between EUR 1 mill. and EUR 5 mill.
- Low expectations – opportunity expected to be up to EUR 1 mill.

In the following, we will introduce the areas that could result in opportunities for the Group, but – as a matter of fact – the exploitation of opportunities is always also associated with the corresponding risks.

### STRATEGIC OPPORTUNITIES

This area comprises all opportunities resulting from long-term global trends and developments, including investment projects, improving the Company's reputation, the use of new treatment methods and tapping into new business areas.

The corporate strategy of MEDICLIN aims to raise Group sales through organic growth and to use appropriate cost structures to secure the earnings power in the long term. This is based on the expansion of capacities in indications with strong demand in the post-acute segment, the optimisation of internal structures in the acute segment and demand-oriented capacity expansions in the nursing care business area.

MEDICLIN enhances the efficiency of patient care by placing a focus on certain indications and by offering interdisciplinary medical care across different locations and at a regional and national level.

MEDICLIN continuously reviews opportunities, both in general with a view to the optimal composition of the clinic portfolio and specifically with regard to expanding the existing range of services at certain locations.

### OPPORTUNITIES RESULTING FROM THE ENVIRONMENT AND THE MARKET

This refers to opportunities resulting from political and economic trends and also includes opportunities resulting from changes at competitors.

MEDICLIN assumes that growth in the healthcare market will be primarily driven by demographics. Additionally, due to the general economic environment and the situation on the labour market, the working lifetime will become longer in the next few years. This means that the demand for qualified services in medical rehabilitation which preserve a person's capacity and ability to work will increase. The Group is adjusting its range of services to these market changes. Please also refer to the section on strategic opportunities in this respect.

### FINANCIAL OPPORTUNITIES

Through the stock exchange listing the Group can raise funds for reducing debt levels or financing growth on the capital market, allowing it to invest in capacity expansions.

### OPERATIONAL OPPORTUNITIES

The centralisation of certain tasks and services within the Group provides for more efficient cost structures. A cooperation with the Asklepios Group in the field of procurement means that larger orders are placed, leading to savings in raw materials and consumables used. In general, this area refers to all opportunities resulting from the operating business, for instance by improving the quality or processes.

### OTHER OPPORTUNITIES AND RISKS

In the 2014 financial year the Management Board of MEDICLIN AG was presented a legal opinion that had been commissioned by a shareholder and states that the rents paid by MEDICLIN to the OIK-Fonds for the clinics that were pooled in a real estate fund and rented back are considered too high. Furthermore, the legal opinion points out that claims might arise and illustrates the special situation in that the shareholders of the fund simultaneously are or were direct or indirect shareholders of MEDICLIN AG. MEDICLIN filed a suit with the District Court of Offenburg in mid-2016 asserting claims for repayment of rental payments above the usual market rate. The first oral hearing took place on 16 November 2018 at 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.

## Evaluation and summary of current risks and opportunities

### THE EFFECTS OF THE COVID-19 PANDEMIC ON THE RISK PORTFOLIO

The macroeconomic, sector and operating risks resulting from the nationwide spread of COVID-19 from MEDICLIN's vantage point had an effect on the business performance in the year under review and will continue to affect the Group's sales and earnings situation in 2022 as the pandemic lasts.

With regard to the internal organisation of its protection against infections, the Group took sufficient precautions at all its facilities and at headquarters since the outbreak of the pandemic to minimise the potential risk of the infection spreading among patients and employees and in order to ensure that operations could be continued while observing extensive hygiene measures, including quarantine whenever required. These requirements continue to apply.

### EFFECTS OF THE RUSSIAN INVASION OF UKRAINE ON THE RISK PORTFOLIO

It cannot be excluded that the military conflict between Russia and Ukraine and its consequences will entail economic risks. In addition to their major impact on the global economy, the resulting effects could disturb, in particular, the raw material and energy supply as well as supply chains while massively restricting access to qualified medical staff. At present it is not yet possible to quantify the corresponding risks.

### GENERAL RISK AND OPPORTUNITY OVERVIEW

MEDICLIN's risk portfolio consists of risks that the Company is unable to control, such as economy, legislation and the budget policy of coverage providers. The situation in these areas is regularly monitored and analysed to be able to react to potential changes. In order to avoid and mitigate risks that can be influenced by the Company, the monitoring and control systems identify them at an early stage.

Potential opportunities are also closely investigated on a regular basis.

However, the potential risks and their effects as well as the corresponding measures to be taken are known. Potential opportunities are analysed and their exploitation is initiated if feasible.

Risks that might arise for the Group in the 2022 financial year and that might lead to deviations in the sales and earnings performance are assessed on the basis of the probability of occurrence.

The following table links and assesses the risk classes and the risk areas based on the risk monitoring methods implemented in the Group and the established measures for preventing or minimising such risks. The risks to which the Group might be exposed during the forecast period can, at worst, be classified as "monitoring required".

### NO EXISTENTIAL RISK IN FINANCIAL YEAR 2022

The risk inventories conducted in the 2021 financial year did not reveal any existential risks for individual clinics or the Group as a whole or risks that require action for the forecast period or the 2022 financial year. From today's point of view, there are thus no risks for the future development of MEDICLIN that could significantly impact the Group's general situation with regard to results of operations, financial position and net assets.

### MEDICLIN HAS HIGH RISK-BEARING CAPACITY

Risks that might arise for the Group in the 2022 financial year and that might lead to deviations in the sales and earnings performance are assessed on the basis of the probability of occurrence.

This is compared with the Group's risk bearing capacity on the basis of liquidity-related risk coverage equity, resulting in more than sufficient coverage.

From today's point of view, there are thus no risks for the future development of MEDICLIN that could significantly impact the Group's general situation with regard to results of operations, financial position and net assets.

Both the general and the pandemic-specific risk and opportunity situation have been accounted for in the forecast for the sales and earnings performance in the 2022 financial year. In general, the Group is well hedged against both external and internal risks.

### Assessment of corporate risks

	Effects	Probability of occurrence
<b>Environment and sector risks</b>		
Legal requirements	low	improbable
Dependency (on referring physicians)	medium	probable
<b>Financial risks</b>		
Liquidity risk	medium	improbable
Real estate risk	low	improbable
<b>Operating risks</b>		
Process risks	low	improbable
Quality risks	low	improbable
<b>Infrastructure risks</b>		
Personnel risks (shortage of skilled professionals)	medium	probable
Data protection	low	improbable
Construction risks	low	improbable

## Internal control system and risk management system for the Group accounting process

Under the provisions of Section 91 (2) of the German Stock Corporation Act (AktG), the board of management of a stock corporation has to ensure that appropriate actions are taken, particularly the set-up of a monitoring system, in order to provide for the early detection of developments that could jeopardise the long-term survival of the Company as well as to guarantee short-term solvency. This is the purpose of the internal control system as related to the financial accounting process. On the one hand, it guarantees an efficient financial reporting process, and on

the other, it serves to detect and adequately assess the risks which are associated with entrepreneurial activities so as to be able to permit an early response to the risks identified.

An important element of the internal control system is the centralisation of services at the corporate headquarters in Offenburg. Centralised areas include financial accounting, Group controlling, Group accounting, personnel management, payroll processing, quality management, insurance management as well as revenue management.

Uniform financial reporting is ensured through the use of corporate guidelines and a uniform accounts structure applied throughout the Group. The data processing systems used in the financial reporting departments are protected against unauthorised access through appropriate safeguards and security features. The data from the individual companies is centrally consolidated and, among other things, compared in detail with intra-Group balances. The staff involved in financial matters and accounting all possess the necessary qualifications. Functions are separated for tasks where this is relevant. Controls, including IT-based controls, were installed for all the processes that are relevant to financial reporting. The four eyes principle is adhered to. The consolidated financial statements and the separate financial statements are prepared by the Group accounting department.

Invoicing is carried out promptly in a decentralised manner. The claims management, dunning process and liquidity monitoring are carried out centrally.

Through the centralisation of the accounting department at the corporate headquarters in Offenburg, MEDICLIN guarantees that financial reporting in the clinics is uniform, and that it also adheres to legal regulations, the principles of proper accounting, international accounting standards and the Group's internal guidelines. At the same time, the infrastructure of human and material resources for accounting tasks is assured. The financial accounting process provides the public with accurate and reliable information about MEDICLIN AG's and the Group's results of operations, financial position and net assets in the context of financial accounting disclosure requirements.

## Other disclosures

### Disclosures pursuant to Section 315a (1) and Section 289a (1) German Commercial Code (HGB)

The subscribed capital of MEDICLIN Aktiengesellschaft consists of 47,500,000 no-par bearer shares. Restrictions on the voting rights of the shares may arise on the basis of the regulations of the German Stock Corporation Act (AktG). For example, under certain conditions, shareholders are prohibited from voting (Section 136 AktG). Furthermore, the Company has no voting rights from its own shares (Section 71b German Stock Corporation Act – AktG). The Management Board is not aware of any contractual restrictions relating to the voting right or transfer of shares. A direct shareholding in MEDICLIN Aktiengesellschaft of more than 10 % is held by Asklepios Kliniken GmbH & Co. KGaA. Indirect shareholdings are held by Asklepios Kliniken Management GmbH as the general partner and Broermann Holding GmbH as the limited partner and by Dr. Bernard große Broermann via the two aforementioned companies. ERGO Group AG (ERGO) and DKV Deutsche Krankenversicherung AG (DKV) also each hold direct holdings of more than 10 %. An indirect holding is held by Münchener Rückversicherungs-Gesellschaft AG via its subsidiaries ERGO and DKV. Shares with privileges that grant powers of authorisation do not exist. Employees who participate in MEDICLIN's capital exercise their control rights like other shareholders. The regulations regarding the appointment and withdrawal of members of the Management Board are in accordance with the statutory regulations. The same applies to the information on amendments to the Articles of Incorporation. No resolution to authorise the buy-back of MEDICLIN shares was submitted to the Annual General Meeting in the 2021 financial year. MEDICLIN holds no treasury stock at present. According to a resolution passed at the Annual General Meeting on 24 September 2020, the Management Board was authorised to, subject to the consent of the Supervisory Board, increase the Company's subscribed capital once or in partial amounts by up to a total of EUR 23,750,000.00 by issuing new no-par shares against cash and/or contribution in kind (Authorised Capital 2020) until 23 September 2025. In general, shareholders have a subscription right, but the

Management Board is authorised, subject to the consent of the Supervisory Board, to exclude the shareholders' subscription right. More details on the Authorised Capital 2020 are available in Article 4 (4) of the Articles of Incorporation. There are no material agreements that are contingent on a change in control following a takeover offer except for a termination option under a debt financing agreement. Apart from one member of the Management Board, the Company has not concluded any compensation agreements with members of the Management Board or employees.

### Corporate Governance Declaration pursuant to Section 289f and Section 315d German Commercial Code (HGB)

This declaration contains all the corporate governance disclosures required as per Section 289f and 315d of the German Commercial Code (HGB). The corporate governance declaration is available on the MEDICLIN website at: [www.mediclin.de/corporate-governance](http://www.mediclin.de/corporate-governance)

### Declaration of the Management Board pursuant to Section 312 (3) AktG

"We declare that the Company received appropriate compensation for all legal transactions in the 2021 financial year listed in this report, on relations with affiliated companies according to the circumstances known to the Management Board at the time at which the legal transactions were undertaken. No measures were taken which put the Company at a disadvantage and which would need to be reported here."

## MEDICLIN AG (short version)

The annual financial statements of MEDICLIN Aktiengesellschaft, Offenburg, were prepared in accordance with the provisions of the German Commercial Code (HGB) and the special provisions of the German Stock Corporation Act (AktG) as in the previous year. As a listed company, MEDICLIN AG meets all the requirements of the capital market and can use the latter for capital procurement.

### Development of results of operation

#### Consolidated profit and loss account

In thousands of €	2021	2020
Sales	3,965	4,170
Other operating income	122	43
Total operating performance	4,087	4,213
Staff costs	-4,584	-2,823
Other operating expenses	-3,027	-9,660
Result before interest, taxes, depreciation and amortisation/ EBITDA	-3,524	-8,270
Depreciation of fixed assets	-4	-4
Operating result/EBIT	-3,528	-8,274
Financial result	9,284	4,242
Income taxes	-939	-30
Profit after tax	4,817	-4,062
Other taxes	-1	-1
<b>Net loss/profit for the year</b>	<b>4,816</b>	<b>-4,063</b>
Loss carryforward from the previous year	-4,063	51,165
Transfer to other revenue reserves	-	-51,165
<b>Reported net profit (+)/ loss (-)</b>	<b>754</b>	<b>-4,063</b>

The financial result consists primarily of an advance distribution of a subsidiary's 2021 net profit in the amount of EUR 9.0 mill. In the previous year, an amount of EUR 3.5 mill. had been distributed.

#### Sales

In thousands of €	2021	2020
Sales from Group contribution	2,596	2,476
Sales from management services	1,263	1,602
Other sales	106	92
	<b>3,965</b>	<b>4,170</b>

MEDICLIN AG charged part of its expenses to the subsidiaries in the form of a Group contribution.

#### Other operating income

In thousands of €	2021	2020
Income from the release of provisions	51	28
Other income	71	15
	<b>122</b>	<b>43</b>

#### Other operating expenses

In thousands of €	2021	2020
Auditing and consultancy costs	1,410	1,365
Other administrative expenses	990	554
Thereof remuneration of the Supervisory Board	307	231
Thereof costs of the Annual General Meeting	42	50
Thereof incidental costs of monetary transactions	557	223
Thereof staff recruitment costs	83	49
Advertising and public relations	245	269
Insurance costs	162	105
Other expenses	220	7,367
	<b>3,027</b>	<b>9,660</b>

In the 2020 financial year other operating expenses are burdened mainly by the sale of the shares in MediClin Krankenhaus am Crivitzer See GmbH, Crivitz.



## Development of net assets and the financial position

At EUR 6.6 mill., the balance sheet total as shown in this balance sheet structured according to maturity is slightly higher than on the previous year's reporting date. This is mainly due to the EUR 7.7 mill. increase in current assets, which consist primarily of loans to affiliated companies.

Net profit for the year took equity up by EUR 4.8 mill., while current liabilities rose by EUR 1.8 mill. In this context, other provisions increased by EUR 1.8 mill., which was due, among other reasons, to the resignation of the former Chairman of the Management Board of MEDICLIN AG from the Board as of 30 June 2021. The remuneration owed until the end of the contract of employment was suspended. In addition, provisions for staff costs rose by EUR 0.4 mill., while provisions for legal and consultancy costs increased by EUR 0.2 mill.

Net profit of EUR 4.8 mill. was EUR 8.9 mill. higher than in the previous year. This was caused mainly by a noticeably higher advance distribution from affiliated companies in the amount of EUR 9.0 mill. (previous year: EUR 3.5 mill.). In the previous year the result was burdened by expenses in connection with the sale of MediClin Krankenhaus am Crivitzer See GmbH, Crivitz (EUR 7.1 mill.).

## Statement on net assets, financial position and results of operations

The Management Board assesses the results of operations of MEDICLIN AG as secure and the financial position and net assets as sound. Sales were within the scope of the planning and the forecast. A letter of comfort was issued on behalf of several subsidiaries in view of the exemptions set forth in Section 264 (3) German Commercial Code (HGB). It is not expected that this letter of comfort will be drawn on.

On average, the Company employed 8.0 persons during the year (previous year: 7.5 employees). Disclosures concerning the balance sheet and the schedule of fixed assets of MEDICLIN Aktiengesellschaft are provided in the annual financial statements and the notes to the annual financial statements of MEDICLIN Aktiengesellschaft for the 2021 financial year.

## Outlook

As in the previous years, the income structure of MEDICLIN AG in 2021 will continue to depend on the economic development of the subsidiaries and thus also of the Group as a whole. MEDICLIN AG's opportunities and risk situation also depends on the development of the Group.

The Management Board assumes that sales will be at the level of 2021. Net profit/loss in 2022 should be at least in the same range as in the reporting year.

### Balance sheet structure

In millions of €	31.12.2021	in % of balance sheet total	31.12.2020	in % of balance sheet total
<b>Assets</b>				
Non-current assets	303.5	75.7	304.6	77.2
Current assets	97.7	24.3	90.0	22.8
	<b>401.2</b>	<b>100.0</b>	<b>394.6</b>	<b>100.0</b>
<b>Equity and liabilities</b>				
Equity	299.9	74.8	295.1	74.8
Non-current liabilities	60.4	15.0	60.4	15.3
Current liabilities	40.9	10.2	39.1	9.9
	<b>401.2</b>	<b>100.0</b>	<b>394.6</b>	<b>100.0</b>



## Remuneration report

MEDICLIN's remuneration policy promotes sustainable Company development, compensating Management Board and Supervisory Board work with performance-oriented remuneration that is composed of fixed and variable components.

The remuneration report contains details on the remuneration of current and former members of the Management Board and the Supervisory Board of MEDICLIN Aktiengesellschaft in accordance with Section 162 German Stock Corporation Act (AktG).

The current remuneration system for the Management Board was adopted by the Supervisory Board in accordance with Section 87a (1) German Stock Corporation Act (AktG) and approved by the Annual General Meeting on 26 May 2021 with a majority of 96.81 % of the capital represented at that meeting.

The current remuneration system for the Supervisory Board that is regulated in Article 12 of the Articles of Incorporation was also approved by the Annual General Meeting on 26 May 2021 with a majority of 99.9 % of the capital represented at that meeting.

The remuneration system and the remuneration report for the 2021 financial year for the Management Board and the Articles of Incorporation that include the remuneration system for the Supervisory Board are available at [www.mediclin.de/corporate-governance](http://www.mediclin.de/corporate-governance).

### 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", "may", "might", "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's 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 annual report.

# Consolidated financial statements of MEDICLIN Aktiengesellschaft for the 2021 financial year

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Statements of MEDICLIN Aktiengesellschaft (German version)  
[www.mediclin.de/jahresabschluss2021](http://www.mediclin.de/jahresabschluss2021)

# Consolidated balance sheet as of 31 December 2021

## ASSETS

In €	Note	31.12.2021	Previous year
<b>NON-CURRENT ASSETS</b>			
<b>Goodwill and other intangible assets</b> (1)			
Concessions, licences		5,820,282	7,897,310
Goodwill		49,868,841	49,253,841
Payments on account		1,248,892	894,782
		<b>56,938,015</b>	<b>58,045,933</b>
<b>Property, plant and equipment</b> (2)			
Land, land rights and buildings including buildings on third-party land		130,298,125	123,468,597
Right-of-use assets on land, land rights and buildings including buildings on third-party land		323,501,780	371,099,404
Technical equipment and machines		12,318,074	13,274,913
Operating and office equipment		32,450,999	37,811,777
Right-of-use assets on operating and office equipment		2,360,934	2,643,079
Payments on account and assets under construction		7,330,267	23,740,512
		<b>508,260,179</b>	<b>572,038,282</b>
<b>Financial assets</b> (3)			
Investment in stock of subsidiaries		64,822	90,322
Reinsurance cover		780,534	764,510
Other financial investments		2,056	2,056
		<b>847,412</b>	<b>856,888</b>
<b>Other assets</b>			
Receivables pursuant to hospital financing law	(4)	38,603,530	41,647,730
		<b>38,603,530</b>	<b>41,647,730</b>
<b>Deferred tax assets</b> (5)			
		<b>10,656,318</b>	<b>11,016,452</b>
		<b>615,305,454</b>	<b>683,605,285</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b> (6)			
		<b>8,514,754</b>	<b>9,341,672</b>
<b>Trade receivables</b> (7)			
		<b>81,213,964</b>	<b>76,335,138</b>
<b>Current income tax claims</b> (8)			
		<b>3,286,470</b>	<b>2,401,516</b>
<b>Other financial assets</b>			
Receivables pursuant to Hospital Compensation Act (KHEntgG)/ Federal Directive on Nursing Care Rates (BPfIV)	(9)	13,967,132	6,287,945
Other current financial assets	(10)	14,488,368	5,178,148
		<b>28,455,500</b>	<b>11,466,093</b>
<b>Other assets</b>			
Prepaid expenses	(11)	1,627,177	1,311,935
Receivables pursuant to hospital financing law	(12)	13,048,200	2,564,971
		<b>14,675,377</b>	<b>3,876,906</b>
<b>Cash and cash equivalents</b> (13)			
		<b>119,516,458</b>	<b>100,437,077</b>
<b>Assets held for sale</b> (14)			
		<b>10,270,953</b>	<b>0</b>
		<b>265,933,476</b>	<b>203,858,402</b>
		<b>881,238,930</b>	<b>887,463,687</b>

## EQUITY AND LIABILITIES

In €	Note	31.12.2021	Previous year
<b>EQUITY</b>			
<b>Share of MEDICLIN Group</b>			
Subscribed capital	(15)	47,500,000	47,500,000
Capital reserve	(16)	129,391,829	129,391,829
Revenue reserve	(17)	21,418,384	16,764,377
Consolidated balance sheet result	(18)	-15,031,793	-16,493,229
		<b>183,278,420</b>	<b>177,162,977</b>
<b>Non-controlling interests</b>	(19)	<b>- 254,927</b>	<b>- 316,812</b>
		<b>183,023,493</b>	<b>176,846,165</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Financial liabilities</b>			
Liabilities to banks	(20)	69,341,551	71,196,091
		<b>69,341,551</b>	<b>71,196,091</b>
<b>Lease liabilities</b>	(21)	<b>288,842,891</b>	<b>334,874,917</b>
<b>Pensions and similar commitments</b>	(22)	<b>61,335,730</b>	<b>68,324,949</b>
<b>Other provisions</b>	(23)	<b>23,762,567</b>	<b>23,901,156</b>
<b>Other payables</b>			
Liabilities pursuant to hospital financing law	(24)	39,531,691	38,187,887
Miscellaneous payables	(25)	1,993,849	2,782,611
		<b>41,525,540</b>	<b>40,970,498</b>
		<b>484,808,279</b>	<b>539,267,611</b>
<b>CURRENT LIABILITIES</b>			
<b>Trade payables</b>			
		<b>13,021,889</b>	<b>11,307,664</b>
<b>Financial liabilities</b>			
Liabilities to banks	(26)	26,839,164	26,781,278
		<b>26,839,164</b>	<b>26,781,278</b>
<b>Lease liabilities</b>	(27)	<b>54,935,803</b>	<b>54,009,475</b>
<b>Other provisions</b>	(28)	<b>13,529,707</b>	<b>15,530,311</b>
<b>Other financial liabilities</b>			
Liabilities pursuant to Hospital Compensation Act (KHEntgG)/ Federal Directive on Nursing Care Rates (BPfIV)	(29)	7,010,867	2,823,930
Miscellaneous financial liabilities	(30)	7,311,578	6,298,754
		<b>14,322,445</b>	<b>9,122,684</b>
<b>Other payables</b>			
Liabilities pursuant to hospital financing law	(31)	18,499,203	8,564,451
Miscellaneous payables	(32)	69,627,267	46,034,048
		<b>88,126,470</b>	<b>54,598,499</b>
<b>Liabilities in connection with assets held for sale</b>	(33)	<b>2,631,680</b>	<b>0</b>
		<b>213,407,158</b>	<b>171,349,911</b>
		<b>881,238,930</b>	<b>887,463,687</b>

## Consolidated profit and loss account for the financial year from 1 January to 31 December 2021

In €	Note	Jan. – Dec. 2021	Previous year
Sales	(34)	673,137,346	659,864,196
Other operating income	(35)	13,943,536	11,130,234
<b>Total operating performance</b>		<b>687,080,882</b>	<b>670,994,430</b>
Raw materials and consumables used	(36)		
a) Cost of raw materials and supplies		–72,666,773	–72,737,525
b) Cost of purchased services		–49,465,018	–39,923,207
		<b>–122,131,791</b>	<b>–112,660,732</b>
Staff costs	(37)		
a) Wages and salaries		–357,012,375	–355,887,038
b) Social security, pensions and retirement		–66,392,117	–66,307,828
		<b>–423,404,492</b>	<b>–422,194,866</b>
Other operating expenses	(38)	–56,322,814	–58,639,958
<b>Result before interest, taxes, depreciation and amortisation / EBITDA</b>		<b>85,221,785</b>	<b>77,498,874</b>
Depreciation and amortisation	(39)	–73,658,672	–77,348,144
<b>Operating result / EBIT</b>		<b>11,563,113</b>	<b>150,730</b>
Financial result	(40)		
a) Income from participations		160,304	51,000
b) Interest and similar income		48,226	51,289
c) Interest and similar expenses		–9,325,397	–10,341,340
		<b>–9,116,867</b>	<b>–10,239,051</b>
<b>Result before tax</b>		<b>2,446,246</b>	<b>–10,088,321</b>
Taxes on income	(41)	–960,961	1,053,555
<b>Total consolidated result</b>		<b>1,485,285</b>	<b>–9,034,766</b>
Thereof attributable to shareholders of MEDICLIN AG		1,461,436	–8,996,884
Thereof attributable to non-controlling interests		23,849	–37,882
<b>Total consolidated result attributable to shareholders of MEDICLIN AG per share</b>	(42)		
Undiluted in €		0.03	–0.19
Diluted in €		0.03	–0.19

## Consolidated statement of comprehensive income for the financial year from 1 January to 31 December 2021

In €	Note	Jan.–Dec. 2021	Previous year
<b>Total consolidated result</b>		<b>1,485,285</b>	<b>–9,034,766</b>
<b>Other comprehensive income</b>	(43)		
Revaluation from defined benefit plans and similar obligations		5,574,153	–5,780,257
Taxes on income		–882,110	914,726
<b>Additions to value adjustments that are not reconciled to the total consolidated result</b>		<b>4,692,043</b>	<b>–4,865,531</b>
Thereof attributable to shareholders of MEDICLIN AG		4,654,007	–4,832,591
Thereof attributable to non-controlling interests		38,036	–32,940
<b>Additions to value adjustments that are reconciled to the total consolidated result</b>		<b>0</b>	<b>0</b>
<b>Group comprehensive income</b>		<b>6,177,328</b>	<b>–13,900,297</b>
Thereof attributable to shareholders of MEDICLIN AG		6,115,443	–13,829,475
Thereof attributable to non-controlling interests		61,885	–70,822

## Consolidated cash flow statement

In €	Jan. – Dec. 2021	Previous year
<b>Total consolidated result</b>	<b>1,485,285</b>	<b>–9,034,766</b>
Result of finance activities	9,116,867	10,239,051
Result of income taxes	960,961	–1,053,555
<b>Operating result (EBIT)</b>	<b>11,563,113</b>	<b>150,730</b>
Depreciation of fixed asset items	73,658,672	77,348,144
<b>Result before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>85,221,785</b>	<b>77,498,874</b>
Change in non-current provisions	–2,685,227	4,888,745
Change in current provisions	–1,616,867	3,561,698
Result from the disposal of fixed asset items	–89,473	–187,535
Result from other non-cash items	–2,569,457	–9,814,102
Changes in other current assets	–25,715,421	22,134,686
Changes in other non-current liabilities	–765,105	607,521
Changes in other current liabilities	32,512,039	20,678,735
Payments received from interest	44,505	51,165
Income taxes paid	–2,370,091	–729,338
<b>Cash flow from operating activities</b>	<b>81,966,688</b>	<b>118,690,449</b>
<b>Payments received from the disposal of fixed assets</b>	<b>292,226</b>	<b>467,237</b>
From the disposal of property, plant and equipment	292,226	467,237
<b>Payments received from investment subsidies</b>	<b>9,610,302</b>	<b>10,692,423</b>
<b>Income from participations</b>	<b>51,000</b>	<b>51,000</b>
<b>Cash used for investments</b>	<b>–17,044,206</b>	<b>–25,813,024</b>
For Intangible assets	–1,775,258	–3,523,898
For property, plant and equipment	–15,230,573	–22,253,043
For financial assets	–38,375	–36,083
<b>Proceeds from divestments</b>	<b>0</b>	<b>6,000,001</b>
<b>Cash flow from investing activities</b>	<b>–7,090,678</b>	<b>–8,602,363</b>
Repayment of lease liabilities	–44,999,711	–35,869,227
Repayment of financial liabilities	–1,965,656	–1,951,578
Interest payments for lease liabilities	–6,677,473	–7,457,106
Other interest payments	–1,617,877	–1,225,534
<b>Cash flow from financing activities</b>	<b>–55,260,717</b>	<b>–46,503,445</b>
Effect of changes in consolidation group on cash funds	0	–397,382
<b>Cash flow for the period</b>	<b>19,615,293</b>	<b>63,187,259</b>
Cash and cash equivalents at the beginning of the period	100,437,077	37,249,818
<b>Cash and cash equivalents at the end of the period</b>	<b>120,052,370</b>	<b>100,437,077</b>

The cash and cash equivalents at the end of the period differ from the balance sheet item “cash and cash equivalents” (difference of EUR 535,912) and encompass only cash in hand and current bank credit balances. This difference arose in connection with the adjustments to meet IFRS 5. The liabilities and assets held for sale of Dr. Hoefer-Janker GmbH & Co. Klinik KG and MVZ MediClin Bonn GmbH were reclassified accordingly in the balance sheet.

## 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	-	-	-	-8,996,884	-8,996,884	-37,882	-9,034,766
Other comprehensive income	-	-	-4,832,591	-	-4,832,591	-32,940	-4,865,531
<b>Group comprehensive income</b>	-	-	<b>-4,832,591</b>	<b>-8,996,884</b>	<b>-13,829,475</b>	<b>-70,822</b>	<b>-13,900,297</b>
<b>Transfer to revenue reserve</b>	-	-	<b>51,165,466</b>	<b>-51,165,466</b>	<b>0</b>	-	<b>0</b>
<b>As of 31.12.2020</b>	<b>47,500,000</b>	<b>129,391,829</b>	<b>16,764,377</b>	<b>-16,493,229</b>	<b>177,162,977</b>	<b>-316,812</b>	<b>176,846,165</b>

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	-	-	-	1,461,436	1,461,436	23,849	1,485,285
Other comprehensive income	-	-	4,654,007	-	4,654,007	38,036	4,692,043
<b>Group comprehensive income</b>	-	-	<b>4,654,007</b>	<b>1,461,436</b>	<b>6,115,443</b>	<b>61,885</b>	<b>6,177,328</b>
<b>As of 31.12.2021</b>	<b>47,500,000</b>	<b>129,391,829</b>	<b>21,418,384</b>	<b>-15,031,793</b>	<b>183,278,420</b>	<b>-254,927</b>	<b>183,023,493</b>



## Notes

### Basic information

#### General

MEDICLIN Aktiengesellschaft (MEDICLIN AG) is active as a nationwide hospital operator. With 34 clinics, seven nursing care facilities and 11 medical care centres in 11 German federal states, the MEDICLIN Group (MEDICLIN) has an overall capacity of approximately 8,310 beds/nursing care places. The clinics are divided into acute-care hospitals for basic, standard and specialised care, as well as specialist clinics for medical rehabilitation, some of which also offer acute medical services. MEDICLIN operates exclusively on the domestic market.

The Company is registered in Germany and has been listed on the stock exchange since December 2000 (official market/Prime Standard). It is registered in the commercial register at the local court of Freiburg i.Br. under HRB 703905 and has its registered office in Okenstraße 27, 77652 Offenburg. The MEDICLIN Group is fully consolidated in the consolidated financial statements of Broermann Holding GmbH, Königstein im Taunus. The MEDICLIN Group is further included in the subgroup accounts of Asklepios Kliniken GmbH & Co. KGaA, Hamburg, which holds a 52.73 % stake in MEDICLIN AG.

The present notes were prepared for the consolidated financial statements of MEDICLIN AG for the 2021 financial year. On 22 March 2022 the Management Board prepared the underlying consolidated financial statements. The annual financial statements of MEDICLIN AG, the consolidated financial statements of MEDICLIN AG and the summarised management report and Group management report are published in the German Federal Gazette (Bundesanzeiger).

The consolidated financial statements as of 31 December 2021 were prepared in accordance with Section 315e (1) of the German Commercial Code (HGB), pursuant to the regulations of the International Financial Reporting Standards (IFRSs), the International Accounting Standards Board (IASB), London, and the interpretations of the IFRS Interpretation Committee (IFRS IC) as valid on the cut-off date and adopted by the European Union (EU). The financial statements were prepared on a going-concern basis. Accounting is generally based on amortised cost. The consolidated profit and loss account was prepared on the basis of the total cost method.

The consolidated financial statements are prepared in euros. All amounts are stated in thousands of euros (EUR thou.) unless otherwise specified. Figures with decimal places may lead to rounding differences in the individual components of the consolidated financial statements and in the data specified in the notes. The amount shown is rounded according to standard commercial practice. Unless otherwise stated, the amounts shown for the previous year were calculated using the same accounting and valuation principles in order to ensure the comparability of the disclosed data.

#### **New or amended international standards and legal regulations applicable for the first time in the reporting period**

In the Official Journal of 14 January 2021, the European Union published Commission Regulation (EU) No. 2021/25 of 13 January 2021 thereby adopting **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. These amendments to the Standards in Phase 2 of the IBOR reform focus on the following issues:

- Changes to financial instruments resulting from the IBOR reform
- Hedge accounting, both with regard to recognising and documenting hedging relationships
- Effects of the IBOR reform on IFRS 4 “Insurance Contracts” and IFRS 16 “Leases”
- Disclosures under IFRS 7

The amendments must be applied for financial years beginning on or after 1 January 2021. 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.

## Official publications by the EU Commission issued in 2021 that are not yet binding

Commission Regulation (EU) 2021/1080 of 28 June 2021 adopted the amendments

- “Annual Improvements to IFRSs 2018–2020 Cycle”,
- Property, Plant and Equipment – Proceeds before Intended Use (Amendment to IAS 16),
- Reference to the Conceptual Framework (Amendments to IFRS 3 “Business Combinations”), and
- IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”,

into EU law.

The Annual Improvements 2018–2020 Cycle refers to:

- IFRS 1 “First-time Adoption of International Financial Reporting Standards”  
The amendment permits a subsidiary that applies IFRS 1.D16(a) to recognise cumulative translation differences at the amount that would be included in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS.
- IFRS 9 “Financial Instruments”  
The amendment clarifies which fees an entity includes when it applies the “10 per cent” test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

**■ IFRS 16 “Leases”**

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

**■ IAS 41 “Agriculture”**

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for reporting periods beginning on or after 1 January 2022. Premature adoption is permitted. The amendment to IFRS 16 only refers to an illustrative example and therefore has no effective date. These amendments are not expected to have any effects on the consolidated financial statements of MEDICLIN.

The amendments to **IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”** prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in the operating result.

**Reference to the Conceptual Framework (Amendments to IFRS 3 “Business Combinations”)** clarifies that the Standard refers to the 2018 Conceptual Framework instead of the 1989 Framework. The amendments add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies only IAS 37 or IFRIC 21 to identify the liabilities it has assumed in a business combination and that an acquirer does not recognise contingent assets acquired in a business combination.

**Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”)** primarily addresses the costs an entity should include as the cost of fulfilling a contract when assessing whether a contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments to **IAS 16, IFRS 3 and IAS 37** are not expected to have any effects on the consolidated financial statements of MEDICLIN. The amendments are effective for reporting periods beginning on or after 1 January 2022. Premature adoption is permitted.

**Commission Regulation (EU) 2022/357 of 2 March 2022** adopted amendments to **IAS 1 “Presentation of Financial Statements”**, and **IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** issued by the IASB on 12 February 2021 into EU law.

The amendment to **IAS 1 “Presentation of Financial Statements”** requires that only “material” accounting policy information be disclosed in the notes in the future. In order to be “material” an accounting policy must relate to material transactions or other events and there must be a reason for presenting the information. This can be the case if the accounting policy was changed, a choice of accounting policy is permitted, the policy is complex or its application requires significant judgements and assumptions or it was developed in accordance with IAS 8.10-11.

The amendment to **IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** aims to help entities distinguish changes to accounting policies from changes to accounting estimates. It defines that accounting estimates are always monetary amounts in financial statements that are subject to measurement uncertainty. In addition to input parameters, an entity also applies measurement techniques to develop accounting estimates. Measurement techniques can include estimation techniques or valuation techniques.

The amendments are effective for reporting periods beginning on or after 1 January 2023. Premature adoption is permitted.

These two amendments have no effect on MEDICLIN’s net assets, financial position or results of operation.

## **Standards that have been published by the IASB, but are not yet binding**

On 12 February 2021 the IASB issued amendments to **IAS 1 “Presentation of Financial Statements”**, and **IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** that will become effective for reporting periods beginning on or after 1 January 2023. The aforementioned Commission Regulation (EU) 2022/357 of 2 March 2022 adopted these amendments into EU law.

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. Earlier adoption is admissible, subject to the endorsement yet to come.

On 9 December 2021 the IASB issued amendments to **IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”**. The amendment to IFRS 17 introduces the option to apply the so-called “classification overlay approach” when certain conditions are met, rendering comparative information on financial instruments in the year before the first-time adoption of IFRS 17 (i.e. financial year 2022) more meaningful. The amendment is of no relevance to MEDICLIN.

## Consolidation principles

The annual financial statements of the companies included in the consolidated financial statements were prepared in accordance with uniform accounting policies as of the reporting date of the consolidated financial statements. The first-time recognition of acquired subsidiaries is based on the method of acquisition. The cost of the acquisition corresponds to the fair value of the assets provided and the liabilities incurred or assumed as at the transaction date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date, irrespective of the extent of any non-controlling interests. Intangible assets are recognised separately from goodwill if they are separable or arise from contractual or other legal rights, and are individually disposable. The excess of the cost of the acquisition over the Group's share in the net assets measured at fair value is recognised as goodwill, which is reported in intangible assets. In accordance with IAS 36, existing goodwill is subject to an impairment test at least once a year. The impairment test may lead to a devaluation requirement (impairment-only approach). Within this context, the individual facilities are defined as "cash-generating units", pursuant to IAS 36.

Receivables and liabilities between companies included in the consolidated financial statements, as well as expenses and income from mutual service and supply transactions and intermediate results, were eliminated.

Non-controlling interests are shown in equity, but separately from the equity of the owners of the parent company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests. Comprehensive income is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (IFRS 10 B94).

The non-controlling interests within the MEDICLIN Group refer to 5.199 % (corresponding to 1,201 shares) of shares in Kraichgau-Klinik AG, Bad Rappenau, that are in free float. The profit and loss attributable to non-controlling interests and their share in Group equity are stated directly in the consolidated profit and loss account, the consolidated statement of comprehensive income and the consolidated balance sheet. This is immaterial at Group level.

## Consolidated companies

The listed Company MEDICLIN Aktiengesellschaft, Offenburg, is the parent company of the MEDICLIN Group. The consolidated financial statements and the summarised management report and the Group management report for the smallest group of companies are published in the German Federal Gazette (Bundesanzeiger). The Group under the umbrella of MEDICLIN Aktiengesellschaft is included in the consolidated financial statements of Broermann Holding GmbH, Königstein im Taunus, which represents the largest group of companies. Their consolidated financial statements and the Group management report are disclosed in the German Federal Gazette (Bundesanzeiger).

All companies under the control of MEDICLIN Aktiengesellschaft as parent company qualify as subsidiaries of MEDICLIN, i.e. companies where MEDICLIN has the power of disposition for the associated company, bears the risk of the investment's fluctuations in commercial success, has the right to such success and has the possibility of influencing the degree of this success by exercising its power of disposition over the investment company. The power of disposition

is deemed to exist if the parent has rights to determine activities of the associated company with a significant impact on the Company's commercial success. Several factors are considered in determining who has the power of disposition, such as existence and effects of potential voting rights that are currently exercisable or convertible and rights to appoint, exchange or remove members of the subsidiary's management.

In accordance with the principles of full consolidation, the consolidated financial statements include, in addition to the parent company, i.e. MEDICLIN Aktiengesellschaft, all subsidiaries where MEDICLIN holds the majority of capital in addition to the aforementioned economic control. One exception is Müritz-Klinikum Service GmbH, which was not consolidated because it is immaterial. The companies Medusplus GmbH i. L. and MediServ GmbH i. L. that were previously being liquidated ceased their business operations in 2017 and 2018 and were dissolved in the scope of the liquidation in the 2021 financial year. The remaining net assets of the two liquidated companies were transferred to the shareholder Fachklinik Rhein/Ruhr für Herz/Kreislauf-und Bewegungssystem GmbH & Co. KG with registered office in Essen.

The fully consolidated subsidiaries included in the consolidated financial statements are listed together with their respective participation percentage in the "Shareholdings" table. The table also shows to what extent the respective companies have refrained from preparing a management report/notes and from disclosing their annual financial statements pursuant to the options provided in Section 264 (3) German Commercial Code (HGB) and Section 264b HGB. Also listed in a table are companies not included in the consolidated financial statements, together with the most recently disclosed annual results and equity as well as the participation percentage.

The activities of the Group are explained in more detail in the "Segment reporting" section.

Pursuant to Section 264b HGB, the present consolidated financial statements have an exempting effect for all commercial partnerships included in the consolidated group pursuant to Section 264a (1) HGB. Consequently, these commercial partnerships included in the list of shareholdings are exempt from the duty to prepare and publish their annual financial statements in accordance with the provisions defined for corporations and certain commercial partnerships.

MediClin GmbH & Co. KG and MediClin Medizinisches Versorgungszentrum GmbH, Offenburg, concluded a control and profit transfer agreement. Notwithstanding a right of termination for cause, the contract has a term until 31 December 2018. Unless terminated in writing half a year before the expiry date, the contract is renewed automatically by another year each time the expiry date is reached. The agreement was not terminated in 2021, meaning that its term now ends on 31 December 2022. MediClin Medizinisches Versorgungszentrum GmbH, Offenburg, makes use of the option pursuant to Section 264 (3) HGB to refrain from disclosing its annual financial statements.

## Changes in consolidation scopes

The two companies Fachklinik Zwieselberg GmbH, Freudenstadt and MediClin MVZ Achern GmbH, Achern were merged with MediClin Therapie GmbH as of 1 August 2021. The three companies that were merged are associated companies with MediClin GmbH & Co. KG, Offenburg being the sole shareholder.

## Affiliated companies

In addition to the Group companies, Müritz-Klinikum Service GmbH, Waren also belongs to the affiliated companies. Since the MEDICLIN Group is included as a subgroup in the consolidated financial statements of the Asklepios Group in accordance with the full consolidation regulations, the group of companies affiliated with MEDICLIN also includes the companies belonging to the Asklepios Group.

### Shareholdings

Affiliated companies included in the consolidated financial statements	Percentage of shares held		Section 264 (3) HGB and/or Section 264b HGB
	31.12.2021	31.12.2020	
MEDICLIN Aktiengesellschaft, Offenburg			
Dr. Hoefer-Janker GmbH & Co. Klinik KG, Bonn	100.000	100.000	yes
Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem GmbH & Co. KG, Essen	100.000 <sup>2</sup>	100.000 <sup>2</sup>	yes
Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem Verwaltungsgesellschaft mit beschränkter Haftung, Essen	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
Fachklinik Zwieselberg GmbH, Freudenstadt	0.000 <sup>4</sup>	100.000 <sup>2</sup>	–
Herzzentrum Lahr/Baden GmbH & Co. KG, Bad Rappenau	94.801 <sup>3</sup>	94.801 <sup>3</sup>	yes
KB Krankenhausbeteiligungsgesellschaft mbH & Co. KG, Essen	100.000	100.000	yes
KB Krankenhausbeteiligungsverwaltungsgesellschaft mbH, Essen	100.000	100.000	no
Kraichgau-Klinik Aktiengesellschaft, Bad Rappenau	94.801	94.801	no
Kraichgau-Klinik Bad Rappenau GmbH & Co. KG, Bad Rappenau	94.801 <sup>3</sup>	94.801 <sup>3</sup>	yes
MC Kliniken Geschäftsführungs-GmbH, Offenburg	94.801 <sup>3</sup>	94.801 <sup>3</sup>	no
MC Service GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin à la Carte GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	yes
MediClin Betriebs GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin Energie GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin Fachklinik Rhein / Ruhr Therapie & Pflege GmbH, Essen	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin Geschäftsführungs-GmbH, Offenburg	100.000	100.000	no
MediClin GmbH & Co. KG, Offenburg	100.000	100.000	yes
MediClin Immobilien Verwaltung GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin Medizinisches Versorgungszentrum GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	yes
MediClin MVZ Achern GmbH, Achern	0.000 <sup>4</sup>	100.000 <sup>2</sup>	–
MediClin Pflege GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	yes
MediClin Therapie GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	yes
MediClin-IT GmbH, Offenburg	100.000 <sup>1</sup>	100.000 <sup>1</sup>	yes
MVZ MediClin Bonn GmbH, Bonn	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
Rehabilitationszentrum Gernsbach/Schwarzwald GmbH & Co. KG, Bad Rappenau	94.801 <sup>3</sup>	94.801 <sup>3</sup>	yes

<sup>1</sup> Thereof indirect participation 62.353 %

<sup>2</sup> Indirect participation

<sup>3</sup> Indirect participation, wholly owned by Kraichgau-Klinik AG

<sup>4</sup> Merged by absorption with MediClin Therapie GmbH, Offenburg

Companies not included in the consolidated financial statements in €	Results		Total equity		Percentage of shares held	
	2020	2019	2020	2019	2020	2019
Müritz-Klinikum Service GmbH, Waren <sup>1</sup>	133,866.80	114,962.57	307,285.51	273,418.71	51.000 <sup>2</sup>	51.000 <sup>2</sup>

<sup>1</sup> 2021 annual financial statements not yet available

<sup>2</sup> Indirect participation



## Accounting and valuation principles

The companies included in the consolidated financial statements applied the same consistent accounting and valuation principles in accordance with the provisions of the German Commercial Code (HGB) as in the previous year. These principles are converted to IFRSs principles at Group level.

To the extent that, as a result of specific regulations of the Hospital Accounting Rules (Krankenhausbuchführungsverordnung – KHBV), receivables, liabilities and special or compensating items of consolidated subsidiaries are to be reported in conformity with the hospital financing law (Krankenhausfinanzierungsrecht – KHG), these are eliminated at Group level as far as they do not meet IFRSs.

**Acquisition and manufacturing costs** of assets, inventories, goods and services normally include the non-deductible value added tax, net of acquisition cost deductions. These costs also include the estimated costs for restoration obligations assumed. If property, plant and equipment consist of meaningful, identifiable and significant components, these are accounted for as separate units and depreciated accordingly. Maintenance and repair costs are recognised as an expense.

**Classification as current or non-current:** The Group classifies the assets and liabilities in the balance sheet down into current and non-current assets and liabilities. An asset is classified as current if

- the asset is expected to be realised within its normal operating cycle or the asset is held for sale or consumption within that period,
- the asset is held primarily for the purpose of trading,
- the asset is expected to be realised within 12 months after the reporting period, and
- the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if

- the liability is expected to be settled within its normal operating cycle,
- the liability is held primarily for the purpose of trading,
- the liability is due to be settled within 12 months after the reporting period, and
- the company has no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Intangible assets with finite useful lives** are recognised at amortised cost and are amortised according to a scheduled time frame of three to five years on a straight-line basis. An impairment is recognised for an intangible asset if there are indications of impairment and the recoverable amount of the asset is less than its carrying amount. If the reason for a non-scheduled depreciation recognised in prior years has ceased to exist, a write-up is performed on the respective asset, whereby the increased carrying amount resulting from the write-up may not exceed the amortised cost.

**Intangible assets with indefinite useful lives** and **goodwill** are tested for impairment annually, and additionally if at other points in time indications exist of a possible decline in value (impairment indicator). If the recoverable amount of an asset or goodwill is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. If the reason for an impairment recognised in the past has ceased to exist, a write-up is performed on the respective asset, whereby the increased carrying amount resulting from the write-up may not exceed the amortised cost.

No write-ups are performed in the case of **goodwill**. Development costs are only capitalised as an intangible asset if an intangible asset that has a future economic benefit can be identified and if the cost of this asset can be determined with certainty (IAS 38.57).

**Property, plant and equipment** is recognised at amortised costs. Scheduled depreciation related to technical equipment and machines, as well as operating and office equipment, is based on the useful life expectancy under application of the straight-line method. Contrary to this method, designated medical technology equipment and machines are depreciated to a minimal extent using the declining balance method if this better represents the anticipated future utility.

**Financial instruments** encompass, first and foremost, cash and cash equivalents, receivables and financial liabilities. Receivables are generally recognised at settlement amount and are classified as current assets, provided their maturity does not exceed 12 months after the balance sheet date. Receivables which mature in more than 12 months are recognised as non-current assets. The carrying amounts of the current financial assets and the current liabilities essentially correspond to their fair values. Foreign currency transactions are negligible and there are no foreign exchange risks.

Pursuant to IFRS 9, **financial assets** must be classified into the following measurement categories: measurement at amortised cost (AC), measurement at fair value through other comprehensive income (FVTOCI) and measurement at fair value through profit or loss (FVTPL). In doing so, the financial assets must be classified on the basis of the business model that is used to manage the financial assets and the characteristics of the contractual cash flows. In the scope of the cash flow criterion, it must be determined whether the contractual cash flows exclusively constitute repayment and interest payments on the capital amount outstanding. The business model condition refers to how financial assets are used to generate income, distinguishing between the collection of contractual cash flows (hold to collect) and the sale of the financial asset (sell). As a third option, a combination of holding and selling is possible (hold to collect and sell). In the MEDICLIN Group, the financial assets pursuant to IFRS 9 refer to trade receivables, cash and cash equivalents, investments in stock of subsidiaries, other financial investments and other current financial assets. Considering all the relevant and available information, the management determines the business model and ensures that it is implemented at operating level.

The **reinsurance policies** cover risks from pension commitments. Claims from reinsurance policies that are pledged to the beneficiaries of pensions are offset directly against the pension obligations. They classify as qualifying insurance policies as defined in IAS 19. Reinsurance policies that have not been pledged are recognised when calculating the amount of pension obligations. Reinsurance policies are measured at fair value; this corresponds with the asset value that is determined by the insurance companies.

**Investments in stock of subsidiaries** are measured at fair value through profit or loss.

**Foreign currency** transactions are valued at the exchange rate at the time of initial recognition. Monetary assets and debts in foreign currency are valued on the reporting date at the rate valid at such date. Gains and losses from currency fluctuations up to the balance sheet date are generally recognised through profit or loss.

**Depreciation** of property, plant and equipment is calculated on the basis of the following useful lives: buildings 25 to 50 years, technical equipment and machines 6 to 30 years, and operating and office equipment 3 to 15 years.

In addition to scheduled depreciation, the carrying amounts of property, plant and equipment and intangible assets are reviewed at least once per year for indications of impairment (impairment indicator). If such indications are identified, the recoverable amount of the asset will be estimated in order to determine the size of any impairment loss. If the recoverable amount cannot be determined for the individual asset (for instance an intangible asset), an estimate is made instead for the recoverable amount at the level of the cash-generating unit (CGU) to which the asset belongs. If the valuation at CGU level reveals that the carrying amount is higher than the recoverable amount, the impairment is distributed among the individual assets in relation to their carrying amounts. CGUs are regularly defined as operating locations (clinics/facilities) that use a separate company code. If the reason for a non-scheduled depreciation recognised in prior years has ceased to exist, a write-up is performed, whereby the increased carrying amount resulting from the write-up may not exceed the amortised cost. Upon sale or retirement, the acquisition or manufacturing costs and related accumulated depreciation of the asset are written off the balance sheet and any profit or loss is recognised in income or expenses.

In the case of impairment losses related to CGUs that carry goodwill, the carrying amount of any goodwill allocated to the CGU is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionally to the remaining non-current assets of the CGUs to reduce their carrying amounts accordingly. If, following recognition of an impairment loss, the recoverable amount of the asset or the CGU increases at a later time, the value is written up again with the maximum being the recoverable amount. The reversal of the impairment may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Any write-ups to be performed are recognised as income. However, impairment losses of goodwill may not be reversed and are therefore not reversed by MEDICLIN.

When determining the **value in use**, the estimated future cash flows are discounted. As a general principle, the expected earnings values from the latest management planning are used as a basis of this process, adjusted for assumptions on the development of the earnings performance and discounted with the capital costs of the unit, allowing for an alternative interest charge. This detailed planning that is always carried out for a period of three years is based on past experience as well as on expectations concerning future market developments. The perpetuity is calculated on the basis of the plan figures for the third year, pricing in an appropriate discount if required. The discount rate is determined on the basis of the weighted average cost of capital after tax (WACC after tax), taking the following variables into account: a risk-free interest rate, a market risk premium (multiplied by a beta coefficient), a growth discount in the perpetuity,

borrowing costs after tax and the capital structure, which is determined on the basis of a peer-group analysis. The first-time adoption of IFRS 16 in the 2019 financial year has an effect on the cost of capital because the financing structure of the peer group takes account of leases. Indications of impairment in value are taken into account by recording respective non-scheduled depreciation of the carrying amount of the CGU/asset up to the recoverable amount. For its planning, the Company assumes moderate rates of change regarding the earnings expectations and considers these assumptions to be reasonable. Alternative scenarios will only be calculated should concrete signs of changes occur.

The selection concerning the measurement of the **fair value** underlying the net disposal price is based on a value hierarchy with three levels and depends on the available data (inputs (IFRS 13.72-90)).

The option of using the revaluation method for intangible assets and for property, plant and equipment is not exercised in the MEDICLIN Group.

**Public grants** mainly relate to grants received in accordance with the hospital financing law (Krankenhausfinanzierungsgesetz – KHG) and under respective state hospital regulations. They are recognised as receivables pursuant to the hospital financing law at fair value if it can be reasonably assumed that the grants will be awarded. This is generally recognised at the time the subsidy grant notification is received. Grants which have not yet been adequately used are recognised as current or non-current liabilities in other payables. If the subsidies are not disbursed in one lump sum, but rather through annual payments the disbursements of which vary in schedule, the entitlement to the aid is not established until the notification of subsidy for the respective financial year is received. Therefore only the amount of the annual payment is recognised in receivables pursuant to the hospital financing law.

**Subsidies for investments** are deducted directly from acquisition costs. In accordance with the reduction of acquisition costs of the subsidised property, plant and equipment, the depreciations are limited to the amount of utility depletion of the non-subsidised non-current assets. Off-period netting, for example from the refinancing of formerly self-financed capital expenditure from previous years, is not netted with depreciation in the consolidated profit and loss account, but disclosed under other operating income. **Subsidies for running costs** and investment incentives in the form of debt service support are recognised on an accrual basis.

Since 1 January 2019 the Group applies **IFRS 16 "Leases"**. This standard requires that the entity assesses at inception of a contract whether the contract is, or contains, a lease. A contract is, or contains, a lease if the lessee is entitled to control the use of an identified asset for a period of time in exchange for consideration. As the lessee, the Group recognises and measures all leases in accordance with the right-of-use model. Right-of-use assets for lease objects and liabilities for the corresponding payment obligations are recognised at present value in the balance sheet.

The Group has exercised the option to recognise the lease payments for short-term leases (term  $\leq 12$  months) directly as an expense. Leases for low-value assets (IFRS 16.5(b) in conjunction with 16.B3 ff.) are not subject to the right-of-use model either; they are further on recognised as expenses. The value threshold is based on the threshold defined in "IFRS 16 Basis for Conclusions BC100" which is "USD 5,000 or less". Moreover, the provisions are not applied to leases for other intangible assets (IFRS 16.4) or intra-Group leases. The option to account for the lease components of the contract and the associated non-lease components as a single lease component pursuant to IFRS 16.15 is exercised.

The **right-of-use** asset is measured on the basis of the cost incurred including, in addition to the present value of the lease payments, other direct costs associated with the lease contract. In the scope of subsequent measurement, the right-of-use asset is depreciated on the basis of the straight-line basis to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. If there are indications of impairment, an impairment test in accordance with IAS 36 for the right-of-use asset is carried out.

The **lease liability** is recognised at the present value of the lease payments to be paid during the expected lease term, including both fixed and index-related payments. Payments to be received under lease incentives must be deducted. In this context, residual value guarantees, early repayment penalties and call option premiums are also considered if the lessee is reasonably certain to exercise that option. The incremental borrowing rate as at the commencement date of the lease is used to calculate the present value of the lease payments, because the underlying interest rate of the lease cannot be easily determined. If the lease is modified because the term and/or the lease payments change (e.g. because the lease payments are linked to an index or if the interest rate is changed after the term changes) or if the assessment of a purchase option changes, the carrying amount of the lease liability is remeasured.

Leases for which the Group is classified as the lessor and that do not transfer basically all the risks and opportunities incident to ownership of an asset are classified as operating leases. The lease income from such leases is recognised as other operating income on a straight-line basis over the term of the lease.

As the MEDICLIN Group is a provider of healthcare services, **inventories** are only of minor importance and are only subject to slight changes in their value and composition. These are recognised according to the average cost method at acquisition costs and do not include borrowing costs.

**Borrowing costs** which are directly connected with the purchase, construction or production of a qualified asset must be capitalised as part of the acquisition or manufacturing costs of this asset. As in previous years, there were no borrowing costs which were connected with construction measures in the 2021 financial year. The costs are not capitalised if the investment is subsidised by means of debt service support and the interest payments for the loans taken out in order to finance the project are subsidised. All other borrowing costs are recognised as expenses for the period in which they accrue.

**Trade receivables** are initially recognised at fair value and thereafter measured at amortised cost due to their short-term nature and the fact that they do not bear interest. Furthermore, a risk provision for expected default losses is set aside pursuant to IFRS 9 as soon as the receivables are recognised; unrecoverable receivables are written off. A simplified approach is to be applied to the impairment of trade receivables. Given their short terms (<12 months), the expected loss in the next 12 months equals the loss over the residual term of the receivable. MEDICLIN divides risks from payment default that are based on the debtor's creditworthiness into two classes that are, by their very nature and irrespective of how long the receivables have been overdue, exposed to different creditworthiness risks. The first group comprises the statutory health and pension insurance providers. Their creditworthiness risks are assessed on the basis of the CDS spread for Germany. The second group refers to self-paying patients. Their creditworthiness risks were assessed and adjusted on the basis of historical default rates as of 31 December 2021. The expected loss over the residual term is determined depending on how long they have been overdue and by determining how probable it is that they will pass from one level of overdue receivables to another. Receivables that have been overdue for 360 days and receivables that have been overdue for shorter periods but have a significantly increased default risk are written off entirely. Pursuant to IFRS 9, an impairment needs to be recognised as soon as a receivable is recognised, meaning that losses are recognised at an earlier stage as both incurred and expected losses are booked. This approach does not record the change in default risk; instead, an impairment that represents all the credit losses expected during the entire term is recognised on each balance sheet date.

**Cash and cash equivalents** encompass cash, sight deposits, other short-term, highly liquid financial assets with original terms of no more than three months, and current account balances. Current account credits drawn upon are disclosed in current financial liabilities as liabilities to banks. Cash and cash equivalents are measured at amortised cost and a risk provision is set aside for expected default losses in accordance with the three-step model under IFRS 9 (general approach). Under the three-step model, debt instruments that are measured at amortised cost are classified as level 1 upon initial recognition. The expected loss equals the amount that could arise from potential defaults over the next 12 months after the balance sheet date. If a significant increase in the default risk of the counterparty has been identified since initial recognition, the financial asset is reclassified from level 1 to level 2. Among other factors, the default risk is deemed to have increased significantly if the debtor no longer honours its payment obligations in the short term or if there are indications that the business performance of the debtor has deteriorated or might deteriorate. The default risk is then determined in accordance with the probability of default over the entire residual term. The impairment equals the amount that might arise from potential default during the residual term of the financial asset. The financial asset must be reclassified from level 1 to level 2 at the latest when the contractual payments have been overdue for more than 30 days. If there are objective indications that a financial asset might be impaired, it must be transferred to level 3. Whenever payments have been overdue for more than 90 days, it is assumed that the debtor has significant financial problems and it is deemed that there are objective indications for a default. The financial asset must be transferred to level 3.

**Current and non-current financial liabilities** are initially recognised at fair value less transaction cost on the liabilities side and stated at amortised cost using the effective interest method in the following periods. Amortised cost equal the amount at which a financial liability is measured at initial recognition

- less repayment,
- plus or less premium or discount, as applicable,
- applying the effective interest method.

Loans are initially recognised at their acquisition costs which correspond to the fair value of the consideration received less the cost incurred in taking out the loan. Current liabilities are recognised at fair value, which corresponds approximately to the repayment amount. As far as the discharge of a debt or repayments will occur within 12 months after the balance sheet date, the corresponding amounts are reclassified as current liabilities.

The MEDICLIN Group has both defined benefit plans and defined contribution plans.

The **pension obligations** mainly result from the **defined benefit plans** and are stated using the projected unit credit method in consideration of future salary and pension developments, as well as using current biometric probabilities in accordance with IAS 19. The service period components (service cost and past service cost, effects from amendments, curtailments and settlements) are shown in staff costs. (Net) interest expense/income relating to the net liabilities recognised in the balance sheet is recognised in the financial result. Remeasurements are recognised in other comprehensive income (OCI), i.e. without an effect on net profit or loss. They encompass all the actuarial profits and losses of the pension obligations and plan assets accrued within a year that were not taken into account in the interest component, less any deferred taxes attributable thereto. They are shown in equity in the revenue reserve. The interest rate used for discounting is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds with fixed interest rates.

Payments for **defined contribution plans** are recognised as expense as they fall due and are shown in staff costs. Due to the low-interest situation on the capital markets in recent years, some of these defined contribution plans incurred underinsurance because interest surpluses were no longer available to fund the guaranteed annual adjustment of 1.0 % of the benefits. This risk is covered by means of a provision in the amount of EUR 0.3 mill. (previous year: EUR 0.2 mill.) (please refer to item (22) Pensions and similar commitments for further details). Given this underinsurance, these commitments are also classified as defined benefit plans. Payments for government pension plans are treated like payments for defined contribution plans.

In accordance with IAS 37, **remaining provisions** are recognised to the extent that present obligations from past events exist vis-à-vis third parties which will probably lead to an outflow of funds and which can be reliably estimated. In case of legal disputes, the management has to exercise judgement in order to assess whether a past event entails a current obligation as at the reporting date, meaning that a future outflow of funds is probable and the amount of such obligation can be reliably estimated. Judgement is also needed to assess whether a provision for an ongoing proceeding due to new circumstances is required or the amount of an existing provision has to be adjusted. Usually external lawyers are called in to help with such judgement. Provisions are recognised for discernible risks and contingent liabilities in the amount of their probable occurrence. They are not offset against recourse claims. The settlement value also includes the cost increases to be accounted for as of the balance sheet date. Discounts are applied if the respective interest effect is significant. Provisions are reversed when the outflow of funds that is associated with an economic benefit is no longer probable. This is reviewed on every balance sheet date. Income from the reversal of provisions that are not (or no longer) needed is offset against the expense item from which the addition originates.

Prepayments received from customers and deferred income items are disclosed in other payables.

**Deferred tax assets and deferred tax liabilities** are determined using the balance sheet liability method in accordance with IAS 12. Accordingly, all differences between the carrying amounts of assets and liabilities as recognised in the consolidated financial statements and the amounts used for taxation purposes are recognised as probable future tax reliefs and charges in the balance sheet. The deferred tax assets also include tax deduction claims resulting from the expected utilisation of existing losses carried forward in subsequent years, but only where it is sufficiently probable that the taxable income will be available in the future to enable the tax loss carryforwards to be utilised. As far as issues which result in a change of deferred tax are taken directly to equity, the change of deferred tax is also recognised in equity. The tax rate applied for deferred tax assets and tax liabilities was unchanged at 15.825 % for the main Group segments (corporation tax, solidarity surcharge). Deferred taxes are netted in accordance with IAS 12.74. This resulted in a deferred tax asset surplus.

**Contingent liabilities** are possible obligations to third parties or existing obligations that are unlikely, but not unable, to lead to an outflow of funds or the amount of which cannot be measured with certainty. Contingent liabilities are not recognised in the balance sheet unless they are assumed in connection with a business combination; instead they are disclosed in the notes.

**Income** from rendered services and the sale of goods is recognised at the fair value of the consideration received. Hospital services are recognised in accordance with the stage of performance relative to the service already provided and the overall service to be provided in the financial year in which the services are provided. Services agreed with the coverage providers are, at the acute-care hospitals, largely remunerated by billing so-called case-based lump sums (Diagnostic-Related Groups – DRG) pursuant to the Hospital Compensation Act (KHEntgG) and, at the psychiatric and psychosomatic facilities, by billing the lump sums for psychiatry and psychosomatics (PEPP) under the Federal Directive on Nursing Care

Rates (BPfIV). Under the Nursing Staff Strengthening Act (Pflegepersonal-Stärkungs-Gesetz – PpSG), the nursing staff costs for direct patient care at inpatient wards are no longer settled as part of the DRG system. The nursing staff costs for patient care are now remunerated by means of the hospital's individual nursing care budget. In the scope of the agreed budgets, hospital services are subject to maximum limits. More services than agreed (budget overruns) are offset against less services than agreed (budget shortfalls) in the scope of the statutory regulations. Budget-limiting regulations may also apply in the field of outpatient care.

Most of the **sales** of MEDICLIN are subject to legally standardised compensation regulations such as the Hospital Compensation Act (KHEntgG) and the Federal Directive on Nursing Care Rates (BPfIV) for inpatient hospital services or Book Nine of the German Social Security Code (SGB IX) for rehabilitation services. All services are compensated prospectively by the social insurance agencies via budget agreements. Often the underlying budget negotiations are only concluded in the course of the year or even after the close of the budget year, leading to uncertainties regarding the agreed service volumes and/or compensation to be paid for such services. Sales encompass the fair value received for the sale of merchandise and services excluding value added tax, rebates and price deductions, and after elimination of intra-Group sales. Sales resulting from the sale of services are recognised in accordance with the stage of performance relative to the service already provided and the overall service to be provided in the financial year in which the services are provided. As a general rule, sales are realised when the respective service is provided. Sales from flat-rate payments are recognised in keeping with the stage of performance.

**Contract assets** constitute MEDICLIN's conditional rights to the receipt of cash and cash equivalents and refer to services rendered by MEDICLIN that could not be billed before the balance sheet date. Mainly, this refers to claims under the Hospital Compensation Act (KHEntgG) or the Federal Directive on Nursing Care Rates (BPfIV) arising from patient treatment not yet completed on the balance sheet date. These patients are measured by multiplying the respective base rate at state level with the case mix index (CMI) attributable to the individual patients present on the balance sheet date; the CMI share for the main treatment is allocated to the year, in which the service was actually rendered. The remaining share is allocated to financial years depending on the number of days spent in the hospital. Contract assets are reclassified to trade receivables as soon as the Group's claims have become unconditional, usually in the following financial year. The revenue, however, is realised as soon as the contract assets are capitalised in the balance sheet. Allowances for credit-worthiness risks associated with contract assets are recognised in accordance with the accounting principles for trade receivables. Contract liabilities are created through payments on account the Group receives in the form of cash and cash equivalents up until the balance sheet date. On first recognition, the fair value of the consideration received is entered in the balance sheet because third parties acquired a claim to performance fulfilment. Usually, this takes place at the same time as the revenue is realised in the following financial year.

The amount of **contract liabilities** for self-paying patients is negligible in the post-acute sector.

**Receivables from services not yet invoiced** are reliably estimated via the output method pursuant to IFRS 15.B15. Sales are recognised on the basis of the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The services are charged either on the basis of daily rates or case-based lump sums, which can be translated into fictitious daily rates.

**Operating expenses** are charged to expenditure at the time of the provision of services or their cause. As basically no pre-tax deduction is applied, the expenses mainly include the statutory value added tax.



Write-ups, gains from the disposal of non-current assets and other off-period income are disclosed in **other operating income**.

Non-scheduled depreciation, losses from the disposal of non-current assets and other expenses unrelated to the accounting period are recognised in **other operating expenses**.

## Exercise of judgement and options in applying accounting and valuation principles

The recognition and measurement of assets and liabilities are partly based on the exercise of judgement by the management as shown in the following. All the assumptions are made in good faith in order to give a true and fair view of the net assets, liabilities, financial position and profit or loss. Any differences between the actual circumstances and the assumptions will have an effect on the recognition and measurement of assets and liabilities. Depending on the situation, such differences might also have an effect on the result. This is particularly the case in the following circumstances:

- With respect to assets that are to be sold, it must be determined whether the assets can be sold in their present condition and whether their sale is highly probable. If both these conditions apply, the assets and any associated liabilities are recognised and measured as “assets or liabilities held for sale”.
- The impairment test for goodwill is carried out on the assumption that the time frame used for the calculation (detailed planning for three years; calculation of perpetuity on the basis of the figures for the third year, pricing in an appropriate discount if required) is adequate to determine the value in use. The value in use is defined as the present value of future cash flows. Here, the DCF method is applied as observable market data is usually not available. An asset is impaired if the carrying amount of the asset exceeds its recoverable amount. Pursuant to IAS 36, the recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In principle, both approaches should lead to the same value. As, however, the costs of disposal are deducted in the case of the fair value less costs of disposal, this figure is always lower than the value in use. Further assumptions are stable occupancy rates as well as a commensurate development of personnel expenses across the Group. Special assumptions must be made regarding the development of state base rates as well as the prospective budget development and, in the post-acute segment, regarding the prospective development of the main occupancy providers and the future remuneration development. The management also exercises judgement in defining the scope of cash-generating units.
- The lease term within the meaning of IFRS 16 is defined as the non-cancellable period of a lease and option periods that are reasonably certain to be exercised. In determining the lease term, the lessee must consider any periods covered by options to extend or terminate the lease if the lessee is reasonably certain to exercise such option (IFRS 16.18). A unilateral right on the part of the lessor to terminate the lease (IFRS 16.BC128) is not relevant for determining the lease term and therefore it is irrelevant from the lessee’s perspective. Such option periods that are reasonably certain to be exercised must be considered in the lease term from the beginning of the lease. A lease is no longer binding when both the lessee and the lessor can terminate the lease without the consent of the respective other contracting party.
- Practical expedients are available for leases for low-value assets and for short-term leases (less than 12 months). The quantitative threshold pursuant to IFRS 16.BC100 is USD 5,000.

- Pursuant to IFRS 16.15 there is an option to account for non-lease components and lease components as a single lease component.

Based on the German "Act to Mitigate the Consequences of the COVID-19 Pandemic under Germany's Civil, Insolvency and Criminal Procedure Law" adopted by the German Federal Parliament (Bundestag) on 27 March 2020, MEDICLIN made use of the option to defer rent payments for clinic real estate in the months of May and June 2020, thus applying the amendment to IFRS 16. The rent payments that were deferred for two months total EUR 7.9 mill. and refer to the rents for 21 clinics. On 1 January 2020 amendments to IAS 1 and IAS 8 came into force that contain a new definition and standardisation of "material" and are intended to increase the relevance of disclosures in the notes to the financial statements. According to the new definition, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make".

The question whether the decisions of primary users may be influenced must be based on "reasonable expectations". The group of users to be considered with regard to materiality issues is limited to potential investors like financiers and investors. As such, the management must decide which information, either individually or in combination with other information, is material and best serves the primary users' interest in information. Following this final reassessment, information may be added or deleted if it is classified as immaterial or information may be compiled, itemised or restructured in a new way.

## Estimates and assessments made by management

The application of accounting policies and valuation methods prescribed by IFRSs and the IFRS IC requires estimates and assumptions to be made about the future which, as a matter of course, may differ from actual events. All underlying estimates and assumptions made in the context of the accounting and valuation are re-examined on a regular basis and are either based on historical experiences and/or on expectations regarding the occurrence of future events, which appear reasonable from a commercial viewpoint under the given circumstances.

These assumptions and estimates relate to, among other things, the accounting and valuation of provisions and liabilities. Tax risks may arise if the opinions of the German federal tax authorities and MEDICLIN regarding the legal situation differs. At present there are no risks from circumstances resulting in a potential back payment. In addition to the pension trend and the probability of death, the discount rate represents a significant estimation factor for provisions for pensions and similar commitments. The discount rate for pension obligations is determined on the basis of yields on high-quality, fixed-rate corporate bonds on the financial markets as of the balance sheet date. A rise in the discount rate results in a reduction in the present value of the pension obligations and thereby an increase in equity, whereas a reduction in the discount rate leads to the reverse effects. Thus, an increase in the discount rate by 0.5 percentage points from 0.9 % to 1.4 % lowers the present value of the defined benefit obligation (DBO) by EUR 5.0 mill., or 8.0 %. A reduction in the discount rate by 0.5 percentage points from 0.9 % to 0.4 %, in turn, increases the DBO by EUR 5.7 mill., or 9.0 %. However, following deduction of deferred taxes, this would be reflected in other comprehensive income.

In order to determine whether the goodwill of a certain cash-generating unit (CGU) has been impaired, the value in use of the unit must be measured. In order to be able to carry out the impairment test on this basis, the value in use must exceed the fair value less costs of disposal. In principle, both approaches should lead to the same value. As, however, the costs of disposal are deducted in the case of the fair value less costs of disposal, this figure is always lower than the value

in use. To determine the value in use, the estimated future cash flows from the CGU are discounted to present value using an adequate discount rate, whereby the assumptions utilised for this process are uniformly determined for all CGUs carrying goodwill.

Following the introduction of IFRS 15, the measurement, recognition and disclosure of sales is subject to even more judgement and estimates on the part of MEDICLIN than before. This is particularly true of:

- identification of the contract(s) with a customer,
- identification of the separate performance obligations in the contract,
- determination of the transaction price,
- allocation of the transaction price to the individual performance obligations in the contract,
- revenue recognition when a performance obligation is satisfied.

Revenue recognition is based mainly on a comparison of performance and consideration under a contract (asset-liability approach): a performance rendered creates an asset, whereas consideration received creates a liability. This point in time or time period may but does not have to coincide with the time the risks and rewards related to such assets are passed. Treatment contracts between hospitals or rehabilitation facilities and patients or their health insurance funds are classified as service contracts pursuant to Section 630a ff. of the German Civil Code (BGB). Irrespective of who will bear future payments, the patient is generally regarded as the customer. The scope of performance obligations of hospital treatments is defined primarily by legal provisions. The prices to be charged to coverage providers are governed by numerous laws and regulations. The amount of the nursing rate in the field of rehabilitation is agreed separately in nursing rate negotiations for each facility between the (leading) rehabilitation coverage provider and the operator of the facility. The patient receives and utilises the benefit at the time the performance is rendered. As such, control is passed, and revenue is recognised over time as the performance is rendered in accordance with the progress towards satisfaction of the performance obligation. Corrections with regard to revenue, for instance following a review by the German Medical Service (MDK), are already performed on the basis of various parameters. At MEDICLIN, control is passed, and revenue is recognised over time.

Most of MEDICLIN's sales from inpatient hospital services and rehabilitation services are based on budget negotiations that are regularly held in the course of the respective financial year and are partially concluded after the close of the financial year. In the acute sector, the hospital compares the billed services (amount and type of service) with the budget the hospital negotiated with the health insurance funds. This may result in higher or lower proceeds that can in principle be equalised by means of a defined proceeds equalisation procedure. In the scope of this equalisation procedure, pre-defined lump sums are remunerated or deducted for higher or lower than expected variable costs. The resulting receivables (contract assets) or liabilities (contract liabilities) are recognised in the consolidated balance sheet, while sales are adjusted accordingly. Therefore, the agreed service volumes and/or the compensation to be paid for the services are subject to uncertainty. Here, the management makes reasonable estimates.

Furthermore, the assessment of the recoverability of receivables, including the receivables pursuant to the hospital financing law, as well as the assessment of the recoverability of deferred tax liabilities and assets – here, in particular, for losses carried forward – are based on adequate assumptions and estimates by management and were determined using the latest available and reliable information. This includes quantitative and qualitative information based on the Group's previous experience, credit risk assessments and forward-looking information (including macroeconomic factors).

Assets held for sale and disposal groups are valued at the lower of carrying amount or fair value less costs of disposal. In determining the fair value less costs of disposal the management also exercised judgement regarding recoverability.

Some subsidiaries of the MEDICLIN Group are involved in legal disputes. The management regularly analyses the current findings in these legal disputes and sets aside provisions for obligations that are likely to arise and the estimated legal costs. Lawyers advise the management in forming its judgement. When deciding whether it is necessary to set aside provisions, the management considers the likelihood of an adverse outcome of the dispute and its ability to estimate the amount of the obligation to a reasonably reliable degree. The fact that an action is brought forward against a MEDICLIN company or that claims are formally asserted does not necessarily mean that provisions must be set aside for the corresponding risk.

The useful lives of depreciable assets are determined on the basis of the asset's anticipated usability for the Company. This is estimated based on empirical values for comparable assets. The application of IFRS 16 also requires a larger scope of judgement and estimates, referring in particular to

- determining the lease term, thereby considering any options to terminate or to extend the lease that might exist,
- determining the incremental borrowing rate, and
- reassessing the lease liability when the lease is modified.

In 2005 to 2007, rent deductions totalling approximately EUR 21.0 mill. were received from the landlord for a portion of the leased real estate. In conjunction with this rent reduction, a performance-related repayment until 31 December 2027 was agreed, which is dependent upon the achievement of economic performance criteria by the clinics included in the fund. This agreement constitutes a waiver of claims with a debtor warrant, which in accordance with IFRSs regulations (IFRS 9.3.3.2) is treated as a repayment of the original debt and the recognition of a new financial liability. The recognition of such a liability is based on anticipated future discounted payments for the debtor warrant. Based on the present planning, the probability that these performance criteria will be reached is regarded as high. The accounting standards thus require that a provision is set aside for future liabilities in the amount of EUR 21.0 mill. (previous year: EUR 21.0 mill.). If the assessment of probability of occurrence for the aforementioned performance criteria changes in the future, the provision will be adjusted accordingly. At the end of May 2016 MEDICLIN initiated civil proceedings at the district court of Offenburg to review the appropriateness of the rents on which the reductions with debtor warrant were granted.

All assumptions and estimates are based on the conditions and assessments as of the balance sheet date. Moreover, assumptions concerning the future business performance are based on the assumed future development of the economic environment in the healthcare sector and in the regions in which the Group operates as is realistic at the time the assumptions are made. The development of these general underlying conditions may deviate from the assumptions made, and this may lead to actual amounts not being consistent with the estimated values. In such cases, the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned will be adjusted accordingly. At the time of preparation of the consolidated financial statements, no significant changes respecting the underlying assumptions and estimates were expected. Accordingly, from the present point of view, no significant adjustment to the carrying amounts of reported assets and liabilities is to be expected for the 2022 financial year.

## Notes to the consolidated cash flow statement

The consolidated cash flow statement was prepared in accordance with IAS 7, and broken down into three sections: operating, investing and financing activities. The definition of cash and cash equivalents is limited to those means of payment (cash, sight deposits at banks and fixed-interest securities) that correspond to the cash and cash equivalents item disclosed on the balance sheet. The cash flow from operating activities is derived using the indirect method. The cash flow from investing activities is stated using the gross method.

The cash flow from operating activities fell by EUR 36.7 mill. year-on-year, from EUR 118.7 mill. to EUR 82.0 mill. This is due mainly to a one-off effect in the previous year, when the coverage providers' reduced payment terms of five days decreased trade receivables by EUR 18.4 mill., thus increasing the liquidity. Given the clear improvement in the occupancy rate at the balance sheet date compared to the previous year, unfinished services and services not yet invoiced further rose by a total of EUR 4.9 mill. (previous year: EUR –7.3 mill.). Tax payments amounted to EUR 2.4 mill. net of tax refunds (previous year: EUR 0.7 mill.). Future burdens will result from benefits received under the protective shield because, as of 31 December 2021, approximately EUR 45.6 mill. will presumably have to be repaid in 2022 (31.12.2020: EUR 23.6 mill.).

The fact that investment activities are still restrained also had a positive effect on liquidity in the 2021 financial year. A gross amount of EUR 1.8 mill. (previous year: EUR 3.5 mill.) was spent on intangible assets, while gross investments in property, plant and equipment totalled EUR 15.2 mill. (previous year: EUR 22.3 mill.). Investment subsidies received amounted to EUR 9.6 mill. (previous year: EUR 10.7 mill.). The investment subsidies received refer primarily to MediClin Seepark Klinik, MediClin Hedon Klinik, MediClin Müritzklinikum, MediClin Herzzentrum Coswig and MediClin Krankenhaus Plau am See. The proceeds from divestments in the amount of EUR 6.0 mill. received in the previous year pertain to the disposal of shares in MediClin Krankenhaus am Crivitzer See GmbH, Crivitz as at 31 December 2020. This results in a cash flow from investing activities totalling EUR –7.1 mill. (previous year: EUR –8.6 mill.).

The cash flow from financing activities amounted to EUR –55.3 mill., down from EUR –46.5 mill. in the previous year. Repayments under leases increased by EUR 9.1 mill. compared to the previous year to EUR 45.0 mill. This is mainly attributable to a one-off effect in the previous year. In the 2020 financial year, MEDICLIN had made use of the option to defer rent payments for 21 clinic properties over two months as provided for in the German "Act to Mitigate the Consequences of the COVID-19 Pandemic under Germany's Civil, Insolvency and Criminal Procedure Law". The interest payments for lease liabilities amounted to EUR 6.7 mill., down from EUR 7.5 mill. in the previous year. As in the previous year the Group repaid loan liabilities amounting to approximately EUR 2.0 mill. in 2021. No further loans were taken out. Expenses for short-term and low-value leases that are not recognised in accordance with IFRS 16 are still shown in the operating cash flow. Other payments for interest amounted to EUR 1.6 mill. (previous year: EUR 1.2 mill.).

The change in consolidation scopes for financial funds item in the previous year is associated with the disposal of shares in MediClin Krankenhaus am Crivitzer See GmbH as of 31 December 2020.

Cash and cash equivalents at the end of the period thus increased by EUR 19.6 mill. to EUR 120.0 mill.

The changes in liabilities from financing activities break down as follows:

In thousands of €	As of 01.01.2021	Cash items	Non-cash items		As of 31.12.2021
			Interest accrual	Other changes	
Current liabilities to banks	26,781	-4	62	0	26,839
Non-current liabilities to banks	71,196	-1,854	0	0	69,342
Current lease liabilities	54,009	1,023	549	-645	54,936
Non-current lease liabilities	334,875	-46,022	0	-10	288,843
Current other financial liabilities	149	-107	0	0	42
Non-current other financial liabilities	0	0	0	0	0
	<b>487,010</b>	<b>-46,964</b>	<b>611</b>	<b>-655</b>	<b>440,002</b>

In thousands of €	As of 01.01.2020	Cash items	Non-cash items		As of 31.12.2020
			Interest accrual	Other changes	
Current liabilities to banks	26,707	90	-16	0	26,781
Non-current liabilities to banks	72,994	-1,798	0	0	71,196
Current lease liabilities	44,051	-3,856	-801	14,615	54,009
Non-current lease liabilities	368,319	-32,014	0	-1,430	334,875
Current other financial liabilities	207	-58	0	0	149
Non-current other financial liabilities	154	-154	0	0	0
	<b>512,432</b>	<b>-37,790</b>	<b>-817</b>	<b>13,185</b>	<b>487,010</b>

## Segment reporting

The reportable operating segments of the MEDICLIN Group are the post-acute, acute and other activities segments. Apart from the merger of Fachklinik Zwieselberg GmbH, Freudenstadt (post-acute) and MediClin MVZ Achern GmbH, Achern (acute) by absorption into MediClin Therapie GmbH, Offenburg (other activities), the 2021 financial year saw no other changes to segmentation or the allocation of individual clinics to the respective segments. The effect of the merger on the Group segments is immaterial as the two companies that were merged had no active business operations and the transferred net assets of EUR 115 thou. and EUR 31 thou. were likewise rather insignificant. The division into operating segments corresponds to that used for the internal controlling and reporting of the Group. MEDICLIN does not break down its business activities into regional segments as MEDICLIN only operates in Germany and regional characteristics are deemed to be irrelevant for the management of the Company.

In its **post-acute segment**, MEDICLIN offers services in the fields of subsequent nursing treatment and curative procedures. Subsequent nursing treatment includes all medical measures required to facilitate the healing process and return the patient to a functioning state immediately after acute care treatment. Curative treatment includes prophylactic measures against the occurrence of (possible) illnesses or reoccurrence of illnesses. Some of the post-acute hospitals also offer services in acute neurology and acute psychosomatics.

The **acute segment** encompasses medical offerings with a focus on neurology and neurological early rehabilitation as well as psychosomatic medicine, psychiatry and orthopaedics and internal medicine. Furthermore, at certain locations, special expertise is offered in the areas of cardiology, oncology and ENT. The services of the medical care centres primarily encompass acute outpatient services and are included in this segment.

The **other activities segment** comprises the nursing care business area and the service business area. These business areas are not presented as individual segments although the threshold value as per IFRS 8.13b is exceeded as management does not consider these business areas to be material within the Group. As a result of economic fluctuations and the effects of the COVID-19 pandemic, in particular, the threshold as per IFRS 8.13b is itself subject to large fluctuation. Therefore, the temporary disaggregation of the other activities segment within the segment table would not improve the informative value. Disaggregated sales and EBIT, however, will be briefly presented here.

Total sales of the nursing care business area amount to EUR 17.4 mill., EUR 0.1 mill. of which are intra-Group sales (previous year: EUR 15.9 mill., EUR 0.1 mill. of which intra-Group sales). EBIT amounts to EUR –1.0 mill. (previous year: EUR –1.4 mill.). The service business area generated total sales of EUR 62.1 mill., EUR 1.8 mill. of which refer to intra-Group sales (previous year: EUR 57.7 mill., EUR 3.8 mill. of which intra-Group sales).

MEDICLIN offers full-time and short-term nursing care as well as daycare in the nursing care facilities of MediClin Pflege GmbH. The service business area consists of the central services. Altogether, the following companies belong to the service business area: MediClin GmbH & Co. KG (Offenburg branch office), MediClin Geschäftsführungs-GmbH, MediClin-IT GmbH, MediClin à la Carte GmbH, MC Service GmbH, MediClin Therapie GmbH, MediClin Immobilien Verwaltung GmbH, Kraichgau-Klinik Aktiengesellschaft, MC Kliniken Geschäftsführungs-GmbH and MediClin Energie GmbH.

As the management holding company, MEDICLIN Aktiengesellschaft only generates internal sales. It is disclosed within the reconciliation column, in which the Group's cross-segment intra-Group sales are also neutralised. The reconciliation column primarily includes income and expense eliminations for the individual items of the profit and loss account, as well as operational assets and liabilities of the parent company MEDICLIN AG and consolidation items.

Intra-Group sales are also disclosed within the segment reporting. Clinics that offer services of both segments are assigned to the post-acute segment. The carrying amounts of goodwill are assigned to seven cash-generating units (operating locations) that all belong to the acute segment.

All business transactions between segments are conducted at the normal market conditions which customarily apply among third parties, with euros as the functional currency. Segment data was calculated in accordance with the financial accounting standards uniformly applied in the consolidated financial statements.

Segment assets and segment liabilities include all assets and liabilities that are attributable to operations – excluding financial assets, financial liabilities and income taxes. The segment assets item also includes goodwill.

After reconciliation, the result accords with the operating result in the profit and loss account as part of the consolidated statement of comprehensive income.

Gross capital expenditure refers to gross additions to non-current assets.

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. As the MEDICLIN Group is a nationwide operator of hospitals, statutory social security pension funds and public health insurance funds account for more than 90 % of the total service demand. Sales generated with coverage providers are monitored and controlled on a monthly basis. The public health insurance funds make up 44.3 % (previous year: 44.3 %) of the demand for services in the post-acute segment, while the social security pension funds make up 47.6 % (previous year: 47.3 %) of the demand for services in this segment. In the acute segment, 91.5 % (previous year: 91.6 %) of the services demanded are attributable to the public health insurance funds.



## Sectoral segmenting

In millions of €	January–December 2021					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
<b>Sales</b>	410.8	243.4	77.6	<b>731.8</b>	-58.7	<b>673.1</b>
Total sales	417.5	246.8	79.5	<b>743.8</b>	0.0	<b>743.8</b>
Internal sales	-6.7	-3.4	-1.9	<b>-12.0</b>	-58.7	<b>-70.7</b>
Raw materials and consumables used	-78.5	-65.5	-30.6	<b>-174.6</b>	52.5	<b>-122.1</b>
Staff costs	-223.9	-143.6	-52.5	<b>-420.0</b>	-3.4	<b>-423.4</b>
Other operating expenses	-44.9	-32.5	-13.4	<b>-90.8</b>	34.5	<b>-56.3</b>
<b>Segment result</b>	<b>15.3</b>	<b>-4.0</b>	<b>3.8</b>	<b>15.1</b>	<b>-3.5</b>	<b>11.6</b>
Thereof non-cash items:						
Scheduled depreciation/write-ups	-58.4	-16.7	-5.1	<b>-80.2</b>	0.0	<b>-80.2</b>
of which depreciation from right-of-use assets (IFRS 16)	-43.0	-2.9	-1.3	<b>-47.2</b>	0.0	<b>-47.2</b>
Non-scheduled depreciation/write-ups	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.0</b>
Release of special items	1.1	5.5	0.0	<b>6.6</b>	0.0	<b>6.6</b>
Allowances	-0.7	-0.9	0.0	<b>-1.6</b>	0.0	<b>-1.6</b>
Allocation of provisions/liabilities	10.0	8.4	4.4	<b>22.8</b>	2.9	<b>25.7</b>
Reversal of provisions/liabilities	-1.4	-1.2	-0.9	<b>-3.5</b>	0.0	<b>-3.5</b>
Financial revenues	0.6	0.1	0.4	<b>1.1</b>	-0.9	<b>0.2</b>
Financial costs	-7.4	-1.3	-1.1	<b>-9.8</b>	0.5	<b>-9.3</b>
Of which financial costs from lease liabilities	-7.0	-0.3	-0.1	<b>-7.4</b>	0.0	<b>-7.4</b>
<b>Financial result</b>	<b>-6.8</b>	<b>-1.2</b>	<b>-2.0</b>	<b>-10.0</b>	<b>0.9</b>	<b>-9.1</b>
<b>Taxes on income</b>	<b>0.4</b>	<b>0.1</b>	<b>-0.5</b>	<b>0.0</b>	<b>-1.0</b>	<b>-1.0</b>
<b>Assets</b>	<b>501.8</b>	<b>185.9</b>	<b>49.4</b>	<b>737.1</b>	<b>144.1</b>	<b>881.2</b>
<b>Liabilities</b>	<b>426.7</b>	<b>64.2</b>	<b>107.2</b>	<b>598.1</b>	<b>100.1</b>	<b>698.2</b>
Gross capital expenditure	6.8	5.5	5.9	<b>18.2</b>	0.0	<b>18.2</b>
Gross capital expenditure excl. IFRS 16	7.3	5.3	5.5	<b>18.1</b>	0.0	<b>18.1</b>

In millions of €	January–December 2020					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
<b>Sales</b>	393.7	248.7	69.7	<b>712.1</b>	-52.2	<b>659.9</b>
Total sales	399.7	252.1	73.6	<b>725.4</b>	0.0	<b>725.4</b>
Internal sales	-6.0	-3.4	-3.9	<b>-13.3</b>	-52.2	<b>-65.5</b>
Raw materials and consumables used	-70.3	-62.1	-28.4	<b>-160.8</b>	48.1	<b>-112.7</b>
Staff costs	-222.9	-147.4	-50.1	<b>-420.4</b>	-1.8	<b>-422.2</b>
Other operating expenses	-43.1	-33.3	-6.7	<b>-83.1</b>	24.5	<b>-58.6</b>
<b>Segment result</b>	<b>4.8</b>	<b>-1.5</b>	<b>5.1</b>	<b>8.4</b>	<b>-8.2</b>	<b>0.2</b>
Thereof non-cash items:						
Scheduled depreciation/write-ups	-62.2	-18.1	-5.4	<b>-85.7</b>	0.0	<b>-85.7</b>
of which depreciation from right-of-use assets (IFRS 16)	-43.2	-2.9	-1.3	<b>-47.4</b>	0.0	<b>-47.4</b>
Non-scheduled depreciation/write-ups	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.0</b>
Release of special items	1.3	7.1	0.0	<b>8.4</b>	0.0	<b>8.4</b>
Allowances	-0.5	-0.9	0.0	<b>-1.4</b>	0.0	<b>-1.4</b>
Allocation of provisions/liabilities	13.0	16.8	8.8	<b>38.6</b>	0.8	<b>39.4</b>
Reversal of provisions/liabilities	-3.0	-2.8	-0.1	<b>-5.9</b>	0.0	<b>-5.9</b>
Financial revenues	0.4	0.1	0.5	<b>1.0</b>	-0.9	<b>0.1</b>
Financial costs	-8.4	-1.5	-1.3	<b>-11.2</b>	0.9	<b>-10.3</b>
Of which financial costs from lease liabilities	-7.8	-0.4	-0.1	<b>-8.3</b>	0.0	<b>-8.3</b>
<b>Financial result</b>	<b>-8.0</b>	<b>-1.4</b>	<b>-0.8</b>	<b>-10.2</b>	<b>0.0</b>	<b>-10.2</b>
<b>Taxes on income</b>	<b>0.5</b>	<b>0.1</b>	<b>0.4</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>
<b>Assets</b>	<b>537.8</b>	<b>187.2</b>	<b>48.2</b>	<b>773.2</b>	<b>114.3</b>	<b>887.5</b>
<b>Liabilities</b>	<b>438.9</b>	<b>58.0</b>	<b>113.6</b>	<b>610.5</b>	<b>100.1</b>	<b>710.6</b>
Gross capital expenditure	20.7	7.9	11.8	<b>40.4</b>	0.0	<b>40.4</b>
Gross capital expenditure excl. IFRS 16	8.4	7.2	11.0	<b>26.6</b>	0.0	<b>26.6</b>

## Notes to the consolidated balance sheet

### Non-current assets

#### (1) GOODWILL AND OTHER INTANGIBLE ASSETS

In thousands of €	Concessions, licences	Goodwill	Payments on account	Total	Assets held for sale
Acquisition costs as at 01.01.2020	29,196	74,834	5,466	<b>109,496</b>	0
Additions	3,181	0	88	<b>3,269</b>	0
Reclassifications	4,648	0	-4,648	<b>0</b>	0
Disposals	-22	-110	0	<b>-132</b>	0
Disposal of previously fully consolidated companies	-276	0	-11	<b>-287</b>	0
<b>Acquisition costs as at 31.12.2020</b>	<b>36,727</b>	<b>74,724</b>	<b>895</b>	<b>112,346</b>	0
Cumulated depreciation as at 01.01.2020	25,842	25,580	0	<b>51,422</b>	0
Scheduled depreciation	3,265	0	0	<b>3,265</b>	0
Reclassifications	0	0	0	<b>0</b>	0
Disposals	-22	-110	0	<b>-132</b>	0
Disposal of previously fully consolidated companies	-255	0	0	<b>-255</b>	0
<b>Cumulated depreciation as at 31.12.2020</b>	<b>28,830</b>	<b>25,470</b>	<b>0</b>	<b>54,300</b>	0
<b>Balance sheet value 31.12.2020</b>	<b>7,897</b>	<b>49,254</b>	<b>895</b>	<b>58,046</b>	<b>0</b>
Acquisition costs as at 01.01.2021	36,727	74,724	895	<b>112,346</b>	0
Additions	1,022	635	379	<b>2,036</b>	0
Reclassifications	-1,415	-620	-25	<b>-2,060</b>	2,060
Disposals	-57	-61	0	<b>-118</b>	0
<b>Acquisition costs as at 31.12.2021</b>	<b>36,277</b>	<b>74,678</b>	<b>1,249</b>	<b>112,204</b>	<b>2,060</b>
Cumulated depreciation as at 01.01.2021	28,830	25,470	0	<b>54,300</b>	0
Scheduled depreciation	3,108	0	0	<b>3,108</b>	0
Non-scheduled depreciation	0	20	0	<b>20</b>	0
Reclassifications	-1,424	-620	0	<b>-2,044</b>	2,044
Disposals	-57	-61	0	<b>-118</b>	0
<b>Cumulated depreciation as at 31.12.2021</b>	<b>30,457</b>	<b>24,809</b>	<b>0</b>	<b>55,266</b>	<b>2,044</b>
<b>Balance sheet value 31.12.2021</b>	<b>5,820</b>	<b>49,869</b>	<b>1,249</b>	<b>56,938</b>	<b>16</b>

Capitalised, internally developed intangible assets do not exist. Licences and concessions pertain nearly exclusively to software.

As of 1 January 2021 a new medical care centre (with specialist doctors) was acquired in Dessau. The acquisition price amounted to EUR 650 thou., EUR 635 thou. of which refers to goodwill and EUR 15 thou. to operating and office equipment.

Of the goodwill disclosed, a total of EUR 45.0 mill. (previous year: EUR 45.0 mill.) is attributable to debit differences from capital consolidation.

The goodwill is attributable to seven cash-generating units (CGUs) and refers entirely to the acute segment. The medical care centres are each summarised with the CGUs on a location basis if physically separate facilities exist at one location.

In the scope of the mandatory annual impairment test for goodwill, one medical care centre was found to be impaired in the reporting year and a non-scheduled depreciation of EUR 20 thou. was consequently recognised. In the previous year this CGU had still been included in the Others category. Goodwill amounted to EUR 49.9 mill. on 31 December 2021 (31.12.2020: EUR 49.3 mill.). The carrying amounts of the CGUs totalled EUR 167.9 mill. (31.12.2020: EUR 180.3 mill.). This breaks down to CGU as follows:

In millions of €	Interest rate before tax	Goodwill	in %	Carrying amount	in %
CGU location 1	5.39 %	23.7	47.6	41.5	24.7
CGU location 2	5.35 %	7.9	15.8	17.3	10.3
CGU location 3	5.16 %	7.6	15.1	36.0	21.4
CGU location 4	5.37 %	6.5	13.0	39.6	23.6
CGU location 5	4.87 %	2.2	4.4	5.5	3.3
CGU location 6	4.61 %	1.8	3.7	21.8	13.0
Others	–	0.2	0.4	6.2	3.7
		<b>49.9</b>	<b>100.0</b>	<b>167.9</b>	<b>100.0</b>

The recoverable amount of a CGU is determined by calculating the value in use with the discounted cash flow method (DCF) using the same assumptions for all CGUs carrying goodwill. The calculations are based on EBIT forecasts from the bottom-up annual planning as adopted and approved by the Management Board of MEDICLIN AG. The Company's three-year detailed planning is based on the management's experience with regard to the respective unit and takes into account the legal framework for the healthcare sector. The perpetuity is calculated on the basis of the plan figures for the third year, pricing in an appropriate discount if required. To calculate the present value of perpetuity, an equity risk premium of 0.25 % is factored in.

The cost of capital after tax amounts to 5.11 % (previous year: 4.52 %) in the year under review. Taking account of IFRS 16 and, thus, the effect of leases on the financing structure of the peer group in the 2021 financial year, the cost of capital amounts to 4.09 % after tax (previous year: 3.77 %). The capital structure was adjusted and the present value of the operating lease liabilities was accounted for. The resulting capital structure (equity/borrowed capital) is 44.04/55.96. The beta coefficient is 1.01. None of the other parameters are affected by the lease accounting. The interest rate before tax is calculated by means of iteration on the basis of after-tax parameters from external information sources.

In %	31.12.2021 Pre-IFRS 16	31.12.2021 IFRS 16	31.12.2020 Pre-IFRS 16	31.12.2020 IFRS 16
Risk-free interest rate	0.10	0.10	0.00	0.00
Market risk premium	7.50	7.50	7.50	7.50
Beta coefficient (on the basis of a peer-group analysis)	0.97	1.01	0.81	0.87
Growth discount to the perpetuity	0.25	0.25	0.25	0.25
Borrowing costs (before taxes)	1.53	1.53	1.87	1.87
Tax shield	0.24	0.24	0.30	0.30
Capital structure (equity/borrowed capital) (on the basis of a peer-group analysis)	63.25/36.75	44.04/55.96	64.96/35.04	44.53/55.47

In millions of €			Change in discount rate				
			0.00 %	0.50 %	1.00 %	- 0.50 %	- 1.00 %
Change in EBIT	0.00 %	CGU Location 1	0.0	0.0	-2.0	0.0	0.0
Change in EBIT	0.00 %	CGU Location 2	0.0	-0.9	-3.0	0.0	0.0
Change in EBIT	0.00 %	CGU Location 3	0.0	0.0	-4.5	0.0	0.0
Change in EBIT	0.00 %	CGU Location 6	0.0	0.0	-2.8	0.0	0.0
<b>Change in EBIT</b>	<b>0.00 %</b>	<b>Total</b>	<b>0.0</b>	<b>-0.9</b>	<b>-12.3</b>	<b>0.0</b>	<b>0.0</b>
Change in EBIT	5.00 %	CGU Location 2	0.0	0.0	-1.9	0.0	0.0
Change in EBIT	5.00 %	CGU Location 3	0.0	0.0	-3.1	0.0	0.0
Change in EBIT	5.00 %	CGU Location 6	0.0	0.0	-2.1	0.0	0.0
<b>Change in EBIT</b>	<b>5.00 %</b>	<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>-7.1</b>	<b>0.0</b>	<b>0.0</b>
Change in EBIT	10.00 %	CGU Location 2	0.0	0.0	-0.8	0.0	0.0
Change in EBIT	10.00 %	CGU Location 3	0.0	0.0	-1.7	0.0	0.0
Change in EBIT	10.00 %	CGU Location 6	0.0	0.0	-1.4	0.0	0.0
<b>Change in EBIT</b>	<b>10.00 %</b>	<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.9</b>	<b>0.0</b>	<b>0.0</b>
Change in EBIT	- 5.00 %	CGU Location 1	0.0	-0.1	-4.3	0.0	0.0
Change in EBIT	- 5.00 %	CGU Location 2	0.0	-2.1	-4.0	0.0	0.0
Change in EBIT	- 5.00 %	CGU Location 3	0.0	-0.2	-6.0	0.0	0.0
Change in EBIT	- 5.00 %	CGU Location 6	0.0	0.0	-3.5	0.0	0.0
<b>Change in EBIT</b>	<b>- 5.00 %</b>	<b>Total</b>	<b>0.0</b>	<b>- 2.3</b>	<b>-17.7</b>	<b>0.0</b>	<b>0.0</b>
Change in EBIT	- 10.00 %	CGU Location 1	0.0	-2.6	-6.6	0.0	0.0
Change in EBIT	- 10.00 %	CGU Location 2	-0.9	-3.3	-5.1	0.0	0.0
Change in EBIT	- 10.00 %	CGU Location 3	0.0	-1.8	-7.4	0.0	0.0
Change in EBIT	- 10.00 %	CGU Location 6	0.0	-0.4	-4.2	0.0	0.0
<b>Change in EBIT</b>	<b>- 10.00 %</b>	<b>Total</b>	<b>-0.9</b>	<b>- 8.1</b>	<b>-23.2</b>	<b>0.0</b>	<b>0.0</b>

In the context of the impairment test, an additional sensitivity analysis was conducted, which primarily examined the effects of change in the underlying EBIT (+/-5 %; +/-10 %) and the discount rate (+/-0.5 %; +/-1.0 %).

The analysis revealed a need for write-downs totalling a maximum of EUR 23.2 mill. within the context of the parameter changes, which corresponds to 13.8 % of the carrying amount. CGU location 2 has the lowest headroom of EUR 1.7 mill. with material goodwill of EUR 7.9 mill.

As no deterioration is expected with regard to the growth rate, it was not included in the sensitivity analysis.

## (2) PROPERTY, PLANT AND EQUIPMENT

In thousands of €	Land, land rights and buildings incl. buildings on third-party land	Right-of-use assets on land, land rights and buildings, incl. buildings on third-party land	Technical equipment and machines
Acquisition and manufacturing costs as at 01.01.2020	280,891	451,640	43,857
Additions	4,338	11,963	1,842
Reclassifications	8,242	0	1,003
Disposals	- 82	- 804	-1,297
Disposal of previously fully consolidated companies	-4,184	-709	-708
<b>Acquisition and manufacturing costs as at 31.12.2020</b>	<b>289,205</b>	<b>462,090</b>	<b>44,697</b>
Cumulated depreciation as at 01.01.2020	154,537	45,234	30,728
Scheduled depreciation	12,644	46,016	2,535
Disposals	- 43	- 202	-1,293
Disposal of previously fully consolidated companies	-1,401	- 57	- 548
<b>Cumulated depreciation as at 31.12.2020</b>	<b>165,737</b>	<b>90,991</b>	<b>31,422</b>
<b>Balance sheet value 31.12.2020</b>	<b>123,468</b>	<b>371,099</b>	<b>13,275</b>
Acquisition and manufacturing costs as at 01.01.2021	289,205	462,090	44,697
Additions	4,919	-1,023	461
Reclassifications	5,298	0	-7,956
Disposals	- 905	- 892	- 46
<b>Acquisition and manufacturing costs as at 31.12.2021</b>	<b>298,517</b>	<b>460,175</b>	<b>37,156</b>
Cumulated depreciation as at 01.01.2021	165,737	90,991	31,422
Scheduled depreciation	10,793	45,797	2,004
Non-scheduled depreciation	0	0	0
Reclassifications	-7,421	0	-8,542
Disposals	- 890	- 115	- 46
<b>Cumulated depreciation as at 31.12.2021</b>	<b>168,219</b>	<b>136,673</b>	<b>24,838</b>
<b>Balance sheet value 31.12.2021</b>	<b>130,298</b>	<b>323,502</b>	<b>12,318</b>

	Operating and office equipment	Right-of-use assets on operating and office equipment	Payments on account and assets under construction	Total	Assets held for sale
	187,974	3,436	26,285	<b>994,083</b>	0
	5,725	1,851	7,623	<b>33,342</b>	0
	809	0	-10,054	<b>0</b>	0
	-13,837	-593	-12	<b>-16,625</b>	0
	-1,445	-53	-101	<b>-7,200</b>	0
	<b>179,226</b>	<b>4,641</b>	<b>23,741</b>	<b>1,003,600</b>	0
	144,985	1,109	0	<b>376,593</b>	0
	11,489	1,400	0	<b>74,084</b>	0
	-13,686	-476	0	<b>-15,700</b>	0
	-1,374	-35	0	<b>-3,415</b>	0
	<b>141,414</b>	<b>1,998</b>	<b>0</b>	<b>431,562</b>	0
	<b>37,812</b>	<b>2,643</b>	<b>23,741</b>	<b>572,038</b>	<b>0</b>
	179,226	4,641	23,741	<b>1,003,600</b>	0
	4,706	1,182	2,617	<b>12,862</b>	0
	-2,858	-53	-18,967	<b>-24,536</b>	24,536
	-2,561	-682	-61	<b>-5,147</b>	0
	<b>178,513</b>	<b>5,088</b>	<b>7,330</b>	<b>986,779</b>	24,536
	141,414	1,998	0	<b>431,562</b>	0
	10,509	1,428	0	<b>70,531</b>	0
	0	0	0	<b>0</b>	0
	-3,357	-28	0	<b>-19,348</b>	19,348
	-2,504	-671	0	<b>-4,226</b>	0
	<b>146,062</b>	<b>2,727</b>	<b>0</b>	<b>478,519</b>	19,348
	<b>32,451</b>	<b>2,361</b>	<b>7,330</b>	<b>508,260</b>	<b>43,884</b>



Gross additions to property, plant and equipment before deduction of special items totalled EUR 16.1 mill. in the 2021 financial year (previous year: EUR 36.8 mill.). EUR 0.2 mill. thereof are attributable to additions of right-of-use assets (EUR +1.2 mill. in operating and office equipment and EUR –1.0 mill. due to index-based rent adjustments). The right-of-use assets developed as follows in the 2021 financial year:

In thousands of €	Clinic real estate	Other real estate	Vehicles	Other operating and office equipment	Total
Opening balance	359,188	11,912	1,714	929	373,743
Additions in 2021	–1,057	34	799	383	159
Disposals/corrections of depreciation 2021	0	– 778	–31	–5	– 814
Depreciation 2021	– 43,686	– 2,111	–1,014	– 414	– 47,225
<b>Residual book values as at 31.12.2021</b>	<b>314,445</b>	<b>9,057</b>	<b>1,468</b>	<b>893</b>	<b>325,863</b>

Approximately EUR 7.9 mill. was used for the reconstruction and expansion of clinics. EUR 4.3 mill. thereof pertains to newly built retirement homes, while EUR 1.3 mill. was spent on the reconstruction of rooms, for which patients pay a surcharge, and other patient rooms. Capital expenditure for IT infrastructure amounted to EUR 1.9 mill. and EUR 2.1 mill. was invested in medical equipment including accessories. Subsidies and grants for financing investments are deducted directly from the acquisition or manufacturing costs of the subsidised assets pursuant to IAS 20 and thus reduce the basis of assessment for the ongoing depreciation expense. This item mainly refers to adequately used subsidies pursuant to hospital financing law with an amortised amount of EUR 49.5 mill. (previous year: EUR 54.9 mill.). The additions of subsidised assets amount to EUR 3.3 mill. (previous year: EUR 3.8 mill.). Depreciation and amortisation was reduced by the deduction of subsidies totalling EUR 6.5 mill. (previous year: EUR 8.3 mill.) from the acquisition or manufacturing costs. There were no circumstances that would give rise to a repayment of subsidies.

### (3) FINANCIAL ASSETS

Financial assets refer primarily to reinsurance policies for pension obligations totalling EUR 781 thou. (previous year: EUR 765 thou.). Gains and losses from reinsurance policies that have not been pledged are posted in staff costs. They are of only minor importance to MEDICLIN.

The investment in stock of subsidiaries refers to investments in 4QD – Qualitätskliniken.de GmbH (EUR 46 thou.), Müritzklinikum Service GmbH (EUR 13 thou.) and Kur und Tourismus GmbH Bad Peterstal-Griesbach (EUR 6 thou.). The shares in Medusplus GmbH i. L. (EUR 13 thou.) and MediServ GmbH i. L. (EUR 13 thou.) were derecognised when the two companies were liquidated in the 2021 financial year.

### (4 + 12) RECEIVABLES PURSUANT TO HOSPITAL FINANCING LAW

In thousands of €	Non-current	Current	Total 31.12.2021	Non-current	Current	Total 31.12.2020
<b>Receivables pursuant to KHG</b>						
Thereof individual subsidies	38,604	13,048	51,652	41,648	2,418	44,066
Thereof lump-sum subsidies	0	0	0	0	147	147
	<b>38,604</b>	<b>13,048</b>	<b>51,652</b>	<b>41,648</b>	<b>2,565</b>	<b>44,213</b>

The receivables pursuant to hospital financing law totalling EUR 51.7 mill. on the balance sheet date (previous year: EUR 44.2 mill.) refer to the subsidies for the construction of new clinics at three locations. EUR 21.4 mill. thereof (previous year: EUR 22.5 mill.) pertain to the construction of a new clinic for neurology, neurointensive care and neurophysiology at the location of MediClin Hedon Klinik in Lingen, which is being subsidised by the federal state of Niedersachsen under the hospital financing law with a contribution of EUR 20.0 mill., plus the interest for debt service. Another EUR 18.1 mill. (previous year: EUR 13.5 mill.) refer to subsidies for a new clinic for child and youth psychiatry at MediClin Müritzklinikum in Röbel granted by the federal state of Mecklenburg-Vorpommern. The subsidies for this project total EUR 19.5 mill. EUR 12.1 mill. (previous year: EUR 8.1 mill.) pertain to subsidies for a new building at the location of MediClin Seepark Klinik in Bad Bodenteich.

## (5) DEFERRED TAX ASSETS

Deferred tax assets result from temporary differences between the balance sheet values according to IASs and the tax values applied for the assets and liabilities. Pursuant to IAS 12.53, deferred tax assets are not to be discounted. A relevant tax rate of 15.825 % (corporation tax, solidarity surcharge) was generally applied.

In thousands of €	Difference		Tax	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>Deferred tax assets</b>				
Lease liabilities	334,859	380,604	52,991	60,231
Pension obligations	56,386	63,200	8,923	10,001
Provision for additional rent payments	21,041	21,041	3,330	3,330
Tax loss carried forward	6,819	5,712	1,079	904
Anniversary obligations/provisions for partial retirement	915	1,119	145	177
Others	8,936	8,330	1,414	1,318
			<b>67,882</b>	<b>75,961</b>
<b>Deferred tax liabilities</b>				
Right-of-use asset (IFRS 16)	325,863	373,742	51,568	59,145
Intangible assets	19,258	18,747	3,048	2,967
Property, plant and equipment	15,899	17,334	2,516	2,743
Others	597	568	94	90
			<b>57,226</b>	<b>64,945</b>
<b>Balance sheet recognition</b>			<b>10,656</b>	<b>11,016</b>

Due to IFRS 16, deferred tax assets were recognised for lease liabilities, while deferred tax liabilities were recognised for right-of-use assets. The Others item includes EUR 472 thou. (previous year: EUR 370 thou.) in deferred tax assets from the difference between the valuations of allowances under tax law and commercial law. MEDICLIN recognises deferred taxes for tax losses carried forward if the Group assumes that sufficient positive taxable income will be available in the next five years for realising the deferred tax assets due to the restructuring measures already performed or to be performed in the future. For loss carryforwards amounting to EUR 11.4 mill. (previous year: EUR 14.0 mill.), no deferred tax assets were recognised.

## Current assets

### (6) INVENTORIES

Inventories are only of minor importance for MEDICLIN as a service corporation, and are largely composed as follows:

In thousands of €	31.12.2021	31.12.2020
Medical supplies	6,347	7,163
Operating supplies	1,920	1,915
Administrative supplies	248	264
	<b>8,515</b>	<b>9,342</b>

### (7) TRADE RECEIVABLES

In thousands of €	31.12.2021	31.12.2020
Receivables	84,108	79,354
Allowance and Health Insurance Medical Service (MD)	-2,894	-3,019
<b>Disclosure</b>	<b>81,214</b>	<b>76,335</b>
Receivables not yet invoiced	31,858	27,935
Invoiced trade receivables	49,356	48,400

The residual terms of the receivables are less than one year. Trade receivables are non-interest bearing and are measured at amortised costs, which correspond to the nominal value less an adequate estimated amount for bad debts. The use of a provision matrix is also admissible under IFRS 9 (simplified approach). MEDICLIN divides its trade receivables into two classes that are, by their very nature and irrespective of how long the receivables have been overdue, exposed to different creditworthiness risks. The first group comprises mainly the statutory health insurance providers and the social security pension funds. As in the previous year, their creditworthiness risks were assessed on the basis of the CDS spread for Germany as of 31 December 2021. The second group refers to self-paying patients. Their creditworthiness risks were assessed and adjusted on the basis of historical default rates as of 31 December 2021. The expected loss over the residual term is determined depending on how long they have been overdue and by determining how probable it is that they will pass from one level of overdue receivables to another. Specific bad debt allowances are made for receivables that have been overdue for 360 days and receivables that have been overdue for shorter periods but have a significantly increased default risk. Write-ups (reinstatement of original values) are recorded when the reason for the individual value adjustment no longer applies. Given the short-term nature of the trade receivables, their carrying amount corresponds approximately to their fair value. Receivables not yet invoiced relate to work in process on patients whose treatment was not yet invoiced on the balance sheet date (contract assets). EUR 18.1 mill. of the receivables not yet invoiced (previous year: EUR 16.4 mill.) refer to patient treatment not yet completed on the balance sheet date (patients who remain in hospital beyond the cut-off date).

**Invoiced trade receivables (without MD<sup>1</sup> and bad debts, for which specific bad debt allowances have been made) and identified default risk (impairment matrix)**

In thousands of €	31.12.2021	not yet due	less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days
Receivables from public health and pension insurance institutions	33,290	24,809	6,229	791	259	561	641	0
Default risk in %		0.02	0.02	0.02	0.02	0.02	0.02	0
<b>Expected default losses</b>	<b>-7</b>	<b>-6</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other trade receivables	3,585	2,462	539	94	237	138	115	0
Default risk in %		0.18	0.68	1.74	2 <sup>2</sup>	25 <sup>2</sup>	50 <sup>2</sup>	0
<b>Expected default losses</b>	<b>-108</b>	<b>-4</b>	<b>-4</b>	<b>-2</b>	<b>-6</b>	<b>-35</b>	<b>-57</b>	<b>0</b>
Invoiced trade receivables (without MD and specific bad debt allowances)	36,875	27,271	6,768	885	496	699	756	0
<b>Total expected default losses</b>	<b>-115</b>	<b>-10</b>	<b>-5</b>	<b>-2</b>	<b>-6</b>	<b>-35</b>	<b>-57</b>	<b>0</b>

In thousands of €	31.12.2020	not yet due	less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days
Receivables from public health and pension insurance institutions	29,708	22,430	4,640	1,105	250	595	688	0
Default risk in %		0.03	0.03	0.03	0.03	0.03	0.03	0
<b>Expected default losses</b>	<b>-8</b>	<b>-6</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other trade receivables	3,685	2,114	1,087	175	56	145	108	0
Default risk in %		0.28	0.73	4.44	22 <sup>2</sup>	25 <sup>2</sup>	50 <sup>2</sup>	0
<b>Expected default losses</b>	<b>-124</b>	<b>-6</b>	<b>-8</b>	<b>-8</b>	<b>-12</b>	<b>-36</b>	<b>-54</b>	<b>0</b>
Invoiced trade receivables (without MD and specific bad debt allowances)	33,393	24,544	5,727	1,280	306	740	796	0
<b>Total expected default losses</b>	<b>-132</b>	<b>-12</b>	<b>-10</b>	<b>-8</b>	<b>-12</b>	<b>-36</b>	<b>-54</b>	<b>0</b>

<sup>1</sup> MD = Health Insurance Medical Service

<sup>2</sup> Specific bad debt allowances in per cent

Allowances for expected credit losses are made on the basis of the age structure and taking into account various discount rates. Specific bad debt allowances are made for specific foreseeable default risks.

**Invoiced trade receivables without MD<sup>1</sup> for which specific bad debt allowances have been made for the full amount**

In thousands of €	31.12.2021	not yet due	less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days
Receivables from public health and pension insurance institutions	930	0	0	0	0	0	0	930
Other trade receivables	1,848	0	0	6	6	30	192	1,614
<b>Specific bad debt allowances</b>	<b>-2,778</b>	<b>0</b>	<b>0</b>	<b>-6</b>	<b>-6</b>	<b>-30</b>	<b>-192</b>	<b>-2,544</b>

In thousands of €	31.12.2020	not yet due	less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days
Receivables from public health and pension insurance institutions	1,045	0	0	0	0	0	0	1,045
Other trade receivables	1,842	0	0	17	23	74	85	1,643
<b>Specific bad debt allowances</b>	<b>-2,887</b>	<b>0</b>	<b>0</b>	<b>-17</b>	<b>-23</b>	<b>-74</b>	<b>-85</b>	<b>-2,688</b>

<sup>1</sup> MD = Health Insurance Medical Service

The bad debt allowances for trade receivables developed as follows:

In thousands of €	2021	2020
<b>Allowances as of 01.01.</b>	3,019	4,332
Additions to allowances	981	575
Consumption	-769	-1,564
Reversal	-337	-324
<b>Allowances as of 31.12.</b>	<b>2,894</b>	<b>3,019</b>

The balance from expenses resulting from allowances and/or the full write-off of receivables and income from allowances and/or the recovery of written-off receivables resulted in expenses totalling EUR 1.6 mill. during the 2021 financial year (previous year: expenses totalling EUR 1.5 mill.).

In thousands of €	2021	2020
Expenses for bad debt allowances/full write-off of receivables	-1,890	-1,662
Recoveries of bad debt allowances/written-off receivables	281	200
	<b>-1,609</b>	<b>-1,462</b>

**(8) CURRENT INCOME TAX CLAIMS**

The current income tax claims on the balance sheet date on 31 December 2021 amount to EUR 3.3 mill. and are attributable to income tax prepayments that were too high in the 2021 and 2020 financial years (31.12.2020: EUR 2.4 mill.).

**(9) RECEIVABLES PURSUANT TO THE HOSPITAL COMPENSATION ACT (KHENTGG) / FEDERAL DIRECTIVE ON NURSING CARE RATES (BPFLV)**

In thousands of €	31.12.2021	31.12.2020
Receivables	13,967	6,288

The balance sheet recognition of receivables pursuant to the Hospital Compensation Act (KHentG) and the Federal Directive on Nursing Care Rates (BPfIV) refers to promised subsidies that have not yet been used. The receivables as a whole are not delinquent, and there is no information at hand indicating that the parties liable to pay will not satisfy their obligations.

**(10) OTHER CURRENT FINANCIAL ASSETS**

In thousands of €	31.12.2021	31.12.2020
Receivables	14,488	5,178

This item discloses financial assets which are recognised at amortised cost. Impairments for expected default losses pursuant to IFRS 9 are immaterial. The residual terms of the receivables are less than one year. The amounts reported are approximately equal to the fair value. The receivables are not delinquent, and there is no information at hand that indicates that the parties liable to pay will not satisfy their obligations.

**(11) PREPAID EXPENSES**

This item refers to prepaid expenses including insurance accruals.

**(13) CASH AND CASH EQUIVALENTS**

In the reporting year, cash and cash equivalents include cash and bank credit balances. They were recognised at amortised cost in the financial statements as of 31 December 2021. Furthermore, a risk provision was set aside for expected default losses pursuant to IFRS 9. Reclassifications to level 2 were not carried out as the Group uses only banks with investment grade ratings.

**(14 + 33) ASSETS AND LIABILITIES HELD FOR SALE IN COMBINATION WITH ASSETS HELD FOR SALE**

It is intended to dispose of Dr. Hoefler-Janker GmbH & Co. Klinik KG and MVZ MediClin Bonn GmbH by way of a share deal. In the scope of making adjustments to meet IFRS 5 requirements, assets and liabilities held for sale (disposal group) referring to the companies intended for sale were reclassified accordingly in the balance sheet. There was no need to recognise impairment of the fair value.

### Assets and liabilities held for sale as of 31 December 2021

In thousands of €

	Carrying amounts Hoefer Janker	Carrying amounts MVZ Bonn	Total carrying amounts
<b>Non-current assets</b>			
Intangible assets	15	1	16
Property, plant and equipment including right-of-use assets	5,186	2	5,188
Deferred tax	0	3	3
	<b>5,201</b>	<b>6</b>	<b>5,207</b>
<b>Current assets</b>			
Inventories	207	0	207
Trade receivables	1,517	818	2,335
Current income tax claims	0	3	3
Other financial assets	1,754	-2	1,752
Other assets	231	0	231
Cash and cash equivalents	455	81	536
	<b>4,164</b>	<b>900</b>	<b>5,064</b>
<b>Total assets held for sale</b>			<b>10,271</b>

### Liabilities in connection with assets held for sale as of 31 December 2021

In thousands of €

	Carrying amounts Hoefer Janker	Carrying amounts MVZ Bonn	Total carrying amounts
<b>Non-current liabilities</b>			
Lease liabilities	-10	0	-10
Other provisions	-121	0	-121
Other liabilities	-25	-2	-27
	<b>-156</b>	<b>-2</b>	<b>-158</b>
<b>Current liabilities</b>			
Trade payables	-203	0	-203
Lease liabilities	-15	0	-15
Other provisions	-384	0	-384
Other financial liabilities	-789	-138	-927
Other payables	-848	-97	-945
	<b>-2,239</b>	<b>-235</b>	<b>-2,474</b>
<b>Total liabilities in connection with assets held for sale</b>			<b>-2,632</b>

## Additional information on financial instruments

IFRS 9 "Financial Instruments" aims to improve the financial reporting of financial instruments by moving to a more forward-looking model for the recognition of expected losses on financial assets. This way the users of financial statements can better assess the amounts, timing and uncertainty of an entity's future cash flows.

Except for the investments in stock of subsidiaries, current and non-current assets are recognised at amortised cost. Current financial assets include mainly trade receivables and cash and cash equivalents. A simplified approach is to be applied to the impairment of trade receivables. Detailed explanations on this are available in the section on accounting principles.

Value adjustments to cash and cash equivalents due to impairment were conducted on the basis of the corresponding bank ratings and the associated default risk. The amount thus determined is about EUR 89 thou. (previous year: EUR 82 thou.) and therefore considered very low. The bank balances can be called at any time.

The impairment of other financial assets is immaterial. All current financial assets that are to be classified in accordance with the impairment model under IFRS 9 are classified as level 1. Nothing implies any significant deterioration in the default risk.

All the current and non-current financial liabilities are recognised at amortised cost. Liabilities to banks are accounted for using the effective interest method. Amortised cost equals the gross carrying amount of the liability less repayments made and less transaction cost.

The fair value of non-current financial liabilities amounting to EUR 69.3 mill. is EUR 67.0 mill. The future cash flows are discounted by means of the risk-adjusted interest rate. The fair value of current financial liabilities equals their amortised cost.

Liabilities from rent and lease agreements are measured at the present value of the minimum lease rates when the leased property is capitalised and, depending on the term of the lease, are recognised in non-current or current liabilities.

### Net gain/loss from financial instruments

In thousands of €	From interest and dividends	From subsequent measurement		From disposal	Net result	
		At fair value	Impairment		2021	2020
Amortised cost (assets)	-	-	-1,616	-	-1,616	-1,524
Amortised cost (liabilities)	-1,032	-	-	-	-1,032	-1,037
At fair value through profit or loss	-	0	-	-	0	-
	<b>-1,032</b>	<b>0</b>	<b>-1,616</b>	<b>0</b>	<b>-2,648</b>	<b>-2,561</b>



## Financial instruments by category in accordance with IFRS 9

In thousands of €	Category in accordance with IFRS 9	Level	31.12.2021	
			Carrying amount	Fair value
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in stock of subsidiaries	at fair value through profit or loss	3	65	65
Other financial investments	at amortised cost	3	2	2
<b>Current assets</b>				
Trade receivables	at amortised cost	–	81,214	–
Receivables pursuant to Hospital Compensation Act/Federal Directive on Nursing Care Rates	at amortised cost	–	13,967	–
Other current financial assets	at amortised cost	–	14,488	–
Cash and cash equivalents	at amortised cost	–	119,516	–
<b>EQUITY AND LIABILITIES</b>				
<b>Non-current liabilities</b>				
Liabilities to banks	at amortised cost	2	69,342	67,123
Lease liabilities	n/a	–	288,843	–
<b>Current liabilities</b>				
Trade payables	at amortised cost	–	13,022	–
Liabilities to banks	at amortised cost	–	26,839	–
Lease liabilities	n/a	–	54,936	–
Receivables pursuant to Hospital Compensation Act/Federal Directive on Nursing Care Rates	at amortised cost	–	7,011	–
Miscellaneous financial liabilities	at amortised cost	–	7,312	–
<b>AGGREGATED BY CATEGORY IN ACCORDANCE WITH IFRS 9</b>				
<b>Financial assets</b>	<b>Total</b>	<b>at amortised cost</b>	<b>229,187</b>	<b>2</b>
<b>Financial assets</b>	<b>Total</b>	<b>at fair value through profit or loss</b>	<b>65</b>	<b>65</b>
<b>Financial liabilities</b>	<b>Total</b>	<b>at amortised cost</b>	<b>123,526</b>	<b>67,123</b>

In thousands of €	Category in accordance with IFRS 9	Level	31.12.2020	
			Carrying amount	Fair value
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in stock of subsidiaries	at fair value through profit or loss	3	90	90
Other financial investments	at amortised cost	3	2	2
<b>Current assets</b>				
Trade receivables	at amortised cost	–	76,335	–
Receivables pursuant to Hospital Compensation Act/Federal Directive on Nursing Care Rates	at amortised cost	–	6,288	–
Other current financial assets	at amortised cost	–	5,178	–
Cash and cash equivalents	at amortised cost	–	100,437	–
<b>EQUITY AND LIABILITIES</b>				
<b>Non-current liabilities</b>				
Liabilities to banks	at amortised cost	2	71,196	68,401
Lease liabilities	n/a	–	334,875	–
<b>Current liabilities</b>				
Trade payables	at amortised cost	–	11,308	–
Liabilities to banks	at amortised cost	–	26,781	–
Lease liabilities	n/a	–	54,009	–
Receivables pursuant to Hospital Compensation Act/Federal Directive on Nursing Care Rates	at amortised cost	–	2,824	–
Miscellaneous financial liabilities	at amortised cost	–	6,299	–
<b>AGGREGATED BY CATEGORY IN ACCORDANCE WITH IFRS 9</b>				
<b>Financial assets</b>	<b>Total</b>	<b>at amortised cost</b>	<b>188,240</b>	<b>2</b>
<b>Financial assets</b>	<b>Total</b>	<b>at fair value through profit or loss</b>	<b>90</b>	<b>90</b>
<b>Financial liabilities</b>	<b>Total</b>	<b>at amortised cost</b>	<b>118,408</b>	<b>68,401</b>

## Equity

### CAPITAL MANAGEMENT

The primary objective of the capital management of MEDICLIN is to ensure that the Group's ability to pay back its debts and its financial substance are preserved in future, and that the capital structure continues to adequately meet the business risk. MEDICLIN Aktiengesellschaft is not subject to any external capital requirements or capital requirements as per the Articles of Association except the minimum capital requirements pursuant to the German Stock Corporation Act (AktG). Financial security is essentially measured using the key figures equity ratio and debt ratio. Components of these key figures are the balance sheet total in the consolidated financial statements, the equity recorded in the consolidated balance sheet and loans from banks in the form of a syndicated loan that serves to fund capital expenditure at various clinic locations (please refer also to items (20) + (26) Liabilities to banks "Syndicated loan"). The capital structure is managed by way of the dividend disbursement policy, the issuance of new shares, liquidity optimisation as well as the option of acquiring treasury shares if authorised by the Annual General Meeting.

At the virtual Annual General Meeting on 24 September 2020, the Management Board was authorised by resolution to, subject to the consent of the Supervisory Board, increase the Company's subscribed capital once or in partial amounts by up to a total of EUR 23,750,000.00 by issuing new no-par shares against cash and/or contribution in kind (Authorised Capital 2020) until 23 September 2025. The new shares are entitled to participate in the Company's profit from the beginning of the year, in which they are issued. In deviation therefrom and from Section 60 (2) German Stock Corporation Act (AktG), the Management Board may, subject to the consent of the Supervisory Board, resolve as far as this is permitted by law that the new shares shall participate in the profit from the beginning of a financial year that has already past and for which the Annual General Meeting has not yet passed a resolution on the appropriation of net profit at the time the shares are issued. The shares may also be taken over by one or several banks or companies within the meaning of Section 186 (5) Sentence 1 German Stock Corporation Act (AktG) determined by the Management Board subject to the condition that they are offered only to shareholders for subscription (indirect subscription right). The Management Board is authorised, subject to the consent of the Supervisory Board, to exclude the shareholders' subscription right if certain conditions are met. In this case, the number of shares issued against cash and/or contribution in kind for which the shareholders' subscription right is excluded may not exceed a total of 10 % of the subscribed capital during the term of Authorised Capital 2020.

### Capital management key figures

In thousands of €	31.12.2021	31.12.2020
Equity	183,023	176,846
Non-current liabilities	484,808	539,268
Current liabilities incl. tax liabilities	213,407	171,350
Balance sheet total	881,239	887,464
Net financial debt	-23,336	-2,460
Equity ratio in %	20.8	19.9
Debt ratio in %	79.2	80.1

Remeasurements from the calculation of pension obligations pursuant to IAS 19 "Employee Benefits" in the amount of EUR 4.7 mill. that are recognised directly in equity and the total consolidated result in the amount of EUR 1.5 mill. expanded equity by EUR 6.2 mill. The return on equity after tax is 0.8 % (previous year: -5.1 %).

The balance sheet total decreased only moderately by EUR 6.2 mill. or 0.7 % since the previous reporting date. Non-current liabilities decreased by EUR 54.5 mill., which is mainly attributable to lower lease liabilities, whereas current liabilities increased by EUR 42.1 mill. This increase is mainly attributable to the obligation to repay benefits received under the protective shield to manage the COVID-19 pandemic recognised as of 31 December 2021.

### (15) SUBSCRIBED CAPITAL

In thousands of €	31.12.2021	31.12.2020
Subscribed capital	47,500	47,500

The subscribed capital (capital stock) of the parent company, MEDICLIN Aktiengesellschaft, is split up into 47,500,000 (previous year: 47,500,000) no-par-value bearer shares and is paid up in full. MEDICLIN is not subject to any external minimum capital requirements.

### (16) CAPITAL RESERVE

In thousands of €	31.12.2021	31.12.2020
Capital reserve pursuant to Sec. 272 (2) No. 1 HGB and Sec. 150 AktG	127,708	127,708
Reserve pursuant to IFRS 2	48	48
Gains from the sale of treasury stock	1,636	1,636
	<b>129,392</b>	<b>129,392</b>

The capital reserve pursuant to Section 272 (2) No. 1 of the German Commercial Code (HGB) and Section 150 of the German Stock Corporation Act (AktG) contains amounts which were achieved above the nominal value of the issued shares.

### (17) REVENUE RESERVE

The consolidated revenue reserve is structured as follows:

In thousands of €	31.12.2021	31.12.2020
Legal reserve pursuant to Sec. 150 AktG	2,045	2,045
Result of the first IFRS consolidation	-1,742	-1,742
Negative non-controlling interests Kraichgau-Klinik AG	-270	-270
Reserve pursuant to IAS 19	-29,780	-34,434
Transfer to revenue reserve	51,165	51,165
	<b>21,418</b>	<b>16,764</b>

The legal reserve was added to MEDICLIN AG in 1999 and equalled 10 % of the subscribed capital at that time.

Due to the insolvency of the companies, the initial consolidation of the Kraichgau-Klinik Group resulted in a negative share of non-controlling interests, which in accordance with IAS 27.35 (2008) was offset against the consolidated revenue reserve. A charge or credit to the consolidated statement of comprehensive income through the reporting of a non-controlling interest did not occur unless a positive minority interest would come about, which would then be presented separately in the consolidated balance sheet within equity.

Pursuant to IAS 27.28 (revised 2009), non-controlling interests must be disclosed within the equity, but separately from the equity of the shareholders of MEDICLIN Aktiengesellschaft from the 2010 financial year onwards. The result allocations also have to be performed if this results in the non-controlling interests having a deficit balance. Due to a transitional regulation (IAS 27.45 (a) revised 2009), a company may not adjust profit or loss allocations for reporting periods which occurred before the application of IAS 27 (revised 2009).

Since 2012, the actuarial losses/gains from calculating the pension provisions in accordance with IAS 19, shown in the other comprehensive income, are reported in the revenue reserve.

## (18) CONSOLIDATED BALANCE SHEET RESULT

The consolidated balance sheet result is structured as follows:

In thousands of €	31.12.2021	31.12.2020
Loss/profit carryforward	-16,493	43,669
Result attributable to shareholders of MEDICLIN AG	1,461	-8,997
Transfer to revenue reserve	0	-51,165
	<b>-15,032</b>	<b>-16,493</b>

## (19) NON-CONTROLLING INTERESTS

The disclosed amount concerns the pro rata result allocation for the shares of the existing shareholders of Kraichgau-Klinik Aktiengesellschaft, Bad Rappenau, as of 31 December 2021 (31.12.2021: 5.199 % / 31.12.2020: 5.199 %). In the consolidated statement of comprehensive income, the result is recorded as a prorated figure in the item "Group comprehensive income – thereof attributable to the non-controlling interests".

## Liabilities

### (20 + 26) LIABILITIES TO BANKS

This section refers to both current and non-current liabilities to banks. Current liabilities consist of repayments that are expected to fall due within the next 12 months as well as interest accruals.

In thousands of €	Non-current	Current	Total 31.12.2021	Non-current	Current	Total 31.12.2020
Syndicated loan	49,901	24,969	74,870	49,867	24,950	74,817
Other bank loans	2,807	1,189	3,996	4,014	1,164	5,178
Subsidised investment loan	16,634	681	17,315	17,315	667	17,982
	<b>69,342</b>	<b>26,839</b>	<b>96,181</b>	<b>71,196</b>	<b>26,781</b>	<b>97,977</b>

## SYNDICATED LOAN

In order to prematurely repay an existing syndicated loan totalling EUR 60.0 mill. and to finance investments at several clinic locations, the Group concluded a contract for a new syndicated loan in the amount of EUR 90.0 mill. with a syndicate of banks at the end of November 2019.

The new loan agreement consists of two facilities (A, B). Facility A is a EUR 50.0 mill. bullet loan and Facility B was granted as a revolving facility of up to EUR 40.0 mill. Since 29 November 2019 EUR 50.0 mill. of Facility A and a partial amount of EUR 25.0 mill. of Facility B have been drawn. Given its short-term nature, Facility B is shown in current liabilities (please refer also to item (26) "Liabilities to banks").

Originally, the syndicated loan had a term of five years, including two options to renew the loan by another year. The renewal options were exercised in October 2020 and October 2021 prolonging the contract until the end of November 2026. Being a bullet loan, Facility A must be repaid at the end of the agreed term. Facility B is repaid at the end of every six-month interest period. Until the end of the agreed term, any amounts drawn at the end of an interest period may also be rolled over. Any amounts repaid at the end of an interest period may be drawn again as required.

The interest rate consists of a margin and a reference rate. The reference rate is the EURIBOR for the respective interest period. If the reference rate is negative, a value of 0 % is assumed. Interest totalling EUR 0.9 mill. was paid for the syndicated loans in the reporting year (previous year: EUR 0.8 mill.). This corresponds to an average interest rate of 1.2 % p.a. (previous year: 1.2 % p.a.). Given the term of seven years, the effective interest rate is 1.3 % p.a. (previous year: 1.3 % p.a. based on a term of six years).

The following table shows future interest payments as well as repayments and write-ups associated with the syndicated loans:

In thousands of €	2021	Total	1 year or less	1 to 5 years	More than 5 years
Interest		4,731	963	3,768	0
Repayment/additions (-) <sup>1</sup>		74,870	24,969	49,901	0
In thousands of €	2020	Total	1 year or less	1 to 5 years	More than 5 years
Interest		4,856	989	3,867	0
Repayment/additions (-) <sup>1</sup>		74,817	24,950	49,867	0

<sup>1</sup> The loan is initially recognised at fair value less transaction costs. In order to ensure that the repayment amount is shown at the end of the loan term, the effective interest is continually added to the amount booked to revenue. The amount shown includes a repayment amount of EUR 75,000 thou. (previous year: EUR 75,000 thou.) and the pro-rated write-up.

## OTHER BANK LOANS

Of the other bank loans, EUR 4.0 mill. (previous year: EUR 5.2 mill.) is secured through real property liens (carrying amount: EUR 15.2 mill.; previous year: EUR 16.6 mill.). All in all, the average interest rate for the other bank loans is 2.6 % p.a. (previous year: 3.3 % p.a.). The ten-year fixed-interest period for one loan expired on 30 July 2021 (residual value of EUR 3.1 mill., residual term of five years). The annual repayments and interest rate for this loan have been renegotiated on the basis of the current market interest rates.

The future loan repayments and interest payments for the other bank loans are as follows:

In thousands of €	2021	Total	1 year or less	1 to 5 years	More than 5 years
Interest		92	40	52	0
Repayment		3,996	1,189	2,807	0
In thousands of €	2020	Total	1 year or less	1 to 5 years	More than 5 years
Interest		482	159	317	6
Repayment		5,178	1,164	3,620	394

## SUBSIDISED INVESTMENT LOAN

In financial year 2018, the Group took out an annuity loan amounting to EUR 20.0 mill. for the construction of a clinic for neurology, neurointensive care and neurophysiology. The construction project is subsidised under the hospital financing law and is to receive a fixed amount of EUR 20.0 mill. in the form of debt service support, plus the interest for debt service. The loan has a term until 2042 and the interest and capital repayments totalling EUR 1,048 thou. per year are payable every quarter. The subsidies stated in the corresponding subsidy grant notification were assigned to the lender as collateral for the loan, i.e. the fixed subsidy amount of EUR 20.0 mill. plus the interest for debt services. On the assets side of the balance sheet, the corresponding receivable for the subsidies was capitalised ((item 4) "Non-current receivables pursuant to hospital financing law" or item (12) "Current receivables pursuant to hospital financing law"). The interest expenses for the loan are offset in the profit and loss account against the corresponding interest subsidies received.

The future loan repayments and interest payments for this investment loan are as follows:

In thousands of €	2021	Total	1 year or less	1 to 5 years	More than 5 years
Interest		4,133	367	1,316	2,450
Repayment		17,315	681	2,877	13,757
In thousands of €	2020	Total	1 year or less	1 to 5 years	More than 5 years
Interest		4,514	381	1,377	2,756
Repayment		17,982	667	2,816	14,499

## (21+ 27) LEASE LIABILITIES

The 21 rented clinics have a material effect on the net assets, financial position and results of MEDICLIN. They account for approximately 96 % of the capitalised right-of-use assets. Of these 21 clinic properties, 20 refer to the post-acute segment and one to the acute segment. In addition, the Group has long-term leases for other properties, vehicles and printers and, to a very small extent, medical devices.

With the exception of one contract, the rental contracts for the 21 clinics expire in 2027. One contract was extended by another 20 years in the 2018 financial year and has a term until 2047. The contracts provide for an annual adjustment of rents in accordance with changes in the German consumer pricing index as published by the Federal Statistical Office for the corresponding previous year (up to a maximum of 2.0 % p.a.). Due to the indexed rents, the lease liability and the underlying right-of-use asset are redetermined every year in line with the rent adjustments. This, however, does not affect the underlying interest rate. Until they actually become effective, these potential changes in the rents are not recognised in the lease liability. As soon as the changes of an index or interest rate have an effect on the lease rates, the lease liability and the right-of-use asset are adjusted accordingly. Options to extend the lease or residual value guarantees do not exist in this context.

The rent will be increased by 2.0 % in 2022, after a reduction by 0.284 % in 2021. Extrapolated to the end of the lease term, the lease liability and the right-of-use asset would increase by EUR 6.5 mill. as of 1 January 2022. In addition to the indexed lease payment, the land tax and the expenses for real estate management are also considered when calculating the lease liability. The calculation of the lease liability is based on interest rates with matching maturities. For real estate, these amount to 1.728 % (residual term of 6 years) and 2.589 % (residual term of 26 years).

The Group has exercised the option to recognise the lease payments for short-term leases (term  $\leq$  12 months) directly as an expense. In the 2021 financial year these lease payments amounted to EUR 1.7 mill. (previous year: EUR 1.6 mill). Leases for low-value assets (IFRS 16.5(b) in conjunction with 16.B3 ff.) are not subject to the right-of-use model, either; they are recognised as expenses. The value threshold is based on the threshold defined in "IFRS 16 Basis for Conclusions BC100". In the 2021 financial year these lease payments amounted to EUR 0.7 mill. (previous year: EUR 0.7 mill). The option to account for the lease components of the contract and the associated non-lease components as a single lease component pursuant to IFRS 16.15 is exercised.

Due to the deferral of rent payments for the months of May and June 2020 amounting to EUR 7.9 mill., current lease liabilities for clinic real estate rose in the 2020 financial year. The deferral was based on the Act to Mitigate the Consequences of the COVID-19 Pandemic under Germany's Civil, Insolvency and Criminal Procedure Law of 27 March 2020. With respect to accounting for the rent reduction, MEDICLIN applies the amendment to IFRS 16 "Leases – COVID-19-Related Rent Concessions" published 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 COVID-19 pandemic. MEDICLIN further exercised its option to prematurely apply the amendments to IFRS 16 in the financial year from 1 January to 31 December 2020. On 31 March 2021, the IASB extended the application period of this provision from 30 June 2021 to 30 June 2022. MEDICLIN made use of this extended application period. The deferred rents for the two months amount to EUR 7.9 mill. on 31 December 2021 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.



Lease liabilities are as follows on 31 December 2021:

In thousands of €	Non-current	Current	Total 31.12.2021	Non-current	Current	Total 31.12.2020
Clinic real estate	280,414	51,786	332,199	323,543	50,667	374,210
Other real estate	7,233	1,976	9,209	9,846	2,175	12,021
Vehicles	668	804	1,473	884	835	1,719
Other movables	528	370	898	602	332	934
	<b>288,843</b>	<b>54,936</b>	<b>343,779</b>	<b>334,875</b>	<b>54,009</b>	<b>388,884</b>

Lease liabilities recognised on the reporting date are due as follows:

In thousands of €	31.12.2021	31.12.2020
Due in 1 year or less	54,936	54,009
Due in 1 to 5 years	182,607	182,332
Due in more than 5 years	106,236	152,543
	<b>343,779</b>	<b>388,884</b>

Outgoing cash flows for leases (IFRS 16.53(g)):

In thousands of €	2021	2020
Clinic real estate	48,022	40,271
Other real estate	2,215	2,319
Vehicles	1,021	991
Other movables	419	418
	<b>51,677</b>	<b>43,999</b>

## (22) PENSIONS AND SIMILAR COMMITMENTS

In thousands of €	31.12.2021	31.12.2020
Mitarbeiterunterstützungskasse der Vereinigten Klinikbetriebe (MAUK) and three individual commitments (previous year: three)	50,272	56,047
Kraichgau-Klinik Group	10,763	12,067
	61,035	68,114
MediClin Unterstützungskasse (MUK)	301	211
	<b>61,336</b>	<b>68,325</b>

The Group promised part of its employees the payment of regular pension benefits after the end of their employment in the scope of the occupational pension scheme; these are defined benefit and defined contributions-based commitments for old age, invalidity and surviving dependants' pensions. The fund assets of Mitarbeiterunterstützungskasse der vereinigten Klinikbetriebe (MAUK) and one reinsurance policy (previous year: one policy) that is pledged to the insurance beneficiaries are considered in the recognition of the defined benefit obligations as plan assets. Since the 2019 financial year the MediClin relief fund (MediClin Unterstützungskasse – MUK) is recognised as a defined benefit obligation and its fund assets are classified as plan assets.

## DEFINED BENEFIT OBLIGATIONS MAUK AND KRAICHGAU-KLINIK GROUP

The defined benefit obligations concern two pension plans which are meanwhile closed, MAUK and the pension schemes of the Kraichgau-Klinik Group pension plan. They further refer to three (previous year: three) individual benefit commitments. Both pension plans are closed, which means that in principle no new benefit obligations will be added. The number of persons covered by these plans who are entitled to or in receipt of benefits developed as follows:

	31.12.2021	31.12.2020
Active employees	1,006	1,101
Departed employees with vested rights	799	803
Pensioners	1,012	957
	<b>2,817</b>	<b>2,861</b>

In the year under review, the share of persons entitled to pensions amounts to 64.1% (previous year: 66.6%) and the share of recipients of pensions to 35.9% (previous year: 33.4%).

**MAUK** is a relief fund into which lump sum endowments are paid for appropriation as tax-exempt special assets to cover employee benefit entitlements. MAUK is an incorporated pension fund with no legal redress to the benefits provided for by the benefit plan. These benefits are financed through the contributions of MEDICLIN to MAUK. At the MEDICLIN level, the benefits constitute, depending on certain conditions and to a limited extent, deductible business expenses (Section 4d German Income Tax Act – EStG). As a social institution pursuant to Section 5 (1) No. 3 Letter e Corporation Tax Act (KStG) and Section 6 (6) Corporation Tax Act (KStG), the relief fund is exempt from taxation. Section 4d Income Tax Act restricts this tax exemption to the assets permissible under tax regulations. If the amount of the assets permissible under tax regulations is exceeded by more than 25%, the relief fund must pay tax on that part of the excess amount. The assets permissible under tax regulations are derived by multiplying eightfold the permissible contributions for relevant beneficiaries and the premium reserve for the current benefits pursuant to Annex 1 Income Tax Act. The assets permissible under tax regulations thus amount to approximately two annual pensions per beneficiary. The assets permissible under tax regulations of MAUK as of 31 December 2021 amounted to EUR 12.0 mill. (31.12.2020: EUR 11.8 mill.). No minimum endowment obligation exists.

MAUK was closed for admissions as of 31 December 2001. The retirement benefits of the active employees accumulated at MAUK up to that time were in effect frozen. Under the terms of the benefit plan, lifelong or time-limited benefits are paid out in the form of a retirement pension, a premature retirement pension or a disability pension. The pension amounts to between EUR 5.00 and EUR 10.00 per month per eligible service year depending on the average working time per week. In the case of premature use (i.e. before completion of the 65th year), the vested entitlement is reduced by 0.5% for each month of premature use of the retirement pension. The current pension payments, with the exception of one of the individual benefit commitments, are made from the assets of MAUK. MAUK receives sufficient funds from MEDICLIN for this purpose. The assets of MAUK are made up of voluntary contributions from MEDICLIN as well as income from investing the assets.

Pursuant to Section 12 of the constitution of MAUK, the assets of the association are to be invested profitably and may only be used for the purposes of the association and administration costs. The granting of loans may be permitted to the sponsoring company at an appropriate interest rate; however, no use is made of this possibility.

The pension provisions of the **Kraichgau-Klinik Group** result from the acquisition of the majority of shares in Kraichgau-Klinik AG in 2008. The pension benefits paid in accordance with the pension statute of Kraichgau-Klinik AG are a retirement pension or premature retirement pension and a deferred disability pension. The monthly retirement pension amounts to 0.5 % per year of service – but no more than 12 % – of the average monthly salary received in the last 12 months prior to the insured event. In the event of premature retirement, the pension thus calculated is lowered by 0.5 % per month of the premature retirement commenced before the retirement age is reached. In the event of premature retirement due to invalidity, a deferred invalidity pension is paid until the retirement age is reached. The calculation of this amount is based on the retirement pension, but with account only taken of the employee's years of service until the invalidity event. The age limit for employees who commenced employment on or before 31 December 1994 is 60 years for women and 65 years for men. For employees who commenced employment after 31 December 1994, the age limit is 65 years for women and for men. Since August 1997 no new beneficiaries have been added to this scheme.

In addition, an individual benefit commitment exists to a former executive staff member of Kraichgau-Klinik AG. This person's claim to retirement benefit is made up of a basic claim of 32.55 % and linear increases of 0.9 % of the annual pensionable salary. Increases have only been taken into account from 1 April 2000. The maximum claim is 48.75 % of the pensionable salary. This person's entitlement to invalidity benefit is 100 % of the retirement pension entitlement. In the event of the beneficiary's death, the surviving wife receives a widows' pension of 60 % of the pension to which the beneficiary was entitled or would have been entitled at the time of his death if he had become an invalid. The age limit of 65 years was reached in 2018 and this individual benefit commitment has thus reached the payment stage.

The pension obligations are recognised in full and were revalued for the purpose of preparing the IFRSs balance sheet. The Group's obligations encompass both current pensions as well as future pension entitlements. Pension provisions are subject to actuarial assessment using the projected unit credit method in accordance with IAS 19, taking future developments into account. The current service expense is computed using the projected unit credit method and is calculated at the beginning of the financial year, bearing interest until the end of the financial year. The defined benefit obligation (DBO) at the balance sheet date is the present value of the benefits vested in preceding accounting periods calculated by means of the projected unit credit method. For assigning the benefits to the periods of service, the same method must be used as for determining the current service expenses. Pursuant to IAS 19, remeasurements carried out in the financial year resulting from actuarial gains and losses are recognised in other comprehensive income. The amounts reported in other comprehensive income are items which in future will not be reclassified in the profit and loss account (IAS 19.122).

The essential parameters which are decided at the beginning of the financial year and which determine the part of the pension costs to be taken into account in the profit and loss account are shown in the following table:

In %	MAUK 2021	MAUK 2020	Kraichgau- Klinik Group 2021	Kraichgau- Klinik Group 2020
Discount rate	0.90	0.40	0.90	0.40
Salary trend <sup>1</sup>	–	–	2.50	2.50
Pension trend	1.00	1.00	2.00	2.00

<sup>1</sup> only Kraichgau-Klinik Group

No salary trend has been determined for MAUK, as the pension amount is fixed, based on the eligible service years and average working week, and not based on salary-related criteria. Pursuant to Section 16 (3) Item 1 of the German Occupational Pensions Act (BetrAVG), the employer undertook in 2013 to adjust MAUK pensions by 1% p.a. starting from 2002. For the biometric calculations, the mortality tables of Klaus Heubeck (Richtttafel 2018 G) were used.

A discount rate of 0.90% (previous year: 0.40%) was applied to the pension obligations. In accordance with IAS 19.83, the discount rate is to be determined by reference to market yields at the end of the reporting period on high-quality corporate bonds with fixed interest rates. The reference yields used to determine the discount rate were based on at least AA-rated corporate bonds.

A change in the main actuarial parameters used leads to the following changes to the present value of the DBO:

In thousands of €	-0.50 %	-0.25 %	+0.25 %	+0.50 %
Discount rate (0.90 %)	+5,676	+2,747	-2,580	-5,005
Salary trend <sup>1</sup> (2.50 %)	-21	-11	+11	+22
Pension trend <sup>1</sup> (2.00 %)	-628	-321	+335	+684

<sup>1</sup> only Kraichgau-Klinik Group

The sensitivities were calculated on the basis of the same principles that were applied to determine the present value of the defined benefit obligations at the end of the financial year. In doing so, only one calculation figure is changed at a time while the others remain unchanged. Dependencies between the individual calculation figures are not considered.

As noted above, the MAUK pension is not based on salary and takes into account a fixed pension trend of 1%, which is why these factors have no impact on MAUK. Besides, a change in the underlying mortality rates or life expectancies is conceivable. In order to estimate the longevity risk, the underlying mortality tables were adjusted and mortality was reduced by 10%. At the end of the financial year, these longer life expectancies would have led to a EUR 6.9 mill. increase (previous year: EUR 8.1 mill.) in pension obligations.

According to the regulations of IAS 19, the entire defined benefit obligation (DBO) must be shown in the balance sheet minus external plan assets. For the plan assets, instead of recognising the expected return including possible value increases in the profit and loss account, a standard rate of interest is used based on the same interest rate as that used for the calculation of the pension obligations.

The expense is broken down into the components service cost, net interest and rereasurement. In the profit and loss account, the service cost is recognised under staff costs and the net interest in the financial result. Remeasurement is directly recognised in equity and in other comprehensive income. Valuation changes to be accounted for in other comprehensive income result from experience-based adjustments, from the definition of an asset ceiling, from changes in the financial assumptions (i.e. the discount rate) or demographic assumptions (biometry) and from the deviation of the actual income of the plan assets from the returns calculated using the discount rate. The net pension obligation of the financial year amounts to EUR 61.0 mill. (previous year: EUR 68.1 mill.) with plan assets of EUR 1.7 mill. (previous year: EUR 1.6 mill.). The corporate transaction item in the previous year refers to the cancellation of an individual benefit commitment due to the disposal of MediClin Krankenhaus am Crivitzer See GmbH.

The values recognised in the balance sheet show the following development:

In thousands of €	31.12.2021	31.12.2020
<b>Development of recognition in the balance sheet</b>		
Present value of the DBO	62,746	69,712
Fair value of plan assets	-1,711	-1,598
<b>Net defined benefit liability at the end of the financial year</b>	<b>61,035</b>	<b>68,114</b>
<b>Reconciliation of the carrying amount</b>		
Net defined benefit liability at the end of the preceding financial year	68,114	63,490
Service cost	75	78
Net interest expense on the reported net liability	269	563
Remeasurements recognised in other comprehensive income	-5,667	5,763
Employer contributions	-1,200	-1,200
Benefits paid directly by the employer	-556	-513
Corporate transaction	0	-67
<b>Carrying amount: net defined benefit liability at the end of the financial year</b>	<b>61,035</b>	<b>68,114</b>

The present value of the DBO showed the following development:

In thousands of €	31.12.2021	31.12.2020
DBO at the end of the preceding financial year	69,712	64,993
Current service cost	75	78
Interest expense on DBO	276	577
Actuarial gain(-)/loss(+) due to experience-based adjustment to the obligation	-44	-174
Actuarial gain(-)/loss(+) due to change in financial assumptions	-5,611	5,943
Benefits paid from plan assets	-1,106	-1,125
Benefits paid directly by the employer	-556	-513
Past service costs	0	0
Corporate transaction	0	-67
<b>Pension obligations at the end of the financial year</b>	<b>62,746</b>	<b>69,712</b>

Breakdown of pension obligations by participants in the pension scheme:

In thousands of €	31.12.2021	31.12.2020
Active employees	21,012	25,100
Departed employees with vested rights	15,506	17,390
Pensioners	26,228	27,222
<b>Pension obligations at the end of the financial year</b>	<b>62,746</b>	<b>69,712</b>

The fair value of the plan assets hereby developed as follows:

In thousands of €	31.12.2021	31.12.2020
Fair value of plan assets at the end of the preceding financial year	1,598	1,503
Income from plan assets calculated with the discount rate	7	14
Amount by which the actual income of the plan assets in the current financial year exceeds/ falls short of the income calculated with the discount rate	12	6
Employer contributions	1,200	1,200
Benefits	-1,106	-1,125
<b>Fair value of plan assets at the end of the financial year</b>	<b>1,711</b>	<b>1,598</b>

The following table shows the plan assets on the balance sheet date:

In %	31.12.2021	31.12.2020
Bond funds		
With generally mixed maturities	7.7	8.3
With generally short-term maturities	5.4	5.8
Fixed interest securities	8.8	9.4
Cash and cash equivalents	57.0	53.4
Reinsurance policies	21.1	23.1
	<b>100.0</b>	<b>100.0</b>

With the exception of the reinsurance policies, the plan assets relate to MAUK. The shares in the bond funds are listed and can be sold at any time. The reinsurance policies are measured at fair value, which corresponds with their tax-related asset value and thus amortised cost. Market prices on an active market are available for all assets except for the reinsurance policies.

Total pension costs of the defined benefit obligations during the reporting year amount to EUR –5.3 mill. (previous year: EUR 6.4 mill.), of which EUR 0.3 mill. (previous year: EUR 0.6 mill.) is recognised in profit and loss and EUR –5.7 mill. (previous year: EUR 5.8 mill.) is recognised in other comprehensive income. The increase in the discount rate by 0.5 percentage points led to an actuarial gain in other comprehensive income in the year under review over the previous year.

The development of the pension cost is illustrated in the table below:

In thousands of €	2021	2020
<b>Consolidated profit and loss account</b>		
Current service cost	75	78
Past service costs due to plan amendments	0	0
Net interest expense/(income) on the reported net defined benefit liabilities/(assets)	269	563
<b>Pension costs, recognised in consolidated profit and loss account</b>	<b>344</b>	<b>641</b>
<b>Other comprehensive income</b>		
Actuarial gain(-)/loss(+) due to experience-based adjustment to the obligation	-44	-174
Actuarial gain(-)/loss(+) due to change in actuarial assumptions (on the obligation side)	-5,612	5,943
<b>Actuarial gain(-)/loss(+) accrued in the course of the financial year</b>	<b>-5,656</b>	<b>5,769</b>
Amount by which the actual income of the plan assets in the current financial year exceeds/falls short of the income calculated with the discount rate	-12	-6
<b>Remeasurements recognised in other comprehensive income</b>	<b>-5,668</b>	<b>5,763</b>
<b>Total pension costs</b>	<b>-5,324</b>	<b>6,404</b>

The expected benefits for the coming year are forecast at EUR 1.7 mill., while the current service expenses for the expected pension obligations are estimated at EUR 0.1 mill. and net interest expense at EUR 0.5 mill.

For the year 2022 employer contributions to the plan assets are expected at EUR 1.2 mill., benefits paid directly by the employer at EUR 0.6 mill. and benefits to be paid from the plan assets at EUR 1.1 mill.

The following benefit payments are forecast for the coming years:

In thousands of €	
Expected benefit payments for the year 2022	1,746
Expected benefit payments for the year 2023	1,814
Expected benefit payments for the year 2024	1,880
Expected benefit payments for the year 2025	1,955
Expected benefit payments for the year 2026	2,050
Expected benefit payments for the years 2027 to 2031	11,036

The mean Macaulay duration of the entire pension portfolio is 17.0 years (previous year: 18.0 years) and describes the weighted (in terms of payment and interest) average term to maturity of the pension obligations.

## MEDICLIN UNTERSTÜTZUNGSKASSE (MUK)

From 1 January 2002 until 31 December 2018 occupational retirement plans were provided by **MediClin Unterstützungskasse e.V. (MUK e.V.)**.

The association MUK e.V. is a welfare organisation of the MEDICLIN AG hospital operating carriers and administrative units that used this relief fund to fully or partly carry out their "MediClinRent" pension scheme. The exclusive and unalterable purpose of this association is to operate this relief fund. The association must observe the provisions in Sections 1 to 3 Corporation Tax Implementing Regulations (KStDV) as amended. To this end, the association concludes reinsurance policies as per the benefit plan on the lives of the beneficiaries in order to guarantee financing of the agreed benefits. The rights under the reinsurance cover taken out by the association may not be used as security or lien and may not be assigned. The beneficiaries have no legal claim to the benefits paid out by the association. All payments are voluntary and may be revoked at any time.

The specifics concerning the eligibility of beneficiaries, type and scope of benefits, conditions for eligibility, amount and maturity of benefits, etc. are governed by two retirement plans. According to these, MEDICLIN pays an annual contribution (2021: EUR 249.54) into MediClinRent as a pension insurance scheme (employer-financed basic care) for its active employees up to the age of 65 who have served the Company for at least five years (cut-off date: 31.12 of the respective year) and who are at least 28. The amount is adjusted to meet the rising cost of living (by an annual maximum of 1.5%). The basic care is paid out as a monthly pension or, alternatively, a one-time lump sum payment. The pension automatically increases by 1% annually and is guaranteed for at least ten years. Furthermore, MediClinRent offers eligible employees the possibility to build up private pension by deferring a portion of their gross salary (employee-financed supplementary pension). MEDICLIN promotes this deferred compensation plan by increasing the employees' own contribution by 20%, but by a minimum of EUR 50 and up to a maximum of EUR 100, provided the contributions are exempt from social security insurance (employer-financed retirement allowance). MEDICLIN transfers these amounts directly to MediClin Unterstützungskasse e.V. (MUK e.V.). MUK e.V. has been closed for new admissions since 31 December 2018 with the exception of employees who had not yet completed their five-year waiting period on 31 December 2018.

Since the 2019 financial year, MUK e.V. is classified as a defined benefit obligation.

MUK e.V. is designed as a reinsured relief fund and was classified as a defined contribution plan and recognised accordingly until 2018, because its benefit commitment is secured by a corresponding reinsurance contract with an insurer. MUK e.V. fulfilled its obligation pursuant to Section 16 German Occupational Pensions Act (BetrAVG) to review whether adjustments are required by promising a guaranteed annual 1.00% adjustment (Section 16 (3) Sentence 1 German Occupational Pensions Act (BetrAVG)). When taking out the reinsurance contract upon inception on 1 January 2002, the guaranteed 1.00% adjustment was not insured, thereby increasing the maturity benefit, as it was assumed that the 1.00% adjustment could easily be generated by means of the insurance company's surpluses.

In the course of the sustained low-interest situation on the capital markets, it has become obvious that, in particular, reinsurance contracts with a high guaranteed interest rate see hardly any allocations of surpluses and that the insurers can therefore not guarantee that the benefits will be adjusted in the guaranteed amount. Nevertheless, the commitments were adjusted by 1.00% as agreed. The adjustment is financed in retrospect by making annual one-off payments to the insurance company. As such, this constitutes a systematic underinsurance, the future amount of which will be shown in the balance sheet by means of the closest possible estimate. This means that these commitments are henceforth classified and recognised as defined benefit plans (IAS 19.46).



The reinsurance cover of the MUK e.V. benefits has meanwhile been changed; new pension commitments are no longer subject to underinsurance from adjustment obligations as the 1.00 % adjustment guarantee was included in the cover. The amount of the underinsurance was determined using an actuarial expert report, which calculates the present value of the future underinsurance on the basis of the vested benefit claims. The discount rate that was used to calculate the underinsurance is 0.9 % (previous year: 0.4 %), while a figure of 2.35 % p.a. was used to show the insurance company's overall interest burden (previous year: 2.75 % p.a.). Further, the calculation is based on the assumption that the share of persons entitled to benefits that will receive ongoing pension payments rather than a one-off payment will continue to amount to approximately 5 %. The assumption regarding the total interest of the reinsurance company and the assumption for the current pension benefits are reviewed every year and adjusted whenever required.

The guaranteed interest rate under the reinsurance cover is:

For contracts until 2003	3.25 % p.a.
For contracts until 2006	2.75 % p.a.
For contracts until 2011	2.25 % p.a.
For contracts until 2014	1.75 % p.a.
For contracts until 2016	1.25 % p.a.
For contracts until 2021	0.90 % p.a.
For contracts until 2022	0.25 % p.a.

The underinsurance resulting from these calculations amounts to EUR 301 thou. (previous year: EUR 211 thou.), while the reinsurance cover has an asset value of EUR 16.0 mill. (previous year: EUR 15.1 mill.), meaning that underinsurance is 1.8 % (previous year: 1.4 %) of the reinsurance value.

The values recognised in the balance sheet show the following development:

In thousands of €	31.12.2021	31.12.2020
<b>Development of recognition in the balance sheet</b>		
Present value of the DBO	16,339	15,324
Fair value of plan assets	-16,038	-15,113
<b>Net defined benefit liability at the end of the financial year</b>	<b>301</b>	<b>211</b>
Net defined benefit liability at the end of the preceding financial year	211	170
Service cost	756	757
Net interest expense on the reported net liability	-1	-2
Remeasurements recognised in other comprehensive income	94	43
Employer contributions	-750	-750
Benefits paid directly by the employer	-9	-7
<b>Carrying amount: net defined benefit liability at the end of the financial year</b>	<b>301</b>	<b>211</b>

The net liability breaks down to beneficiaries as follows:

	31.12.2021	31.12.2020
Active employees	96	109
Departed employees with vested rights	20	25
Pensioners	185	77
<b>Net defined benefit liability at the end of the financial year</b>	<b>301</b>	<b>211</b>

The present value of the DBO showed the following development:

In thousands of €	31.12.2021	31.12.2020
DBO at the end of the preceding financial year	15,324	14,691
Current service cost	756	757
Interest expense on DBO	60	129
Actuarial gain(-)/loss(+) due to experience-based adjustment to the obligation	774	262
Actuarial gain(-)/loss(+) due to change in financial assumptions	-34	24
Benefits paid from plan assets	-532	-532
Benefits paid directly by the employer	-9	-7
<b>Pension obligations at the end of the financial year</b>	<b>16,339</b>	<b>15,324</b>

The fair value of the plan assets hereby developed as follows:

In thousands of €	31.12.2021	31.12.2020
Fair value of plan assets at the end of the preceding financial year	15,113	14,521
Income from plan assets calculated with the discount rate	61	131
Amount by which the actual income of the plan assets in the current financial year exceeds/ falls short of the income calculated with the discount rate	646	243
Employer contributions	750	750
Benefits	-532	-532
<b>Fair value of plan assets at the end of the financial year</b>	<b>16,038</b>	<b>15,113</b>

98.2 % of the pension obligation (previous year: 98.6 %) is covered by the fair value of plan assets.

The total pension cost of this pension commitment amounts to EUR 849 thou. (previous year: EUR 798 thou.), of which EUR 755 thou. (previous year: EUR 755 thou.) is recognised in profit and loss and EUR 94 thou. (previous year: EUR 43 thou.) is recognised in other comprehensive income.

The pension cost developed as follows:

In thousands of €	2021	2020
<b>Consolidated profit and loss account</b>		
Current service cost	756	757
Past service costs due to plan amendments	0	0
Net interest expense/(income) on the reported net defined benefit liabilities/(assets)	-1	-2
<b>Pension costs, recognised in consolidated profit and loss account</b>	<b>755</b>	<b>755</b>
<b>Other comprehensive income</b>		
Actuarial gain(-)/loss(+) due to experience-based adjustment to the obligation	774	262
Actuarial gain(-)/loss(+) due to change in actuarial assumptions (on the obligation side)	-34	24
<b>Actuarial gain(-)/ loss(+) accrued in the course of the financial year</b>	<b>740</b>	<b>286</b>
Amount by which the actual income of the plan assets in the current financial year exceeds/ falls short of the income calculated with the discount rate	-646	-243
<b>Remeasurements recognised in other comprehensive income</b>	<b>94</b>	<b>43</b>
<b>Total pension costs</b>	<b>849</b>	<b>798</b>

The expected benefits for the coming year are forecast at EUR 559 thou., while the current service expenses for the expected pension obligations are estimated at EUR 755 thou. and net interest expense at EUR 145 thou.

For the year 2022 employer contributions to the plan assets are expected to amount to EUR 750 thou., benefits to be paid from the plan assets to EUR 532 thou. and income from plan assets to EUR 145 thou.

The following benefit payments are forecast for the coming years:

In thousands of €	
Expected benefit payments for the year 2022	27
Expected benefit payments for the year 2023	45
Expected benefit payments for the year 2024	64
Expected benefit payments for the year 2025	83
Expected benefit payments for the year 2026	103
Expected benefit payments for the years 2027 to 2031	809

The mean Macaulay duration of the entire pension portfolio is 21.0 years (previous year: 25.0 years) and describes the weighted (in terms of payment and interest) average term to maturity of the pension obligations. MEDICLIN terminated the works agreement underlying this pension plan as of 31 December 2018. However, employees who joined a MEDICLIN carrier company until 31 December 2018 and have not received an employer-financed pension commitment will continue to receive employer-financed basic care under the MediClinRent scheme. Employees with ongoing vesting periods will also receive entitlements under the MediClinRent scheme. The existing MediClinRent contracts, including both employer-financed basic care and contracts financed by the employees themselves by means of deferred compensation, will be continued without limitations in accordance with the applicable defined contribution plans.

Due to the fact that in the above-mentioned pension plans no new beneficiaries are added to the schemes, meaning that only the existing benefit claims are to be settled from these obligations, no additional risks can be identified at the moment which would result in a future risk concentration. Appropriate provisions were set aside for the systematic underinsurance of MUK e. V. No other risk concentrations can be identified in connection with the investment of the plan assets since most of the investments of the plan assets of MAUK are short term. MUK e. V.'s plan assets consist exclusively of reinsurance policies.

## DEFINED CONTRIBUTION PLANS

The total expenses of the MEDICLIN Group from defined contribution plans, including the employer contribution for payments to the German pension insurance, amounted to EUR 24.2 mill. in 2021 (2020: EUR 24.0 mill.).

EUR 0.9 mill. thereof (previous year: EUR 0.8 mill.) pertain to amounts that MEDICLIN paid to several public supplementary pension funds on the basis of collective wage agreements in force. These schemes are called multi-employer plans as this type of pension and relief fund insures employees from a multitude of member companies. The schemes are generally classified as defined benefit plans under IAS 19.30 as the employees have a legal claim to the benefits defined in the articles of association, irrespective of the amounts that were actually paid in. It is not possible for the affected facilities to obtain the figures on the fund assets attributable to the Company from these insurers that would be required for calculating and measuring a potential underinsurance. As the corresponding information on future payment obligations is thus not available, it is prohibited to set aside provisions in accordance with IAS 19. Pursuant to IAS 19.34a, the obligation must be recognised as a defined contribution plan.

The insurers in question include **Rheinische Zusatzversorgungskasse (RZVK)**, **Zusatzversorgungskasse der Stadt Hannover (ZVK Hannover)** and **Unterstützungskasse für Krankenhäuser in Mecklenburg-Vorpommern e. V. (UMVK)**.

**RZVK** is a special fund of Rheinische Versorgungskassen headquartered in Cologne. The fund's assets are held as a special fund. The fund grants its members' employees an additional pension when they retire, suffer a reduction in earnings capacity or pays a pension to the surviving dependants if they die. Persons insured under the compulsory insurance are allocated to the settlement funds Abrechnungsverband I and II (AV I and AV II). MEDICLIN belongs to Abrechnungsverband I that is managed as a pay-as-you-go and capital-funded system (hybrid financing). In the scope of the so-called Abschnittdeckungsverfahren that is used for financing the scheme, a pay-as-you-go contribution is determined on the basis of the salary of the employees insured under the compulsory insurance. In order to cover the benefits that arose under the previous general contribution scheme, RZVK additionally charges a recapitalisation fee (Sanierungsgeld), which is used to build up separate ring-fenced funds within the assets of ZVK. In the 2021 financial year, the recapitalisation fee amounted to 3.5 %. All in all, the financing rate (pay-as-you-go contribution and recapitalisation fee) amounted to 7.75 % of the salaries subject to such contributions in the 2021 financial year. The financing rate will remain unchanged in 2022. In total, an amount of EUR 0.7 mill. was paid both in the reporting year and the previous financial year, and the contributions for 2022 will remain at more or less the same level.

**ZVK Hannover** is a legally dependent pensions fund of the federal state capital Hannover and, by way of a private pension, grants its members' employees an additional pension when they retire, suffer a reduction in earnings capacity or pays a pension to the surviving dependants if they die. Persons insured under this compulsory insurance are also allocated to two settlement funds (Abrechnungsverband I and II – AV I and AV II), of which MEDICLIN is allocated to AV I. The compulsory insurance of ZVK Hannover is financed exclusively via pay-as-you-go contributions and recapitalisation fees. The pay-as-you-go contribution is 5.07 %. In order to finance the entitlements and deferred benefits incurred before 1 January 2002, ZVK Hannover charges a recapitalisation fee of 3.00 % to cover any additional capital required beyond the pay-as-you-go payments. The employers of the insured beneficiaries thus need to expend 8.07 % of the salary subject to compulsory insurance. The compulsory insurance is not subject to employee contributions or an additional charge for building up capital cover. The financing rate will remain unchanged in 2022. EUR 0.1 mill. (previous year: EUR 0.1 mill.) was spent on this in the reporting year and the contributions for 2022 are expected to remain at more or less the same level.

UMVK grants a pension as soon as the required age limit is reached either as a one-off payment of retirement assets or a monthly lifelong pension of the same value. Moreover, during the service period of the beneficiary, the fund grants a one-time payment to surviving dependants and a monthly pension if the beneficiary becomes unable to work. The benefits are paid out to the beneficiary by UMVK. The amount of the benefits depends in case of death on the contributions that amount to between 1.0 and 1.5 % of the eligible income. The disability pension amounts to 0.25 % of the retirement assets. One clinic was a member of UMVK in the 2021 financial year. In total, an amount of EUR 0.1 mill. was paid both in the reporting year and the previous financial year, and the contributions for 2022 will remain at more or less the same level.

The Group concluded a new works agreement regarding occupational pensions on 1 October 2020, which came into force on 1 January 2020. According to this agreement, employees that joined a MEDICLIN company since 1 January 2019 and employees who joined a MEDICLIN company before 1 January 2019 and have not yet received an employer-financed pension commitment are eligible for such commitment. This new occupational pension scheme is no longer purely employer-financed; instead, the beneficiaries contribute to financing their pensions.

MEDICLIN AG concluded a group insurance contract with **"KlinikRente Versorgungswerk"** on the new occupational pension scheme. This occupational pension scheme is a defined contribution plan in the form of direct insurance that is partly financed by deferring gross compensation (mixed financing). In this context, MEDICLIN grants every eligible employee a pension allowance subject to the condition that the employee also makes a contribution. The employer allowance amounts to EUR 40.00 per month and is subject to the following conditions:

- The employee concludes a deferred compensation agreement under the group insurance contract with KlinikRente for at least 1.00 % of the sum total of all his or her fixed monthly salary components (employee contribution).
- The payment of the full employer allowance of EUR 40.00 is furthermore conditional on the employee waiving any claims to employer contributions to capital formation (vermögenswirksame Leistungen) that the employee might have. Otherwise, any employer contributions to capital formation that might be paid will be offset against the claim to the employer allowance to the occupational pension scheme.
- The employee has been with the Company for at least six months and the employment relationship has not been terminated. A fixed-term employment contract does not affect the entitlement to this benefit.
- The employer allowance to the occupational pension scheme will only be paid for contracts under the KlinikRente group insurance contract and after the employee has applied for such allowance in writing.

In addition to the EUR 40 allowance per month, MEDICLIN pays 15.0 % of the deferred compensation as employer contribution into the direct insurance plan, provided MEDICLIN saves social security contributions in connection with the deferred compensation. If an employee leaves the employment before the benefits become due, such employee retains a partial entitlement to benefits under the plan, even if the statutory vesting periods have not yet been met at this stage.

The employer contribution is increased by 1.00 % every year on 1 July. The first increase came into effect on 1 July 2021. The 1.00 % clause for the employee contribution that is the precondition for the employer allowance will also be reviewed on 1 July of every year. If the review reveals that the employee contribution must be increased by at least EUR 5.00 in order to meet the 1.00 % clause, the amount of deferred compensation must be increased. The pension payments commence on the first of the month following the employee's 67th birthday. Early retirement benefits can be claimed after an employee has turned 62. Payments may be deferred until an employee turns 72. The death benefit that is agreed under this scheme after commencement of pension payments is a benefit amounting to 20 times the guaranteed

annual pension after commencement of pension payments less any guaranteed pensions already paid since commencement of pension payments. The employer allowance for this retirement scheme amounted to EUR 173 thou. in the 2021 financial year. A total of 446 KlinikRente contracts were concluded since the new pension scheme came into force.

Furthermore, a defined contribution plan within the scope of the statutory social security pension fund is in place for all employees. The employer is obliged to pay 9.3 % of the salary that is subject to pension contributions into this scheme (employer contribution); the contribution rate of 9.3 % has not changed since the previous year. The employer contributions amounted to EUR 23.3 mill. (previous year: EUR 23.1 mill.) in the year under review.

## (23) OTHER PROVISIONS

In thousands of €	31.12.2021	31.12.2020
Provisions for renewal of lease agreements	174	174
Provisions for archival storage	1,728	1,849
Provisions for insurance	820	837
Provisions for additional rent payments	21,041	21,041
	<b>23,763</b>	<b>23,901</b>

The provision for the renewal of lease agreements relates to future reinstatement costs in connection with the lease of the MediClin medical care centre in Leipzig. The provisions for archival storage cover accrued costs for external archiving pursuant to the legal obligation to retain business records. The provisions for insurances are related to the risks under liability insurance (KSA Kommunalen Schadensausgleich) for one hospital.

The provisions for additional rent payments are related to the rent reductions received in 2005 to 2007 in the approximate amount of EUR 21.0 mill. for ten of the 21 clinic properties that were pooled in OIK-Immobilienfonds and rented back. The agreement on the rent reduction includes a repayment obligation up to the amount of the rent reductions granted, which is conditional on the achievement of certain economic performance parameters of all the clinics pooled in the fund (debtor warrant). The planning for the upcoming financial years as at the balance sheet date renders it likely that the agreed performance parameters will be reached.

It is not anticipated that the provisions for the renewal of lease agreements recognised as of 31 December 2021 will be consumed in the coming year.

The following overview shows the development of provisions in the reporting year:

In thousands of €	As of 01.01.2021	Additions	Interest	Consumption	Reversal	As of 31.12.2021
Provisions for renewal of lease agreements	174	0	0	0	0	174
Provisions for archival storage	1,849	123	-1	243	0	1,728
Provisions for insurance	837	1	0	18	0	820
Provisions for additional rent payments	21,041	0	0	0	0	21,041
	<b>23,901</b>	<b>124</b>	<b>-1</b>	<b>261</b>	<b>0</b>	<b>23,763</b>

**(24 + 31) LIABILITIES PURSUANT TO HOSPITAL FINANCING LAW (KHG)**

In thousands of €	Non-current	Current	Total 31.12.2021	Non-current	Current	Total 31.12.2020
<b>Subsidy liabilities pursuant to KHG</b>						
Thereof individual subsidies	39,532	14,094	53,626	38,188	6,400	44,588
Thereof lump-sum subsidies	0	4,405	4,405	0	2,164	2,164
	<b>39,532</b>	<b>18,499</b>	<b>58,031</b>	<b>38,188</b>	<b>8,564</b>	<b>46,752</b>

The liabilities pursuant to hospital financing law totalling EUR 58.0 mill. on the balance sheet date 31 December 2021 (31.12.2020: EUR 46.8 mill.) mainly refer to subsidies for the construction of new clinics at three locations. EUR 21.9 mill. thereof (previous year: EUR 22.3 mill.) pertain to a new clinic for neurology, neurointensive care and neurophysiology at the location of MediClin Hedon Klinik in Lingen, which is receiving subsidies totalling EUR 20.0 mill. from the federal state of Niedersachsen. EUR 19.5 mill. (previous year: EUR 14.5 mill.) refer to subsidies for a new clinic for child and youth psychiatry at MediClin Müritzklinikum in Röbel granted by the federal state of Mecklenburg-Vorpommern. The subsidies for this project total EUR 19.5 mill. Another EUR 11.7 mill. (previous year: EUR 7.3 mill.) pertain to subsidies for a new building at the location of MediClin Seepark Klinik in Bad Bodenteich. The balance sheet item shows the individual subsidies for these construction measures that have not yet been used in accordance with their designated purpose. Further, the item relates to fixed subsidies pursuant to state law provisions on hospital financing that were not yet used in accordance with their designated purpose.

**(25) MISCELLANEOUS PAYABLES**

In thousands of €	31.12.2021	31.12.2020
Anniversary obligations	1,971	2,122
Partial retirement obligations	23	77
Other non-current liabilities	0	584
	<b>1,994</b>	<b>2,783</b>

The provisions for anniversary obligations concern other non-current payable benefits pursuant to IAS 19. The provisions are calculated according to the projected unit credit method taking as a basis an interest rate of 0.76 % (previous year: 0.17 %). If the interest rate increases or decreases by 0.50 or 0.25 percentage points, provisions change as follows:

In thousands of €	-0.50 %	-0.25 %	+0.25 %	+0.50 %
Discount rate (0.76 %)	+67	+33	-32	-63

Of the provisions for anniversary obligations, an estimated EUR 209 thou. will be used in the 2022 financial year, and EUR 1,762 thou. in the subsequent years. The interest component totalled EUR 3 thou. in the 2021 reporting year (previous year: EUR 11 thou.).

The top-up amounts relating to provisions for partial retirement are recognised in liabilities in the amount of their utilisation at the time the partial retirement agreement is made. The amounts claimed within the scope of the block model are accrued during the employment phase and carried as a liability in the amount of the discounted amount not yet paid out. At the reporting date, one (previous year: one) part-time arrangement with a term until 2022 is still in force (block-time model).

**(28) OTHER PROVISIONS**

In thousands of €	31.12.2021	31.12.2020
Provisions for billing risks/reimbursements	8,355	8,565
Provisions for Supervisory Board	45	35
Remaining provisions	5,130	6,930
	<b>13,530</b>	<b>15,530</b>

The provisions for billing risks refer to the review of rendered hospital services by the Medical Service (Medizinischer Dienst – MD) pursuant to Section 275 Book V of the German Social Security Code V (SGB V). If the MD determines during this review that services rendered were not invoiced correctly, the invoice is adjusted. In principle, there is a claim to remuneration for all treatments, but reimbursements may be claimed after the review by the MD. When the financial statements are prepared, the risk of potential MD adjustments is assessed and accounted for by means of provisions (reimbursement liabilities). Sales are thus reduced by the amount to be reimbursed. The remaining provisions include provisions for litigation risks, other warranties and potential additional reimbursement claims.

The following overview shows the development of provisions in the reporting year:

In thousands of €	As of 01.01.2021	Additions	Consumption	Reversal	As of 31.12.2021
Provisions for billing risks/reimbursements	8,565	782	387	605	8,355
Provisions for Supervisory Board	35	45	32	3	45
Remaining provisions	6,930	0	1,050	750	5,130
	<b>15,530</b>	<b>827</b>	<b>1,469</b>	<b>1,358</b>	<b>13,530</b>

**(30) MISCELLANEOUS FINANCIAL LIABILITIES**

Miscellaneous financial liabilities pertain to the following circumstances:

In thousands of €	31.12.2021	31.12.2020
Cost of annual financial statements	1,446	1,323
Other procurement of materials	766	784
Legal and consultancy costs	739	647
Liabilities from third-party funds	309	355
Liabilities to health insurance funds and other public coverage providers	145	151
Charges and fees	84	107
Liabilities from doctors' invoices	75	197
Energy and water supply	551	349
Other loans	0	106
Miscellaneous	3,197	2,280
	<b>7,312</b>	<b>6,299</b>



**(32) MISCELLANEOUS PAYABLES**

In thousands of €	31.12.2021	31.12.2020
Staff costs	18,586	16,904
Benefits under the protective shield to manage the pandemic	45,595	23,638
Payroll tax to be paid	4,689	5,052
Value added tax to be paid	412	47
Payments received	227	256
Deferred income	118	137
	<b>69,627</b>	<b>46,034</b>

Miscellaneous payables from staff costs mainly consist of the following:

In thousands of €	31.12.2021	31.12.2020
Vacation and flexitime entitlements	6,296	6,110
Profit-sharing bonus payments	5,732	5,720
Wage supplements	2,291	2,301
Bonus payments	694	710
Severance payments	1,738	381
Contributions to statutory accident insurance and prevention	866	963
Other staff costs	969	719
	<b>18,586</b>	<b>16,904</b>

## Notes to the consolidated profit and loss account

### (34) SALES

All sales of the Group were generated domestically. They are distributed as follows:

In millions of €	2021	2020
Post-acute	304.5	288.4
Acute	288.0	280.4
Nursing care	16.1	15.7
Benefits under the protective shield to manage the pandemic	21.0	37.6
Other sales	43.5	37.8
<b>Sales</b>	<b>673.1</b>	<b>659.9</b>

Benefits under the protective shield to manage the pandemic include the following compensation payments:

In millions of €	2021	2020
Compensation for keeping bed capacity available pursuant to Section 21 KHG	6.5	22.0
Compensation for keeping bed capacity available pursuant to Section 111d SGB V	7.1	10.5
Reimbursements under SodEG to meet the medical service guarantee	0.8	4.8
Compensation for not working at full capacity pursuant to Section 111 (5) Sentence 5 or Section 111c (3) Sentence 5 SGB V	4.7	0.0
COVID-19 reimbursement pursuant to Section 150 (2) SGB XI Nursing Care Insurance and health insurer compensation payments	1.9	0.3
<b>Sales</b>	<b>21.0</b>	<b>37.6</b>

Sales in the 2021 financial year were EUR 673.1 mill. and thus EUR 13.2 mill. or 2.0 % above the previous year's value and back to the level of 2019 before the pandemic broke out. While revenues from rehabilitation services (post-acute) did not yet manage to reach the figure of EUR 324.7 mill. achieved in 2019, revenues from hospital services (acute) and from nursing care services even managed to outperform the figures in 2019 by EUR 1.3 mill. and EUR 0.7 mill., respectively. The revenues from benefits under the protective shield amounted to EUR 21.0 mill. in 2021, which is EUR 16.6 mill. less than in 2020.

Other sales include revenues from outpatient services, which total EUR 16.3 mill. (previous year: EUR 15.9 mill.). Furthermore, in addition to service revenues, other sales include revenues from the sale of pharmacy merchandise totalling EUR 4.8 mill. (previous year: EUR 4.6 mill.), from private accommodation totalling EUR 1.9 mill. (previous year: EUR 1.8 mill.), from cafeterias, kiosks and meals totalling EUR 4.2 mill. (previous year: EUR 4.4 mill.) and for rapid COVID-19 tests in the amount of EUR 4.9 mill. (previous year: EUR 0.0 mill.).

**(35) OTHER OPERATING INCOME**

Other operating income in the consolidated financial statements is structured as follows:

In millions of €	2021	2020
Reversal of provisions and liabilities	0.1	0.0
Subsidies	1.8	1.7
Rental income	0.7	0.8
Services to staff	0.6	0.6
Other sales	10.7	8.0
<b>Other operating income</b>	<b>13.9</b>	<b>11.1</b>

Since the 2013 financial year, income from the reversal of provisions and liabilities is offset against the expenses for which the provisions were set aside. In 2021 this amounts to EUR 3.6 mill. (previous year: EUR 5.9 mill.).

The largest individual item within other income refers to payments under the national training fund for the nursing profession (Ausbildungsfonds) of EUR 3.5 mill. (previous year: EUR 2.1 mill.).

**(36) RAW MATERIALS AND CONSUMABLES USED**

Raw materials and consumables used rose more strongly than sales by a total of EUR 9.4 mill. to EUR 122.1 mill. (previous year: EUR 112.7 mill.). Despite the higher occupancy, raw materials and supplies decreased moderately by EUR 0.1 mill. while the cost of purchased services rose considerably by EUR 9.5 mill. This was driven primarily by the cost of energy and expenses for external medical services and external medical staff. The cost of materials ratio amounts to 18.1% (previous year: 17.1%).

In millions of €	2021	2020
Operating supplies	18.9	19.3
Medical supplies	54.3	54.0
Other raw materials and supplies incl. price deductions / bonuses / cash discounts	-0.5	-0.5
<b>Raw materials and supplies</b>	<b>72.7</b>	<b>72.8</b>
Energy/water/sewage	14.4	11.3
Third-party housekeeping and facility services	9.5	9.5
External medical services	17.3	13.4
Other third-party services	2.2	2.0
External medical staff	6.0	3.7
<b>Purchased services</b>	<b>49.4</b>	<b>39.9</b>
<b>Raw materials and consumables used</b>	<b>122.1</b>	<b>112.7</b>

**(37) STAFF COSTS**

Staff costs of EUR 423.4 mill. were 0.3% higher than in the previous year (previous year: EUR 422.2 mill.). The staff costs ratio for the 2021 financial year was 62.9% (previous year: 64.0%).

In millions of €	2021	2020
Wages and salaries	357.0	355.9
Social security, pension and retirement	66.4	66.3
Thereof pension costs	1.7	1.9
<b>Staff costs</b>	<b>423.4</b>	<b>422.2</b>

Pension expenses incurred in addition to those for statutory social security pension funds, including contribution payments to external pensions facilities, totalled EUR 1.7 mill. (previous year: EUR 1.9 mill.). They concern the following:

In thousands of €	2021	2020
Contributions to		
Defined benefit plans	817	874
Defined contribution plans	896	839
Other pension-related expenses	22	144
	<b>1,735</b>	<b>1,857</b>

EUR 813 thou. of the expenses for defined benefit plans (previous year: EUR 839 thou.) is attributable to MUK e.V., while EUR 6 thou. (previous year: EUR 35 thou.) refers to MAUK and Kraichgau-Kliniken. The large MUK share is due to the fact that more than 98 % of its benefit commitments are covered by a reinsurance policy. The expenses refer to payments made by MEDICLIN to the insurance coverage provider. The defined benefit plans of MAUK and Kraichgau-Kliniken, in turn, are mainly financed by setting aside a corresponding provision (please refer to note 22). As, when calculating pension provisions, the interest portion accounts for approximately 78.2 % (previous year: 87.9 %) of the pension costs to be reported in the consolidated profit and loss account and shown in the financial result, contributions to the defined benefit plans are correspondingly low. The payments into defined contribution plans refer to allocations to three supplementary pension funds. EUR 19 thou. (previous year: EUR 141 thou.) of the other pension-related expenses are payments to the insolvency insurance.

### (38) OTHER OPERATING EXPENSES

Other operating expenses decreased by EUR 2.3 mill. to EUR 56.3 mill. (previous year: EUR 58.6 mill.). The decline in other miscellaneous expenses is mainly due to a one-off effect in the previous year when, among other costs, this item recorded expenses in connection with the sale of a subsidiary in the amount of EUR 1.4 mill. Furthermore, other miscellaneous expenses saw pronounced declines in the expenses for advertising and public relations (EUR –0.7 mill.) and travel expenses (EUR –0.2 mill.) due to the COVID-19 pandemic.

The expenses for short-term rents and leases that are not recognised applying IFRS 16 amount to EUR 1.7 mill. (previous year: EUR 1.6 mill.) on the reporting date 31 December 2021. Low-value rents and leases that are long-term but not recognised applying IFRS 16 incurred expenses amounting to EUR 0.7 mill. (previous year: EUR 0.7 mill.) as of the balance sheet date. Value added tax remains in the rental and lease expenses item as it is not recognised in accordance with IFRS 16.

In millions of €	2021	2020
Rents and leases	3.5	3.2
Maintenance and repairs	15.8	16.1
IT and organisation	7.2	6.2
Legal and consultancy costs	4.0	4.3
Insurance costs	4.7	5.3
Contributions, fees, levies	2.2	1.9
Other miscellaneous expenses	18.9	21.6
<b>Other operating expenses</b>	<b>56.3</b>	<b>58.6</b>

### (39) DEPRECIATION AND AMORTISATION

In the 2021 financial year depreciation and amortisation totals EUR 73.7 mill. (previous year: EUR 77.3 mill.). EUR 47.2 mill. thereof (previous year: EUR 47.4 mill.) pertains to depreciation of right-of-use assets. Another EUR 3.1 mill. pertains to intangible assets (previous year: EUR 3.3 mill.) and EUR 23.3 mill. (previous year: EUR 26.7 mill.) to property, plant and equipment.

### (40) FINANCIAL RESULT

The financial result is structured as follows:

In thousands of €	2021	2020
Income from participations	160	51
Interest and similar income	48	51
Interest and similar expenses	-9,325	-10,341
<b>Financial result</b>	<b>-9,117</b>	<b>-10,239</b>

The 2021 interest and similar expenses items contains EUR 7.4 mill. (previous year: EUR 8.3 mill.) in interest from lease liabilities.

#### Interest and similar income

In thousands of €	2021	2020
Interest income from receivables	41	49
Other interest-related income	7	2
<b>Interest and similar income</b>	<b>48</b>	<b>51</b>

#### Interest and similar expenses

In thousands of €	2021	2020
Interest on current account	1	4
Interest on loans	1,031	1,033
Interest on pension provision	268	565
Interest from lease liabilities (IFRS 16)	7,367	8,258
Other interest-related expenses	658	481
<b>Interest and similar expenses</b>	<b>9,325</b>	<b>10,341</b>

Other interest-related expenses mainly refer to commitment fees for undrawn lines of credit in the amount of EUR 0.4 mill. (previous year: EUR 0.1 mill.) and ancillary costs in connection with the syndicated loan in the amount of EUR 0.1 mill. (previous year: EUR 0.1 mill.). In the previous year, this item also included interest from the discounting of provisions in the amount of EUR 0.2 mill. An overview of future interest expenses is presented in the section on non-current liabilities.

**(41) TAXES ON INCOME**

The taxes on income are structured as follows:

In thousands of €	2021	2020
Actual taxes on income	1,486	324
Deferred taxes on income	-525	-1,378
	<b>961</b>	<b>-1,054</b>

Reconciliation of earnings before taxes to income tax expenses is as follows:

In thousands of €	2021	2020
Consolidated result before tax	2,446	-10,088
Resultant calculational tax charge (15.825 %)	387	-1,596
Tax effect on profit / loss from		
profits that can be offset against tax losses carried forward	0	-45
income tax expenses from previous years	234	0
non-capitalisable losses in the financial year	224	0
valuation differences between the tax and the consolidated balance sheet	327	562
valuation differences in the supplementary tax-related balance sheets	-376	0
trade tax expenses in the financial year	143	87
non-deductible expenses	25	20
Others	-3	-82
<b>Actual tax expense</b>	<b>961</b>	<b>-1,054</b>

**(42) TOTAL CONSOLIDATED RESULT PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF MEDICLIN AG**

The undiluted earnings per share are calculated by dividing the profit or loss attributable to equity holders by the average number of shares outstanding during the financial year, with the exception of any treasury stock held by the Company.

	2021	2020
Result after tax attributable to shareholders of MEDICLIN AG in thousands of €	1,461	-8,997
Average number of shares outstanding in thousands	47,500	47,500
Undiluted earnings per share in €	0.03	-0.19

**(43) OTHER COMPREHENSIVE INCOME**

The amounts recognised in other comprehensive income refer to remeasurements pursuant to IAS 19 resulting from a change in parameters used for the valuation of pension provisions at the end of the reporting period, such as discount rate and salary or pension trends, compared to the parameters assumed at the beginning of the reporting period. The resulting amount is then offset directly against equity or the revenue reserve in consideration of the respective deferred taxes. It is not possible to reclassify these to the profit and loss account at a later date.

## Other disclosures

### Number of employees by area of activity

The average number of employees, on the basis of full-time employees and excluding the Management Board, managing directors and trainees, is as follows:

Shown in full-time employees	2021	2020	Change
Medical	865	918	-53
Nursing care	2,297	2,436	-139
Medical-technical	1,509	1,577	-68
Functional	412	442	-30
<b>Medical services</b>	<b>5,083</b>	<b>5,373</b>	<b>-290</b>
Support functions	1,096	1,144	-48
Technical	154	146	+8
Administration	622	650	-28
Other	34	36	-2
<b>Non-medical services</b>	<b>1,906</b>	<b>1,976</b>	<b>-70</b>
	<b>6,989</b>	<b>7,349</b>	<b>-360</b>

### Contingencies and other financial obligations

Due to their contractual design, the 21 long-term lease contracts qualified as operating leases pursuant to IAS 17 up to and including 2018. The underlying rental contracts have a term until 31 December 2027. An extension of the term until 31 December 2047 was agreed for one of the contracts in the 2018 financial year. The contracts provide for an annual adjustment of rents in accordance with changes in the German consumer pricing index (up to a maximum of 2 % p.a.). The Group further has obligations under the real estate management agreements concluded together with the rental contracts.

From 2005 to 2007, rental reductions of EUR 7.0 mill. p.a. were granted for ten of the leased properties. In connection with these rent reductions, performance-based repayment (rental allowance) was agreed upon, which is contingent on achieving certain economic performance parameters on the part of the clinics included in the fund. The performance parameter is the sum total of audited operating results before interest and tax (EBIT) of all 21 rented clinics during a financial year. The amount of the rental allowance is 50 % of the amount by which the EBIT total of the respective financial year exceeds a critical value. In all, the maximum potential rental allowance is limited to rent reductions of about EUR 21 mill.

Planning in 2017 revealed a high probability that these performance criteria will be reached, which is why provisions in the amount of EUR 20.1 mill. were set aside for future liabilities. The planning for the upcoming financial years as at the balance sheet date (31.12.2021) renders it likely that the agreed performance parameters will be reached. As of 31 December 2021 the provision amounts to EUR 21.0 mill. (31.12.2020: EUR 21.0 mill.).

The following obligations exist in connection with operating and office equipment:

In millions of €	Nominal value 31.12.2021	Nominal value 31.12.2020
Remaining term up to 1 year	0.3	0.2
Remaining term 1–5 years	1.6	1.0
Remaining term more than 5 years	0.0	0.0
	<b>1.9</b>	<b>1.2</b>

MEDICLIN will expand its hospital information system (HIS) over the next few years and ensure that the future-proof HIS is available to all types of clinics, including the outpatient units at the sites, as prescribed by law. In order to realise this plan, MEDICLIN concluded longer-term project and development agreements with a total volume of EUR 5.7 mill. The majority of this capital expenditure must be capitalised. To this, the cost for adjusting the infrastructure and procuring the required hardware and software must be added.

The costs resulting from the maintenance contracts concluded in 2016 are expected to become due as follows:

In millions of €	Nominal value 31.12.2021	Nominal value 31.12.2020
Remaining term up to 1 year	1.0	1.0
Remaining term 1–5 years	0.0	1.0
Remaining term more than 5 years	0.0	0.0
	<b>1.0</b>	<b>2.0</b>

Furthermore, the individual clinics have customary obligations from laboratory, pharmaceutical, cleaning and catering contracts, as well as from contracts for medicine and sterile products supply, for laundry service and supply, for energy, heating and air-conditioning, and other maintenance agreements.

Contractual obligations totalling approximately EUR 4.0 mill. existed in connection with the acquisition of property, plant and equipment as of 31 December 2021 (previous year: approximately EUR 3.3 mill.). There were no other significant contingencies or financial obligations as of the cut-off date.

## Declarations of surety

MEDICLIN AG issued a payment guarantee vis-à-vis the acquirer and lessor concerning the rental payments plus operating costs relating to 21 real estate properties under long-term leases.

In order to finance the loan for the acquisition of MediClin Rose Klinik, a joint and several surety was entered into by MEDICLIN AG in the amount of EUR 7.6 mill.

MEDICLIN AG assumed direct liability for the liabilities under the loan agreement in connection with the EUR 20.0 mill. investment loan in order to finance the new construction at the MediClin Hedon Klinik location in Lingen.

To authorise a medical care centre in the form of a legal entity under private law, one condition is that the partners submit directly liable suretyships for receivables of the associations of statutory health insurance physicians and health insurance funds to the medical care centre for services performed by statutory health service physicians. MediClin GmbH & Co. KG submitted the required suretyships for the medical care centres it operates.



In order to exercise the option pursuant to Section 264 (3) German Commercial Code (HGB) for several subsidiaries (please refer to “List of shareholdings”), MEDICLIN AG declared its willingness to guarantee for the obligations entered into by these subsidiaries until the reporting date on 31 December 2021, such guarantee being valid for the subsequent year.

## Financial risk management

Within the framework of its business activities, the Group is primarily exposed to a credit risk, as well as to liquidity and refinancing risks. A credit risk means the risk of a contracting partner’s inability to pay, or deterioration of the contracting party’s credit standing. As MEDICLIN generates almost all of its sales (approximately 98 %) with social security pension funds as well as with public and private health insurance funds, this risk is considered to be low. The liquidity risk relates to the risk of MEDICLIN not being able to meet its current or future payment obligations to the full extent or within the time stipulated. A refinancing risk is a special form of the liquidity risk, which arises when the liquidity required cannot be provided at the expected terms and conditions. Prudent liquidity management comprises maintaining sufficient resources of liquid assets in addition to an adequate volume of approved lines of credit, as well as, in the medium term, the ability to issue securities on the market. Sufficient liquid assets are available to strengthen the liquidity position as well as provide sufficient financing resources for organic growth. As the business environment in which the Group operates has seen increased dynamics in the past years, management aims to retain the required flexibility in financing capacity through an adequate volume of unused lines of credit. A further measure to cover these risks is the Group-wide liquidity supply through central cash pool management. In addition, there exists an interest rate risk due to the potential changes in market interest rates. Given the continuously low interest rate level, banks are increasingly passing on any punitive interests imposed on sight deposits by the ECB to their customers in the form of “negative interests on deposits”. MEDICLIN counters this risk by checking sight deposits at banks on a daily basis to prevent excessively high deposits with banks incurring high negative interests. In the year under review, MEDICLIN incurred expenses for so-called deposit fees. A risk provision for expected deposit losses was set aside as per IFRS 9 (EUR 89 thou.; previous year: EUR 82 thou.).

The **maximum exposure to default risk** is represented by the carrying amount of each financial asset as reported in the balance sheet. Because the counterparties to the receivables are prime financial institutions, the Group expects them to meet their obligations. Consequently, the Group considers that its maximum exposure to default risk is reflected by the amount of trade receivables and other current assets, net of valuation adjustments recognised as of the balance sheet date.

## Syndicated loan

At the end of November 2019, the previous syndicated loan totalling EUR 60.0 mill., consisting of a EUR 30.0 mill. bullet loan and a EUR 30.0 mill. revolving working capital facility, was repaid prematurely by means of a new syndicated loan. The new syndicated loan has a total volume of EUR 90.0 mill. and consists of a bullet loan for EUR 50.0 mill. (Facility A) and a revolving working capital facility for EUR 40.0 mill. (Facility B). Drawdowns on Facility B must amount to at least EUR 3.0 mill., whereby any other integer multiple of EUR 1.0 mill. exceeding such amount is also possible. On 31 December 2021, the full amount of Facility A and a partial amount of EUR 25.0 mill. of Facility B had been drawn. Moreover, the parties agreed on an option to increase the loan by up to EUR 20.0 mill. The Group can make a maximum of two requests to increase the loan, of which no more than EUR 10.0 mill. may refer to Facility B. Such request must amount to at least EUR 10.0 mill. or any other integer multiple of EUR 1.0 mill. The credit facility was increased to finance investments at

several clinic locations. The initial term of the loan is five years after signing the loan agreement with two options to extend the loan by one year each. The renewal options were exercised in October 2020 and October 2021 prolonging the contract until the end of November 2026. Being a bullet loan, Facility A must be repaid at the end of the agreed term. Facility B is repaid at the end of every six-month interest period. Until the end of the agreed term, any amounts drawn at the end of an interest period may also be rolled over. Any amounts repaid at the end of an interest period may be drawn again as required. The interest rate consists of a margin and a reference rate. The reference rate is the EURIBOR for the respective interest period. If the reference rate is zero or below zero, the interest rate is zero. The margins of both facilities each depend on the adjusted net debt key figure (net debt on the basis of average debt, adjusted for effects from lease financing) as reported in the four most recent quarterly reports of the MEDICLIN Group. The commitment fee for loan commitments not yet drawn amounts to 35 % of the respective margin. Furthermore, a utilisation fee is charged for Facility B depending on the amount drawn. A total of EUR 963 thou. (previous year: EUR 890 thou.) in interest, including utilisation fee for Facility B, was charged for the syndicated loan in the 2021 financial year. As the 6-month EURIBOR was negative over the entire year, it was set to 0 % in the interest calculation. The annual average was –0.523 % (previous year: –0.367 %).

At the annual average of –0.523 %, a change in the 6-month EURIBOR in the range between +/- 100 basis points would have led to the following changes in the financial result:

In thousands of €	Basis points	Financial result
Change in 6-month EURIBOR	+100	–362
Change in 6-month EURIBOR	+50	+/- 0 <sup>1</sup>
Change in 6-month EURIBOR	+25	+/- 0 <sup>1</sup>
Change in 6-month EURIBOR	+10	+/- 0 <sup>1</sup>
Change in 6-month EURIBOR	–10	+/- 0 <sup>1</sup>
Change in 6-month EURIBOR	–25	+/- 0 <sup>1</sup>
Change in 6-month EURIBOR	–50	+/- 0 <sup>1</sup>
Change in 6-month EURIBOR	–100	+/- 0 <sup>1</sup>

<sup>1</sup> No effect as EURIBOR is negative

## Lines of credit

In addition to the unused credit line under Facility B amounting to EUR 15 mill., the Group has agreements for free credit lines totalling EUR 10 mill.

In order to be able to respond better to the effects of the COVID-19 pandemic, the Group took out three additional short-term credit framework agreements from three banks with a total volume of EUR 50 mill. in November 2020 to further secure liquidity and general funding needs. The term of the credit lines is one year and can be extended by up to two times for another six months each. In the 2021 financial year the term was extended by six months until May 2022. The cost is comprised of a commitment fee for the credit lines and interest on current account overdrafts. The interest is based on an interest rate that is updated daily (EURIBOR or euro short-term rate (€STR)) plus a margin and is due on a monthly or quarterly basis. EUR 327 thou. were expended in the 2021 financial year for keeping the lines of credit available. To date, the lines of credit have not yet been drawn.

## Supervisory Board in the 2021 financial year

**Dr. Jan Liersch** (Chairman), Düsseldorf

Managing Director of Broermann Holding GmbH, Königstein im Taunus

Managing Director of RKG Reha-Kliniken GmbH, Königstein im Taunus

President of the Administrative Board Hotel Montreux Palace SA, Montreux (CH)

President of the Administrative Board Hotel Suisse Majestic SA, Montreux (CH)

Supervisory Board mandates and memberships in comparable domestic and foreign bodies:

Chairman of the Supervisory Board of

- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale

**Hans Hilpert**<sup>1</sup> (Vice Chairman), Bexbach-Oberbexbach

Sports Therapist, MediClin GmbH & Co. KG, Blieskastel branch

**Michael Bock**, Leverkusen

Managing Director of REALKAPITAL Vermögensmanagement GmbH, Leverkusen

Supervisory Board mandates and memberships in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- TTL Beteiligungs- und Grundbesitz-AG, München

**Barbara Brosius**, Kronberg im Taunus

Management consultant

Supervisory Board mandates and memberships in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- Asklepios Kliniken GmbH & Co. KGaA, Hamburg

**Dr. Julia Dannath-Schuh**, Meilen (CH)

Vice President for Personnel Development and Leadership of Eidgenössische Technische Hochschule Zürich

Member of the Board of Directors Alsia & Partners AG, Hüneberg/Zug (CH)

Supervisory Board mandates and memberships in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- Asklepios Kliniken GmbH & Co. KGaA, Hamburg
- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale

**Walburga Erichsmeier**<sup>1</sup>, Blomberg

Deputy District Manager at ver.di trade union for the district of Ostwestfalen-Lippe

<sup>1</sup> Employee representative on the Supervisory Board

**Kai Hankeln**, Bad Bramstedt

Chief Executive Officer (CEO) of Asklepios Kliniken Group

Chairman of the Management Board of Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Managing Director of Asklepios Kliniken Management GmbH, Falkenstein im Taunus

Supervisory Board mandates and memberships in comparable domestic and foreign bodies:

Chairman of the Supervisory Board of

- Asklepios Fachklinikum Stadtroda GmbH, Stadtroda

Member of the Supervisory Board of

- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale

**Rainer Laufs**, Kronberg im Taunus

Independent Business Consultant

Supervisory Board mandates and memberships in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Non-Executive Board Member

- REG Overseas Holding B.V., Amsterdam
- REG International Trading & Commodities B.V., Amsterdam

**Thomas Müller**<sup>1</sup>, Neunkirchen

ver.di Union Representative for the Saar-Trier district

Vice Chairman of Arbeitskammer des Saarlandes

**Elke Schwan**<sup>1</sup>, Bad Soden-Salmünster

Masseurin and Medical Pool Attendant, MediClin GmbH & Co. KG, Bad Orb branch

**Frauke Schwedt**<sup>1</sup>, Hamburg

Psychologist / Psychological Psychotherapist, MediClin GmbH & Co. KG, Soltau branch

**Daniela Sternberg-Kinzel**<sup>1</sup>, Zinnowitz

Head of Patient Administration, MediClin GmbH & Co. KG, Trassenheide branch

**Marco Walker**, Hamburg

COO of Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Managing Director of Asklepios Kliniken Management GmbH, Königstein im Taunus

Managing Director of Fürstenberg Institut GmbH, Hamburg

Managing Director of Poly Z Med GmbH, Königstein im Taunus

Supervisory Board mandates and memberships in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- Asklepios Kliniken Langen-Seligenstadt GmbH, Langen (until 19 February 2021)
- Asklepios Schwalm-Eder-Kliniken GmbH, Schwalmstadt (until 31 March 2021)
- Meierhofer AG, München
- Universitätsklinikum Gießen Marburg GmbH, Gießen (since 11 February 2021)
- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale (since 9 March 2021)

**Matthias H. Werner**<sup>1</sup>, Biberach (Baden)

Social Pedagogue (BA) / Adventure Pedagogue, MediClin GmbH & Co. KG, Offenburg branch

<sup>1</sup> Employee representative on the Supervisory Board

**Dr. med. Thomas Witt**<sup>1</sup>, Königsfeld  
Medical Director, MediClin GmbH & Co. KG, Königsfeld branch

**Cornelia Wolf**, Immenstaad  
Management consultant  
Head of Group division Audit and Risk Management of Asklepios Kliniken GmbH & Co. KGaA, Hamburg  
(until 31 March 2021)

## Supervisory Board Committees

At the Supervisory Board meeting on 26 May 2021 it was resolved to form an ad hoc committee that decides on the approval of transactions with related parties pursuant to Section 111b (1) German Stock Corporation Act (AktG) (Related Party Transactions) (RPT Committee). In the 2021 financial year, the committees consisted of the following members:

### General and Personnel Committee

Dr. Jan Liersch (Chairman)  
Hans Hilpert (Vice Chairman)  
Kai Hankeln  
Rainer Laufs  
Thomas Müller  
Dr. Thomas Witt

### Audit Committee

Michael Bock (Chairman)  
Walburga Erichsmeier  
Matthias H. Werner  
Cornelia Wolf

### Nomination Committee

Dr. Jan Liersch (Chairman)  
Michael Bock  
Cornelia Wolf

### Mediation Committee pursuant to Section 27 MitbestG

Dr. Jan Liersch (Chairman)  
Hans Hilpert (Vice Chairman)  
Frauke Schwedt  
Cornelia Wolf

### Special COVID-19 Committee

Dr. Jan Liersch (Chairman)  
Michael Bock  
Hans Hilpert  
Kai Hankeln  
Rainer Laufs  
Thomas Müller  
Dr. Thomas Witt

### RPT Committee (since 26 May 2021)

Cornelia Wolf (Chairwoman)  
Dr. Julia Dannath-Schuh  
Walburga Erichsmeier  
Matthias H. Werner

## Management Board

**Volker Hippler**, Chief Executive Officer (CEO) (until 30 June 2021), with business address in Offenburg  
**Dr. Joachim Ramming**, Chief Executive Officer (CEO) (from 1 August 2021), with business address in Offenburg  
**Tino Fritz**, Chief Financial Officer (CFO), with business address in Offenburg  
**Dr. York Dhein**, Chief Operating Officer (COO) (from 1 April 2021), with business address in Offenburg

<sup>1</sup> Employee representative on the Supervisory Board

## Management remuneration

Total remuneration granted to the Management Board in the period under review for active board membership totalled EUR 1,647 thou. (previous year: EUR 999 thou.). It is comprised of amounts due in the short term (fixed remuneration) in the amount of EUR 1,052 thou. (previous year: EUR 806 thou.) and a one-year variable remuneration component in the amount of EUR 595 thou. (previous year: EUR 193 thou.). The remuneration due in the short term includes ancillary benefits amounting to EUR 73 thou. (previous year: EUR 56 thou.) that refer to payments in kind for the provision of company cars and employer contributions to health and nursing care insurance and, in individual cases, pension contributions. Other remuneration due in the long term (variable remuneration component for several years) is only incurred when the respective contract of employment comes to an end. The former Chairman of the Management Board resigned from the Board on 30 June 2021. From the time he resigned until termination he is irrevocably freed from performing his work as a member of the Company's Management Board. The remuneration owed until the end of the contract of employment was reserved.

The total remuneration for the Supervisory Board in the reporting year totals EUR 270 thou. (previous year: EUR 195 thou.). This breaks down as follows

In thousands of €	2021	2020
Basic remuneration	175	173
Attendance fees	75	3
Committee work remuneration	20	19
Dividend bonus	0	0
	<b>270</b>	<b>195</b>

The Annual General Meeting for the 2020 financial year resolved that no dividends were to be paid out for the 2020 financial year. The remuneration of the employee representatives in the Supervisory Board refers only to the remuneration they receive for their role on the Board. In the 2021 financial year, as in 2020, there were no loans to members of the Supervisory Board.

Disclosures pursuant to Section 314 (1) No. 6a of the German Commercial Code (HGB) and further disclosures on remuneration paid to members of governing bodies as well as the structure of the remuneration system are presented in the summarised management report and Group management report of MEDICLIN Aktiengesellschaft in the section Remuneration Report.

New legal requirements for preparing remuneration reports came into force in the 2021 financial year pursuant to Section 162 German Stock Corporation Act (AktG). According to this, the Management and the Supervisory Board of a listed company are obliged to prepare a clear and transparent annual report on the remuneration owed and granted by the Company or companies belonging to the Group to each individual current and former member of the Management Board and the Supervisory Board by names. The remuneration report is prepared in the financial year following the financial year to which the report refers. The remuneration report for 2021 will be presented to the Annual General Meeting of MEDICLIN Aktiengesellschaft for approval in 2022 (Section 120a (4) Sentence 1 German Stock Corporation Act (AktG)). After the resolution to approve the report has been passed, the remuneration report and the corresponding auditor's report are made available to the public on the Company website free of charge for ten years (Section 162 (4) AktG).

Until 31 December 2020 the remuneration of the Management Board is disclosed in accordance with the statutory requirements and in accordance with the Annual General Meeting's opting-out decision of 25 May 2016. Here, the Annual General Meeting of the Company resolved to exercise the option as per Section 286 (5), Section 314 (3) Sentence 1, Section 315a (1) of the German Commercial Code (HGB) to refrain from disclosing individual Management Board remuneration amounts. Therefore, the Company did not publish the information required as per Section 285 No. 9 (a) Sentences 5 to 8 and Section 314 (1) No. 6 (a) Sentences 5 to 8, Section 315a (1) of the German Commercial Code (HGB) in the annual and consolidated financial statements for the financial years 2016 until 2020.

## Report concerning related parties pursuant to IAS 24

Related parties are defined as individuals or legal entities which either control or can exert a substantial influence over MEDICLIN AG as a reporting entity, or one of its subsidiaries. Moreover, related parties include individuals or legal entities which are either controlled by MEDICLIN AG or one of its subsidiaries, or upon which MEDICLIN AG or one of its subsidiaries can exert substantial influence, either directly or indirectly. This also includes the remunerations of the Management Board and the Supervisory Board.

### Related parties (individuals)

Individuals and legal entities, which either control or can exert a substantial influence over the MEDICLIN Group or are controlled or substantially influenced by the Group are deemed related parties of the MEDICLIN Group as defined in IAS 24. This includes active members of the Management and Supervisory Boards of MEDICLIN AG and its majority shareholder, Asklepios Kliniken GmbH & Co. KGaA, Hamburg.

In the 2021 financial year, the Management Board of MEDICLIN AG consisted of the Chief Executive Officer Volker Hippler (until 30 June 2021) and Dr. Joachim Ramming (since 1 August 2021), the Chief Financial Officer Tino Fritz and the Chief Operating Officer Dr. York Dhein (since 1 April 2021).

Several members of the Supervisory Board of MEDICLIN AG have or had executive functions within the Asklepios Group and RHÖN-KLINIKUM Aktiengesellschaft in the 2021 financial year. Their various functions and tasks are listed in the "Supervisory Board in the 2021 financial year" section. Payments made to the Management Board and the Supervisory Board are shown as "Remuneration for key management personnel" in the following table. The payments include the remuneration for activities on the Management Board and the Supervisory Board as well as summarised salary payments for the employee representatives on the Supervisory Board.

### Related parties (companies)

Asklepios Kliniken GmbH & Co. KGaA, Hamburg, holds 52.73 % of MEDICLIN AG's share capital. Since the MEDICLIN Group is included as a subgroup in the consolidated financial statements of the Asklepios Group, the subsidiaries of Broermann Holding GmbH and the other entities in which Dr. Bernard große Broermann holds a controlling interest also classify as related parties in addition to MEDICLIN's own subsidiaries. Since the 2017 financial year RHÖN-KLINIKUM Aktiengesellschaft and its subsidiaries have also been classified as related parties.

The companies of ERGO Group AG (ERGO), the second-largest shareholder of MEDICLIN AG with a share of 35.0 %, are also defined as related parties. ERGO is a subgroup of Münchener Rückversicherungs-Gesellschaft AG (Munich RE).

Furthermore, the special real estate asset "OIK-Fonds MediClin" is included in related parties as this special asset is controlled by ERGO in terms of IFRS 10 and included in the latter's consolidated financial statements. MEDICLIN and OIK-Fonds concluded comprehensive lease transactions and two associated contracts concerning real estate management. In addition to lease payments, MEDICLIN also has repayment claims vis-à-vis the fund from the advance financing of clinic expansions and other construction measures in the scope of these contracts.

In addition to business relationships with fully consolidated companies included in the consolidated financial statements, relationships exist with companies of MEDICLIN AG which, in line with the materiality principle, are not included

in the consolidated financial statements of MEDICLIN AG. These companies are local service enterprises, which were founded by clinics to outsource specific services such as catering, cleaning and administration tasks. Two of these companies that had already ceased operations in 2017 and 2018, respectively, were dissolved in the course of the liquidation in the 2021 financial year.

Pursuant to IAS 24.9 (b) (v), a related party is an entity that is related to the reporting entity if the entity has a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. This definition applies to Mitarbeiterunterstützungskasse der Vereinigten Klinikbetriebe (MAUK). MAUK is an incorporated pension facility providing pension benefits to entitled former employees. These benefits are financed through the contributions of MEDICLIN to MAUK. Please find a detailed description of MAUK in the notes on item (22) "Pensions and similar commitments".

## Business relations to related parties amount to the following:

In millions of €	2021	2020
<b>Income</b>		
Sales from post-acute, acute and nursing care services	2.6	2.9
Real estate management income	0.5	0.5
Pension payments of MAUK	1.1	1.1
Sales from service contracts	1.1	1.0
<b>Expenses</b>		
Lease expenses	46.2	46.3
Default interest	0.6	0.4
Real estate management costs	0.9	0.9
Insurance premiums	2.0	2.0
Service contracts	4.0	3.4
Remuneration for key management personnel	3.7	1.7
Payments to MAUK	1.2	1.2
IT services	2.3	2.9
Other purchased goods and services	0.0	0.0
<b>In millions of €</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Receivables</b>		
Repayment claims from preliminary financing of clinic expansion and building measures	0.2	0.3
Receivables from post-acute, acute and nursing care services	0.2	0.2
Receivables from service contracts	0.1	0.0
<b>Liabilities</b>		
Rent deferral in May and June 2020, default interest	8.9	8.3
Service contracts	0.3	0.2
IT services	0.1	0.1
Provisions for insurance premiums	0.2	0.1
Provisions for remuneration for key management personnel	2.0	0.8



Sales in the post-acute, acute and nursing care segments refer to three private health insurance companies which are part of the ERGO group. These sales represent less than 0.4 % (previous year: < 0.5 %) of sales.

1.0 % of the annual rent is paid for the real estate management of the special real estate asset "OIK-Fonds MediClin"

The pension payments of MAUK are reflected by the corresponding payments to MAUK on the expenses side. The balance of pension payments made and received is, in turn, reflected in an increase or decrease of MAUK's fund assets.

Sales from service contracts consist primarily of remuneration for the payroll accounting of several Asklepios facilities performed by MediClin GmbH & Co. KG (2021: EUR 1,105 thou.; 2020: EUR 962 thou.).

Lease expenses refer to rent payments to OIK-Immobilienfonds for renting 21 clinics. Since the application of IFRS 16 in 2019, lease expenses are no longer recognised in the profit and loss account in the other operating expenses item, but as depreciation of right-of-use assets and in interest expenses. Due to the linear presentation of the payments, the presentation deviates from the actual cash flow of current rent payments.

Default interest is calculated on the basis of Section 288 German Civil Code (BGB) and refers to the default of two monthly rent payments to OIK-Immobilienfonds that were deferred in the 2020 financial year.

The cost of real estate management amounts to 2.0 % of annual rents paid to OIK-Immobilienfonds.

Insurance premiums refer to payments resulting from various insurance agreements with subsidiaries of ERGO (2021: EUR 1.2 mill.; 2020: EUR 1.2 mill.). MediClin Unterstützungskasse e. V. (MUK) has further contracted a reinsurance policy with Victoria Lebensversicherung AG, a wholly owned subsidiary of ERGO, Düsseldorf, as part of a Group reinsurance contract to cover the occupational pension scheme of MEDICLIN, "MediClinRent". The contributions for this totalled EUR 0.8 mill. in 2021 (previous year: EUR 0.8 mill.).

Expenses from service contracts consist of:

In millions of €	2021	2020
Services from non-consolidated MEDICLIN service enterprises	2.0	2.4
Procurement cooperation (Asklepios)	1.1	0.3
Pharmacy sales (Asklepios)	0.4	0.4
Other (Asklepios)	0.3	0.2
Pharmacy sales (RHÖN)	0.2	0.1
	<b>4.0</b>	<b>3.4</b>

Remuneration for key management personnel refers to payments made to the Management Board and the Supervisory Board. The payments include the remuneration for activities on the Management Board and the Supervisory Board as well as summarised salary payments for the employee representatives on the Supervisory Board. The provisions for remuneration for key management personnel recognised in the liabilities item are due within the time frame of one year, with the exception of EUR 365 thou. (previous year: EUR 102 thou.). Payments resulting from the termination of employment amount to EUR 1,272 thou. (previous year: EUR 0). This amount refers to remuneration for the resigned Chairman of the Management Board Volker Hippler after his release from work in the second half of 2021 (EUR 352 thou.) and the corresponding additions to provisions for 2022 (EUR 700 thou.) as well as the period January to March 2023 (EUR 220 thou.).

The contributions to MAUK serve to refinance pensions paid by MAUK.

IT services mainly consist of service and software maintenance fees and project and development services rendered by the Meierhofer Group. Other purchased goods and services pertain primarily to hotel and seminar costs of Broermann Health & Heritage Hotels GmbH (EUR 9 thou.; previous year: EUR 21 thou.).

## OIK-Immobilienfonds

In mid-2016 MEDICLIN filed a suit with the District Court of Offenburg claiming repayment of 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. If the case is won, the tax-related qualification would lead to financial consequences in the form of an outflow of funds (contingent liability); in this case, the outflow of funds would be related to an inflow of funds if the case is won and would depend on the amount of the inflow of funds.

## Conformity declaration concerning the German Corporate Governance Code in accordance with Section 161 AktG

The conformity declaration of MEDICLIN Aktiengesellschaft, pursuant to Section 161 German Stock Corporation Act (AktG), has been, and continues to remain, accessible on a permanent basis in the respective updated version on the Company's website. The conformity declaration is also included in the corporate governance declaration, pursuant to Section 289f German Commercial Code (HGB), which is likewise accessible on the Company's website.

## Auditor's fees

The total fee invoiced by the Group Auditor for the financial year consists of the following amounts:

In thousands of € excluding VAT	2021	2020
Audit of financial statements	425	353
Other attestation services	101	140
Tax advisory services	0	6
Other services	0	0
	<b>526</b>	<b>499</b>

The fees for the audit refer to the audit of the consolidated financial statements, the mandatory statutory audits of the annual financial statements of MEDICLIN Aktiengesellschaft and its affiliated companies as well as reviews. The fees for other attestation services refer to the audit of financial covenants to evidence compliance with the requirements under loan agreements, certifications under hospital law and for reviewing the remuneration report. The tax advisory services in the previous year include fees for preparing tax returns.

## Subsequent events

Due to the war between Russia and Ukraine the EU imposed sanctions in the fields of energy, finance and transport, export control and visa restrictions in February 2022. These sanctions will also have a noticeable negative effect on the German domestic economy. MEDICLIN's earnings will be burdened by the clear increase in the cost of materials since the previous year. Rising energy costs could have a particularly pronounced effect. The further effects on MEDICLIN as a healthcare provider are currently impossible to assess.

Beyond this, 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 since 1 January 2022.

Offenburg, 22 March 2022

Dr. Joachim Ramming  
Chief Executive Officer (CEO)

Tino Fritz  
Chief Financial Officer (CFO)

Dr. York Dhein  
Chief Operating Officer (COO)

# INDEPENDENT AUDITOR'S REPORT

To MEDICLIN Aktiengesellschaft, Offenburg

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

### Audit Opinions

We have audited the consolidated financial statements of MEDICLIN Aktiengesellschaft, Offenburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of MEDICLIN Aktiengesellschaft, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the non-financial group statement pursuant to § [Article] 315d HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021 and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the non-financial group statement referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

### Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

## Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Recoverability of goodwill
2. Recoverability of right-of-use assets
3. Accounting treatment of pension obligations
4. Accounting treatment of deferred taxes

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

### 1. Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to EUR 49.87 million (5.7% of total assets or 27.2% of equity) is reported under the "Goodwill and other intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The business plan also includes model-based assumptions and estimates by the executive directors with respect to the prolongation of real estate leases and reinvestments in real estate following the expiration of a portfolio of real estate leases as of December 31, 2027. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that, even after taking into account the fair value less costs of disposal, it was necessary to recognize write-downs amounting to a total of EUR 20 thousand with respect to the "MVZ Offenburg" cash-generating unit.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. We discussed and examined supplementary adjustments to the medium-term business plan for the purposes of the impairment test with the executive directors, including in respect of the executive directors' assumptions and estimates on prolongation of real estate leases and reinvestments in real estate. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. This related in particular to the capital structure taking into account the present value of obligations under operating leases in connection with the application of IFRS 16. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to groups of cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.
3. The Company's disclosures relating to the impairment test and the "Goodwill and other intangible assets" balance sheet item are contained in the sections entitled "Accounting policies", "Exercise of judgment and options in applying accounting policies", "Estimates and assessments by management" and number 1 of the notes to the financial statements.

## 2. Recoverability of right-of-use assets relating to leases

1. In the Company's consolidated financial statements, right-of-use assets in connection with leases amounting to EUR 335.6 million in total (37.0% of total assets and 177.8% of equity) are reported under the balance sheet item "Right-of-use assets in relation to land, land rights and buildings, including buildings on third-party land". The right-of-use assets in relation to leases are primarily related to lease agreements for properties in a portfolio of 21 leases with the OIK real estate fund which were entered into in the context of a sale and leaseback transaction in 1999 and 2001. Assets falling under the scope of IAS 36 are subjected to an impairment test if there are internal or external indications of impairment, to determine any possible need for impairments to be recognized. Because it is not possible to directly determine the recoverable amount for an individual right-of-use asset, the impairment test is performed at the level of the cash-generating units. The carrying amount of the relevant cash-generating unit (including and allocated goodwill) is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. In so doing, the most recent planning period is usually the fiscal year from January 1 to December 31, 2027 included in the valuation, because almost the entire portfolio of real estate agreements expires as of December 31, 2027. The discount rate used is the weighted average cost of capital for the respective cash-generating units.

The measurement of the lease assets is, firstly, of great significance for the assets, liabilities, and financial performance of the Company in terms of amount and, secondly, involves material uncertainties since the use of models and assumptions gives rise to considerable scope for judgment on the part of the executive directors. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, (potentially including the allocated goodwill), were primarily covered by the discounted future net cash flows.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures relating to the impairment test and the "Right-of-use assets in relation to land, land rights and buildings, including buildings on third-party land" balance sheet item are contained in the sections entitled "Accounting policies", "Exercise of judgment and options in applying accounting policies", "Estimates and assessments by management" and number 2 of the notes to the consolidated financial statements.

### 3. Accounting treatment of pension obligations

1. In the consolidated financial statements of the Company a total amount of EUR 61.3 million (7.0% of consolidated total assets) is reported under the "Pensions and similar obligations" balance sheet item. The pension provisions comprise obligations from defined benefit pension plans amounting to EUR 62.7 million and plan assets of EUR 1.7 million. MediClin-Unterstützungskasse e.V. (MUK) is a reinsurance-funded pension plan and was reported as a defined benefit plan. To date, the pension adjustment committed to but not covered by the insurance tariff under the reinsurance policy had been financed from reinsurance surpluses. Since the current low interest rates mean that the surpluses are no longer sufficient to finance the pension adjustment, the plan has been classified as a defined benefit plan in 2019. Obligations under defined benefit plans are measured using the projected unit credit method. This requires assumptions to be made in particular about long-term rates of growth in salaries and pensions, average life expectancy and staff turnover. The discount rate must be determined by reference to market yields on high-quality corporate bonds with matching currencies and consistent maturities. This usually requires the data to be extrapolated, since sufficient long-term corporate bonds do not exist. In derogation from this, the reinsured portion of the MUK plan is recognized in the amount of the existing plan assets, based on IAS 19.115. The plan assets are measured at fair value, which in turn involves estimation uncertainties.

From our point of view, these matters were of particular significance in the context of our audit because the recognition and measurement of this significant item in terms of its amount are based to a large extent on estimates and assumptions made by the Company's executive directors.

2. As part of our audit we evaluated the actuarial expert reports obtained and the professional qualifications of the external experts, among other things. We also examined the specific features of the actuarial calculations and assessed the numerical data, the actuarial parameters and the valuation methods on which the valuations were based for compliance with the standard and appropriateness, in addition to other procedures. In addition, we analyzed the development of the obligation and the cost components in accordance with actuarial expert reports in the light of changes occurring in the valuation parameters and the numerical data, and assessed their plausibility. For the purposes of our audit of the fair value of plan assets, we worked with our internal actuaries to assess the respective information in the actuarial expert reports and the valuation parameters applied. We also reviewed the classification of pension commitments as defined benefit and defined contribution commitments and the classification of existing assets as plan assets. For this purpose we inspected the benefit plans and the respective pension fund statutes.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

3. The Company's disclosures relating to pension provisions are contained in the sections entitled "Accounting policies" and "Estimates and assessments by management" as well as number 22 of the notes to the financial statements.

#### **4. Accounting treatment of deferred taxes**

1. Deferred tax assets amounting to EUR 10.7 million after netting are reported in the consolidated financial statements of the Company. Deferred tax assets amounting to EUR 67.9 million were recognized before netting with matching deferred tax liabilities. Both deferred tax assets and liabilities were recognized in respect of the right-of-use assets and lease liabilities in accordance with IFRS 16, since the assets and liabilities both resulted from a single transaction and on initial recognition were offset by the same amount. These items were recognized to the extent that the executive directors consider it probable that taxable profit will be available in the foreseeable future which will enable the deductible temporary differences and unused tax losses to be utilized. For this purpose, insofar as sufficient deferred tax liabilities are not available, future taxable profits are projected on the basis of the adopted business plan. No deferred tax assets were recognized in respect of unused tax losses amounting in total to EUR 11.4 million since it is not probable that they will be utilized for tax purposes by means of offset against taxable profits.

From our point of view, the accounting treatment of deferred taxes was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore subject to uncertainties.

2. As part of our audit, we assessed, among other things, the internal processes and controls for recording tax matters as well as the methodology used for the determination, accounting treatment and measurement of deferred taxes. In addition, we verified the calculation of deferred taxes in respect of right-of-use assets and lease liabilities, and their subsequent measurement as of the balance sheet date. We also assessed the recoverability of the deferred tax assets relating to deductible temporary differences and unused tax losses on the basis of the Company's internal forecasts of its future earnings situation, and the appropriateness of the underlying estimates and assumptions.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

3. The Company's disclosures relating to deferred taxes are contained in note 5 of the notes to the consolidated financial statements.



## Other Information

The executive directors are responsible for the other information. The other information comprises the non-financial group statement pursuant to § 315b Abs. 1 HGB as an unaudited part of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the remuneration report pursuant to § 162 AktG, for which the supervisory board is also responsible

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

## Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB**

#### **Assurance Opinion**

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file 5299007ZHUSGAJRMWH73-2021-12-31-de.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

### **Basis for the Assurance Opinion**

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

### **Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents**

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

### **Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

### **Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as group auditor by the annual general meeting on May 26, 2021. We were engaged by the supervisory board on October 11, 2021. We have been the group auditor of MEDICLIN Aktiengesellschaft, Offenburg, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### **REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT**

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

### **GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT**

The German Public Auditor responsible for the engagement is Michael Ey.

Frankfurt am Main, March 23, 2022

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

sgd. Michael Ey	sgd. ppa. Dennis Kaufholz
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)



# Further information

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## Responsibility statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of MEDICLIN Aktiengesellschaft give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report and 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 the principal opportunities and risks associated with the expected development of the Group.

Offenburg, 22 March 2022

Dr. Joachim Ramming  
Chief Executive Officer (CEO)

Tino Fritz  
Chief Financial Officer (CFO)

Dr. York Dhein  
Chief Operating Officer (COO)

**DR. JAN LIERSCH**

CHAIRMAN OF THE SUPERVISORY BOARD

## Report of the Supervisory Board

Dear Shareholders,

In the following, I will provide you with information on the work of the Supervisory Board and its committees in 2021.

In the 2021 financial year the Supervisory Board of MEDICLIN Aktiengesellschaft (MEDICLIN) exercised the required care in carrying out its duties completely and as mandated by law, the Articles of Incorporation and the Rules of Procedure.

The Supervisory Board regularly provided counsel to the Management Board and consistently supported and monitored its management of the Company. We have convinced ourselves of the legality, expediency and regularity of corporate management as well as the efficiency and profitability of the organisation.

The Management Board reported regularly, promptly and comprehensively to the Supervisory Board, both verbally and in writing, on company planning, the economic situation and the development of the Group as well as on key business transactions. It also informed us on all relevant issues in connection with the corporate strategy, the risk situation, risk management and compliance. In the scope of the reporting by the Management Board, the Supervisory Board discussed the current business development of the Group and the segments in detail and intensively in all Supervisory Board meetings. Upcoming or currently implemented investment or divestments projects were also considered. Following careful review, the Supervisory Board approved the legal transactions and measures requiring its approval as presented by the



Management Board. Any deviations in business compared to the planning were discussed between the Management Board and the Supervisory Board. Overall, the Supervisory Board was directly and promptly involved in all decisions of material importance.

With regard to the status of the legal action taken by MEDICLIN in 2016 before the District Court (Landgericht) Offenburg to claim repayment of excessive rent payments for the period 2005 to 2015 in connection with the rent levels of the clinics bound by the rental agreements, the Supervisory Board continued to obtain regular and extensive reports from the Management Board. The Supervisory Board will continue to ensure that it is constantly informed of the progress of the proceedings. Since the rental contracts of the aforementioned clinics will, with one exception, expire in 2027, the Supervisory Board also regularly discussed possible action with the Management Board concerning the continuation of these facilities.

Following careful review and consultations, the Supervisory Board approved the Management Board's proposals for resolutions. The Supervisory Board did not exercise the option of using its inspection right according to Section 111 (2) of the German Stock Corporation Act (AktG), as the reporting of the Management Board gave no reason to do so.

Outside of the meetings, the Management Board kept us informed in writing and verbally about significant events. Moreover, important topics and upcoming decisions were dealt with in regular discussions between the Chairman of the Management Board and me. The Chairman of the Management Board regularly informed me about significant events outside of the meetings.

In the Supervisory Board meetings, the chairpersons of the committees regularly provided the Supervisory Board with detailed information on the work in their respective committees.

### **Changes in the Supervisory Board and the Management Board**

There were no changes to the Supervisory Board in the 2021 reporting year.

An additional member was added to the Management Board while one other member was exchanged. On 1 April 2021 Dr. York Dhein joined the Management Board that had previously consisted of only two members – Volker Hippler, the Chairman of the Management Board, and Tino Fritz, the Chief Financial Officer. Volker Hippler left the Company as of 30 June 2021 and was replaced as member and Chairman of the Management Board by Dr. Joachim Ramming as of 1 August 2021.

### **Corporate governance**

The Management Board and the Supervisory Board issued a conformity declaration in November 2021 that is permanently available to shareholders on MEDICLIN's website. Together with the Management Board, the Supervisory Board reports on corporate governance in the corporate governance report. This report is also published on the MEDICLIN website.

The applicable remuneration system for the members of the Management Board pursuant to Section 87a (1) and (2) Sentence 1 German Stock Corporation Act (AktG) as approved by the Annual General Meeting on 26 May 2021 and the resolution on the remuneration of the Supervisory Board members passed by the Annual General Meeting on 26 May 2021 pursuant to Section 113 (3) AktG are publicly available on the MEDICLIN AG website. The remuneration report and the auditor's opinion in accordance with Section 162 German Stock Corporation Act (AktG) are likewise available on the MEDICLIN AG website.

### **Meetings and resolutions of the Supervisory Board**

In the reporting year, the Supervisory Board held five meetings as audio or video conference call and one meeting with personal attendance. With the exceptions stated below, all members of the Supervisory Board took part in all meetings. Dr. Julia Dannath-Schuh (11 January 2021, 16 September 2021) and Walburga Erichsmeier (11 January 2021) did not attend all meetings. The members presented excuses for not attending and participated in the resolutions by written vote.

In the extraordinary audio/video conference on 11 January 2021, the Supervisory Board resolved to follow the recommendation of the General and Personnel Committee to appoint Dr. York Dhein as an additional member of the MEDICLIN Management Board from 1 April 2021 for a period of three years.

On 25 March 2021, the Supervisory Board discussed the annual financial statements and the consolidated financial statements for 2020, which had already been reviewed by the Audit Committee, as well as the non-financial declaration reviewed by the auditor in accordance with ISAE 3000, with the Management Board and the auditor, and subsequently approved them. In so doing, it followed the corresponding recommendation of the Audit Committee. The auditor attended the consultations, reported on the material findings of the audit and answered questions. The annual financial statements were thereby approved. The annual financial statements, the consolidated financial statements and the summarised management report and the Group management report were approved for publication. The entire body dealt with and adopted the corporate governance declaration in accordance with Sections 289f and 315d German Commercial Code (HGB). Furthermore, it adopted the agenda and proposed resolutions for the Annual General Meeting. In this context, the Supervisory Board also carefully reviewed the remuneration system for the Management Board presented by the General and Personnel Committee. It resolved to propose the remuneration system to the Annual General Meeting for approval. The Supervisory Board also agreed with the Management Board resolution to hold the Annual General Meeting as a virtual general meeting. The Supervisory Board further followed the Audit Committee's recommendation to propose to the Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main be elected as auditor and Group auditor for the 2021 financial year; the statement of independence from the intended auditor had been received. The Supervisory Board also followed the recommendation of the General and Personnel Committee with respect to the allocations regarding the variable remuneration component and bonuses of the Management Board.

At the Supervisory Board meeting following the Annual General Meeting on 26 May 2021, the Supervisory Board dealt with the current business development of the Group in the first quarter of 2021 using the Management Board's and the Audit Committee's reporting as a basis. The Management Board explained the main earnings and financial key figures for MEDICLIN's business performance, while providing information on the current effects of the COVID-19 pandemic and the measures that have been taken. The Supervisory Board decided to set up another committee: The Related Party Transactions Committee is responsible for passing resolutions on the approval of related party transactions. In accordance with the legal requirements regarding the suitability of committee members, Cornelia Wolf, Dr. Julia Dannath-Schuh, Walburga Erichsmeier and Matthias H. Werner were elected as members of this committee.

In the extraordinary audio/video conference held on 11 June 2021, the Supervisory Board accepted and approved the resignation of the member and Chairman of the Management Board Volker Hippler as of 30 June 2021. At the same time, the Board resolved to follow the recommendation of the General and Personnel Committee to approve Dr. Joachim Ramming as a member of the MEDICLIN Management Board and to appoint him Chairman of the Management Board for a period of three years from 1 August 2021.

In the meeting with personal attendance on 16 September 2021, the Management Board informed the Supervisory Board about the business development in the first half-year of 2021. In addition, the Supervisory Board received the comments of the Audit Committee with regard to half-year reporting. The Supervisory Board agreed to carry out an efficiency review for the period 2020 through to the end of 2021.

In the meeting on 18 November 2021, the Management Board explained the business performance of MEDICLIN in the first nine months of the 2021 financial year; here, too, the Audit Committee rendered additional comments. Dr. Joachim Ramming, the Chairman of the Management Board, gave a summary report to the Supervisory Board of his first three months in office. The Management Board further presented its business planning for 2022 to 2024 as well as the associated general conditions and measures. Following careful deliberation, the Supervisory Board acknowledged the planning, assumptions and target figures presented and the accompanying explanations of the Management Board. The conformity declaration was updated and adopted unanimously and submitted together with the Management Board. It is available to the public on the Company website.

The Supervisory Board continuously examines questions of possible conflicts of interest of the Management Board and Supervisory Board members during the financial year. No possible conflicts of interest arose for the members of the Management Board or Supervisory Board in the reporting year.

### **Work in the committees of the Supervisory Board**

In order to perform its tasks, the Supervisory Board set up a total of six committees, i.e. the Audit Committee, General and Personnel Committee, Nomination Committee, Mediation Committee, COVID-19 Committee and the new Related Party Transactions Committee, which effectively support the work of the full board.

In particular, the committees prepared the resolutions of the Supervisory Board. In individual cases, the decision authorities of the Supervisory Board can be transferred to the committees if this is permitted by law. This division of responsibilities promotes the efficiency of the Supervisory Board's work and has proved to be effective in practice. With the exception of the Audit Committees and the Related Party Transactions Committee, the Chairman of the Supervisory Board presides over all the committees.

The Audit Committee convened for five audio/video conferences during the reporting year. All committee members participated in all conferences.

In the meeting on 26 February 2021, the Audit Committee discussed the preliminary annual financial statements for 2020, the preliminary consolidated financial statements for 2020 and the preliminary figures for 2020 with the Management Board and the auditor.

In the meeting on 25 March 2021, the auditor reported to the Audit Committee on its audit of the annual financial statements including the audit of the internal control system and the system for early risk identification. The Audit Committee intensively conferred with the Management Board and the auditor about the final annual financial statements for 2020, the consolidated financial statements for 2020, the summarised management report and the Group management report, and resolved to recommend approving the annual financial statements to the Supervisory Board.

In the meeting on 3 May 2021, the Audit Committee had extensive discussions with the Management Board on the business performance in the first quarter of 2021.

In the meeting on 30 July 2021, the Supervisory board deliberated with the Management Board on the business performance in the first half of 2021. The Audit Committee dealt with the 2021 summary report of the audit department and the 2021 risk management report.

In its meeting on 2 November 2021, the Audit Committee determined focus areas for the audit of the 2021 financial statements and discussed the business performance in the first three months of the 2021 financial year. The Audit Committee paid a great deal of attention to the presented compliance report. It also used this video conference to discuss the efficiency of its work and found no potential for improvement.

The General and Personnel Committee convened for seven audio/video conferences during the reporting year. All the meetings were attended by all members. The conferences dealt with the changes on the Management Board, the profit-sharing bonus payment for 2020 and the remuneration report for 2021 that must be presented to the Annual General Meeting for approval.

The Nomination Committee, the COVID-19 Committee, the Related Party Transactions Committee and the Mediation Committee did not convene in the 2021 reporting year.

## Annual financial statements and consolidated financial statements 2021

The annual financial statements of MEDICLIN AG and the consolidated financial statements for the 2021 financial year, including the accounting records and the summarised management report and the Group management report of the Company as prepared by the Management Board, were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The Group auditor was elected as auditor of the annual financial statements and the consolidated financial statements for the 2021 financial year at the Annual General Meeting on 26 May 2021, and commissioned with the audit by the Supervisory Board. The Supervisory Board had also commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to audit the non-financial declaration for 2021 included in the summarised management report and the Group management report of MEDICLIN AG in accordance with the ISAE 3000 audit standard. The auditor of the annual financial statements and consolidated financial statements issued an unqualified auditor's report on the 2021 annual financial statements of MEDICLIN AG and the 2021 consolidated financial statements, as well as on the summarised management report and Group management report. The consolidated financial statements and the summarised management report and Group management report were prepared in accordance with the International Financial Reporting Standards (IFRSs), as valid in the EU, as well as the commercial law provisions that are additionally applicable pursuant to Section 315a (1) of the German Commercial Code (HGB). The audit documents and the reports of the auditor of the annual financial statements and consolidated financial statements and the Management Board's proposal for the appropriation of the net profit were presented to all the members of the Supervisory Board for inspection in a timely manner.

In its meeting on 29 March 2022, the Supervisory Board intensively discussed and examined the annual financial statements of MEDICLIN AG, the consolidated financial statements and the summarised management report and Group management report issued by the Management Board, under consideration of the results of the Audit Committee. The representatives of the auditor attesting to the report as signatories attended the Supervisory Board meeting and reported on significant audit findings and confirmed that there were no weaknesses in the internal control system or the risk management system. They were available for questions and to provide additional information. On the basis of their own examination, the Audit Committee and the Supervisory Board concurred with the results of the audit issued by the auditor of the annual financial statements and consolidated financial statements, with respect to the annual financial statements of MEDICLIN AG and the consolidated statements. They did not raise any objections on the basis of the final result of their own examination. The Supervisory Board endorsed the individual and consolidated financial statements, the summarised management report and the Group management report prepared by the Management Board. The annual financial statements are thereby approved.

In addition, the Supervisory Board also discussed the report of the Supervisory Board, the corporate governance declaration, the remuneration report and the non-financial declaration, and adopted its proposed resolutions on the agenda items for the 2022 Annual General Meeting. The remuneration report was audited and approved by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The remuneration system, the remuneration report and the auditor's report are available on the MEDICLIN website.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main also examined the report prepared by the Management Board in accordance with Section 312 of the German Stock Corporation Act (AktG) on relationships with affiliated companies ("dependency report"). The auditor of the annual financial statements and consolidated financial statements reported on the results of the audit and issued the following unrestricted audit opinion:

"Following the completion of our obligatory audit, we confirm that:

1. the information contained in this report is correct
2. the compensation paid by the Company with respect to the transactions listed in the report was not inappropriately high."

The dependency report and the audit report prepared by the auditor of the annual financial statements and consolidated financial statements were provided to the Supervisory Board in good time. The Supervisory Board examined in detail the dependency report and the audit report in its meeting on 29 March 2022. It did not raise any objections against the concluding declaration of the Management Board contained in the dependency report or against the result of the audit conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main.

The Supervisory Board would like to thank the Management Board and all MEDICLIN employees for the work they performed and their great personal commitment.

Falkenstein, 29 March 2022

On behalf of the Supervisory Board



Dr. Jan Liersch

Chairman of the Supervisory Board

# Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting<sup>1</sup>

## To Mediclin AG, Offenburg

We have performed a limited assurance engagement on the non-financial group statement of Mediclin AG, Offenburg, (hereinafter the "Company") for the period from 1 January to 31 December 2021 (hereinafter the "Non-financial Group Statement") included in section "Non-financial declaration pursuant to Sections 315b and 315c HGB" of the group management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

## Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "MEDICLIN WELCOMES THE EU INITIATIVE ON SUSTAINABLE INVESTMENTS" of the Non-financial Group Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Non-financial Group Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "MEDICLIN WELCOMES THE EU INITIATIVE ON SUSTAINABLE INVESTMENTS" of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report..

### **Independence and Quality Control of the Audit Firm**

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Responsibility of the Assurance Practitioner**

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “MEDICLIN WELCOMES THE EU INITIATIVE ON SUSTAINABLE INVESTMENTS” of the Non-financial Group Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement



- Identification of likely risks of material misstatement in the Non-financial Group Statement
- Analytical procedures on selected disclosures in the Non-financial Group Statement
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Non-financial Group Statement
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Non-financial Group Statement
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

### Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 1 January to 31 December 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "MEDICLIN WELCOMES THE EU INITIATIVE ON SUSTAINABLE INVESTMENTS" of the Non-financial Group Statement. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

### Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 23 March 2022

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke  
Wirtschaftsprüfer  
[German public auditor]

ppa. Claudia Niendorf-Senger  
Wirtschaftsprüferin  
[German public auditor]

# Financial calendar

**28 February 2022**

Disclosure of the preliminary figures for the 2021 financial year

**30 March 2022**

Annual press and analysts' conference for the 2021 financial year

**2 May 2022**

Publication of the interim report from 1 January 2022 to 31 March 2022

**31 May 2022**

Annual General Meeting

**29 July 2022**

Publication of the interim report from 1 January 2022 to 30 June 2022

**2 November 2022**

Publication of the interim report from 1 January 2022 to 30 September 2022

## Addresses and imprint

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This Annual Report is also available  
in German.

Dieser Geschäftsbericht liegt auch  
in deutscher Sprache vor.

This is a translation of the German Annual  
Report. In case of divergence from the  
German version, the German version shall  
prevail.

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## About MEDICLIN

MEDICLIN owns 34 clinics, seven nursing care facilities and 11 medical care centres. The Group has nearly 8,400 beds/nursing places and a headcount of about 10,300.

With its strong network, MEDICLIN can offer its patients integrated care from the first visit to the doctor to surgery, post-operative rehabilitation and follow-up care at home. Doctors, therapists and nurses work together closely to achieve the best results. MEDICLIN plans the care of persons in need in accordance with their individual requirements and personal needs.