



ANNUAL REPORT **2022**

Prevention | Acute care | Post-acute care | Nursing care

MEDICLIN: Key data on business development

	2022	2021	Change in %
Number of shares in millions	47.5	47.5	0.0
Number of cases (inpatient)	104,816	99,380	+5.5
Number of beds as of 31.12.	8,315	8,313	+0.0
Occupancy rate in %	78.0	75.7	
Number of full-time employees (annual average)	7,025	7,115	-1.3
In thousands of €	2022	2021	Change in %
Cash flow from operating activities	34,639	81,967	-54.7
Cash flow from operating activities per share in €	0.78	1.73	-54.7
Sales	704,697	673,137	+4.7
EBITDA	90,924	85,222	+6.7
EBITDA margin in %	12.9	12.7	
EBIT (operating result)	19,520	11,563	+68.8
EBIT margin in %	2.8	1.7	
Financial result	-9,743	-9,117	-6.9
Result attributable to shareholders of MEDICLIN AG	9,719	1,485	+554.4
Earnings per share in €	0.20	0.03	+546.0
Dividend per share in €	-	-	
Capital expenditure (gross additions to non-current assets without right-of-use assets IFRS 16)	28,525	18,072	+57.8
Thereof subsidies	10,679	3,295	+224.1
Proportion of own funds in %	62.6	81.8	
Interest coverage factor (EBITDA/interest income)	9.3x	9.2x	
In thousands of €	31.12.2022	31.12.2021	Change in %
Balance sheet total	916,112	881,239	+4.0
Equity	209,323	183,023	+14.4
Equity ratio in %	22.8	20.8	
Return on equity ¹ in %	4.6	0.8	
Financial liabilities (to banks)	94,313	96,181	-1.9
Cash and cash equivalents	88,039	119,516	-26.3
Net financial debt ²	30,832	40,276	-23.4
Net financial debt ² /EBITDA ³	0.4x	1.2x	

¹ Group result in the last 12 months/equity

² Adjusted average net financial debt in the last four quarters

³ Adjusted EBITDA in the last 12 months

The calculations may lead to rounding differences +/- 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 2022

In millions of €	Q1	Q2	Q3	Q4
Sales	174.2	181.1	171.0	178.4
EBITDA	15.6	27.0	22.6	25.7
EBITDA margin in %	8.9	14.9	13.2	14.4
EBIT (operating result)	-2.6	9.2	3.5	9.4
EBIT margin in %	-1.5	5.1	2.1	5.3
Financial result	-2.1	-2.0	-1.7	-3.9
Result attributable to shareholders of MEDICLIN AG	-3.9	6.2	2.1	5.3
Earnings per share in €	-0.08	0.13	0.04	0.11
Cash flow from operating activities	13.5	-4.6	25.6	0.1
Cash flow from operating activities per share in €	0.28	-0.10	0.54	0.00
Equity ratio in %	21.0	23.7	24.5	22.8
Capital expenditure (gross additions to non-current assets without right-of-use assets IFRS 16)	3.8	5.7	8.1	10.9
Net financial debt ¹ (end of quarter)	34.4	29.4	25.3	34.2
Number of cases (inpatient)	25,052	26,632	26,811	26,321
Number of beds (end of quarter)	8,311	8,325	8,315	8,315
Occupancy rate in %	76.5	79.6	79.4	76.4
Number of full-time employees (quarterly average)	7,003	6,988	7,051	7,059

¹ Adjusted net financial debt

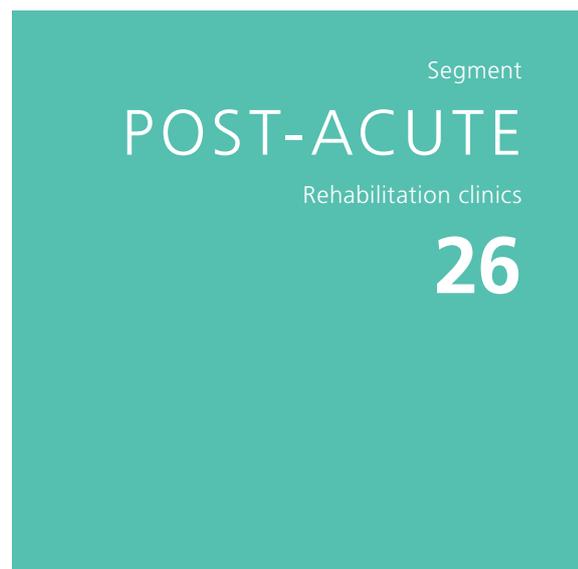
FEEDBACK REGARDING THE ANNUAL REPORT

If you have feedback or want to make comments regarding our Annual Report, please send an email to: feedback.gb@mediclin.de
We are looking forward to your input.

FURTHER INFORMATION
www.mediclin.de

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We are THE rehabilitation specialists. We can and want to develop this core competence further. We want to make our offer more outpatient oriented and innovative by putting the possibilities of digitization into practice. The integration of acute and rehabilitation medicine, metropolitan settings, outpatient and teletherapeutic offers ensure the further development of rehabilitation and MEDICLIN.

SALES

431.2 In millions of €

EBIT

21.2 In millions of €

INVESTMENTS

16.5 In millions of €

BEDS

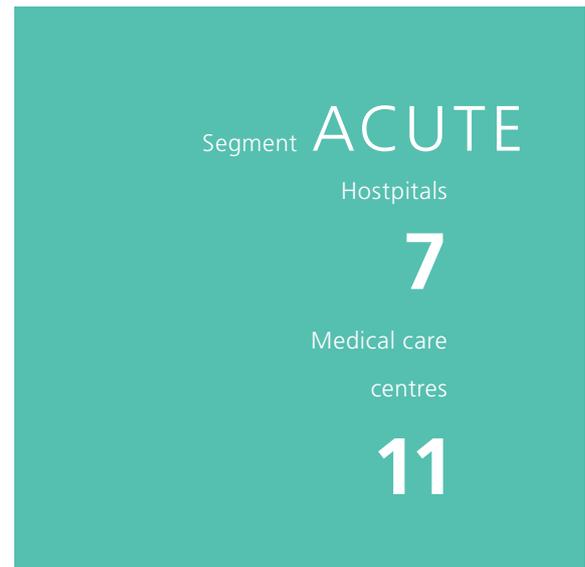
6,118

NUMBER OF PATIENT

70,688 inpatient

MEDICLIN has a total capacity of 7,833 beds and 482 nursing places on the balance sheet date. On average, the Group employed 7,025 full-time employees in the 2022 financial year. On the balance sheet date on 31 December 2022, the Group had 9,959 employees.

Focuses within the range of services in the acute and post-acute segments are neurology, neurological early rehabilitation, neurosurgery, psychosomatics and psychiatry, geriatrics as well as orthopaedics. Furthermore, the Group has special competencies in the areas of ENT (tinnitus, cochlea implants) and internal medicine (cardiology, pneumology, endocrinology) as well as the treatment of post- and long-COVID-19 symptoms.



With the forthcoming reform of the hospital structure, acute care beds will be eliminated. Here we expect structural changes that could be serious for individual hospitals, especially smaller ones. Of course, we are following very closely what effects this will have on our acute-clinics and analysing the risks and opportunities that could arise for our clinics and for the Group.

SALES

252.7 In millions of €

EBIT

-4.4 In millions of €

INVESTMENTS

9.6 In millions of €

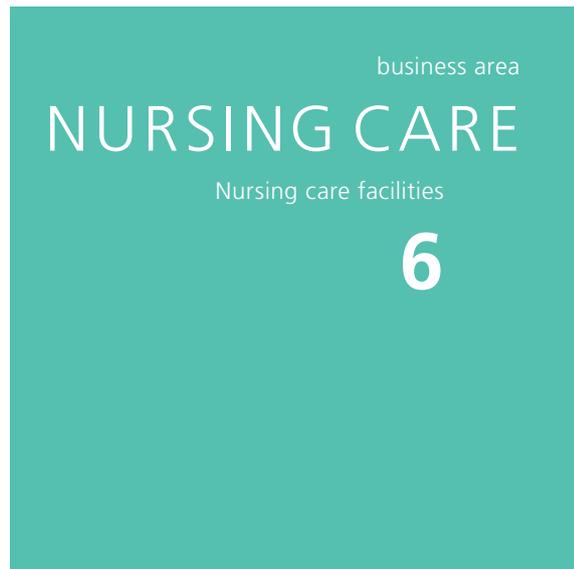
BEDS

1,715

NUMBER OF PATIENT

34,069 inpatient

The business model of MEDICLIN enables the Company to provide to its patients interdisciplinary medical care. It also allows for linking outpatient and inpatient acute and post-acute medical services, thus increasing the efficiency of healthcare while guaranteeing a high-quality standard along the entire treatment chain. The usual interruptions in treatment between the fields of acute care, rehabilitation and nursing can be avoided within the Group network through integrated medical care at individual locations and at a regional and national level. This enables attentive and patient oriented treatment as well as efficiency enhancements at the individual clinics through synergies and standardisation.



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

SALES

18.7 In millions of €

PLACES

482

OCCUPANCY RATE

80.8 % annual average

The decision to leave your familiar surroundings and move into an assisted care facility is not an easy one. Our staff will be happy to advise you on how to lead a largely independent life in your personal life situation or that of your family.

In each of the MEDICLIN nursing care facilities, care is based on the needs and abilities of the residents. Those who can and would like to organise their everyday life themselves have the opportunity to do so here. If necessary, the nursing staff of the MEDICLIN nursing care facilities are always there for the residents.

Based on modern care concepts, our houses offer everything that is necessary for the well-being of people in need of care. What distinguishes our teams is the human interaction, the active work with our residents, the appreciative way of working and our internal clinic offers..

OUTLOOK

for the

2023

financial year

Good occupancy rate at the beginning of 2023 implies positive business performance.

The Management Board assumes that, driven by rising demand for medical, therapeutic and nursing care services, sales and earnings in 2023 will increase.

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.

Foreword

by the Chairman of the Management Board

Dr. Joachim
Ramming

Dear Shareholders,
Dear Ladies and Gentlemen,

Just a year ago I promised you here that we would improve things in the 2022 financial year. I think we have succeeded, especially from a financial point of view.

That is why, before I go any further, I would like to thank everyone who has contributed to this success. It was not an easy year, but we pulled together and managed to come through it very well. We, the Management Board, would like to thank all our MEDICLIN staff for their commitment and dedication, without this the 2022 financial year would not have been so successful.

Group sales and Group operating results significantly exceed the previous year

In the 2022 financial year MEDICLIN generated Group sales of EUR 704.7 mill. and a Group operating result of EUR 19.5 mill. In terms of both sales growth and improvement in operating results, we were within the target range of the forecast issued for 2022.

The upward trend in Group sales (EUR +31.6 mill. or 4.7%) becomes even more apparent when looking at the figures without the benefits received under the protective shield to manage the COVID-19 pandemic. In the 2022 financial year Group sales included benefits under the protective shield in the amount of EUR 18.0 mill., down from EUR 21.0 mill. in 2021.



DR. JOACHIM RAMMING
CHAIRMAN OF THE MANAGEMENT BOARD

The Group operating result of EUR 19.5 mill. was EUR 7.9 mill. above the previous year. This was due to higher sales, lower depreciation of right-of-use assets under IFRS 16, and grants for energy costs. The results were negatively impacted by the costs of closing a post-acute clinic.

Positive business performance in the segments and in the nursing care business area

If we look at the segments, we see that the post-acute and acute segments, and also the nursing care business area, all succeeded in increasing their sales.

Sales in the post-acute segment of EUR 431.2 mill. were EUR 20.4 mill. or 5.0 % above the comparable prior-year period. Sales in the acute segment of EUR 252.7 mill. increased by EUR 9.3 mill. or 3.8 % compared with the previous year's value. The nursing care business area generated sales of EUR 18.7 mill. in comparison to EUR 17.3 mill. in the previous year.

The post-acute segment result improved by EUR 5.9 mill. from EUR 15.3 mill. to EUR 21.2 mill., despite the impact on this segment from the lower depreciation and the clinic closure, as mentioned earlier. In the acute segment, the result of EUR -4.4 mill. was almost on a par with the previous year's figure.

In summary, I would like to state: the positive business performance in comparison to the previous year is based on higher occupancy rates and stringent cost control. This absorbed at least part of the cost increases caused by the geopolitical environment in 2022.

It is certainly also worth mentioning that in the 2022 financial year we succeeded in extending the rental contracts for 20 clinic real estate properties ahead of schedule for another 15 years. The renegotiated contracts will lead to liquidity relief of around EUR 11 mill. p.a. in the coming years.

But let us look to the future – what can we expect in the 2023 financial year?

The fact is: the operational challenges of the current financial year are formidable.

We are particularly concerned about the shortage of skilled professionals, as we want to provide our patients with the best possible medical, therapeutic and nursing care. In order to be able to guarantee this, we need qualified staff – and at staffing levels that are appropriate for our teams in the clinics and relieve the workload.

But the gap between the supply mandate and the shortage of skilled professionals is not the only stumbling block. Cost increases and insufficient budgets on the part of the coverage providers are a burden on the profitability of our Company and must be solved on the system side, i.e. ultimately politically. Of course, we can contribute to the solution to a certain extent – through attractive employer offers and cost optimisation with the help of improved processes, but on the whole, a political solution is needed.

One example of this in the area of digitalisation: the electronic patient record is the responsibility of the Federal Ministry of Health. Whereas, it is our job to digitalise our range of services and thus innovatively support the recovery process of our patients. But it is not only in the realm of digitalisation that we need new thinking.

A discussion had started even before the pandemic about what methods and tools could be used to make the health market more quality-oriented, cost-effective and efficient. The amendments passed so far and the reforms currently under discussion mainly affect the acute sector, which is part of our business, but also refer to the transitions to post-acute care and rehabilitation.

We expect structural changes here that could have serious consequences for individual hospitals, especially smaller ones. Exactly what impact this will have on our acute clinics is difficult to determine at present. We are, of course, following the measures under discussion very closely and analysing the risks and opportunities that may arise for our clinics and for the Group. The fact that the hospital sector is facing reforms is probably clear to everyone by now, even if these reforms are met by resistance, especially in rural regions.

We assume that the structural changes in the acute sector will also have an indirect impact on the rehabilitation sector and thus on our post-acute segment.

On the demand side, we expect an increase in demand for preventive services and more extensive therapeutic follow-up treatments due to constraints on acute services, which may lead to increases in sales. Which brings us back to the cost side, and thus to the question of the extent to which the coverage providers will take this additional expense into account in their budgets. Some relief could come from outpatient rehabilitative services, which is, of course, in our hands. As long as patients are mobile or can be cared for at home to a certain extent, outpatient healthcare expands the range of rehabilitative services.

The success of our digital services in our post-acute clinics shows that this works. They are not only an attractive option for our patients to continue using the therapies developed for them in their own homes, they also make it easier for our staff when it comes to patient admissions, preparing them for treatment and monitoring the success of their treatment.

However, digitalisation is not the same as outpatientisation.

We have to do more here, and we want to do more. In the 2022 financial year outpatient treatment amounted to 2.4 % of Group sales, or EUR 17.1 mill., and mainly stems from the acute segment.

In the rehabilitation sector, there are various concepts for developing innovative services: digitalisation – as discussed earlier, linking inpatient and outpatient treatment locally in an acute clinic or building or taking over larger therapy centres. Setting up post-acute services on-site in hospitals makes sense, especially in neurology – the keywords here are acute care phase A and early rehabilitation phase B.

Our experts are currently investigating how likely the individual options are to succeed and the opportunities that could arise for our Group.

We have founded the new MEDICLIN Rehabilitationsforschung eGmbH. Its future staff will be involved in clinical research related to rehabilitation and will provide support for clinical studies from the development of the original concept to professional implementation and execution. Our aim is to provide effective, safe and modern rehabilitation. This will be achieved, for example, through interdisciplinary networking, digitalisation and by using modern information technology as well as by cooperating with university centres and external partners.

Current conditions and conclusion

The COVID-19 pandemic has become a manageable burden. Now we need to professionally and objectively analyse how successful the measures were in order to be well prepared for future pandemics. At the same time, we still have to take care of the people who are now suffering from the physical and psychological consequences of COVID-19 infections. It has now become clear that these are complex clinical conditions with a wide range of symptoms and that those affected often need multidisciplinary treatment. MEDICLIN has developed a special therapy programme to help these patients and the demand for this successful treatment remains high.

The ongoing war in Ukraine is a serious concern. Russia's invasion of the country and the destruction and suffering that this invasion has brought to the Ukrainian people is evident in many ways. The psychological, social and economic consequences in the immediate environment are tangible, and the geopolitical impact is immeasurable. Our Group and our staff in the clinics continue to provide medical assistance and accommodation for those affected by the war and coordinate this support together with the respective cities and communities.

The economic consequences of this war were and are price increases, especially in the energy sector, and in its wake high inflation, even if our initial dramatic fears did not materialise thanks to state intervention.

Ultimately, we want to and must fulfil our mandate to provide care even under challenging conditions, and this means that we will prudently and flexibly do our utmost to meet the challenges.

MEDICLIN is well set up to pursue a business model that provides patients with interdisciplinary medical care. This also enables us to link outpatient and inpatient, acute and post-acute medical services, thus increasing the efficiency of healthcare while guaranteeing a high-quality standard along the entire treatment chain. Thus, we are able to provide attentive and patient-oriented treatment, and the resulting synergies and standardisation lead to cost savings and reduced workloads at the individual clinics.

Dear Shareholders,

Our healthcare system has withstood the challenges of the pandemic. Now it is a question of developing an innovative strategy so that the high quality of medical, therapeutic and nursing care is maintained and remains affordable.

MEDICLIN will face the current conditions and continue to successfully fulfil its care mandate.

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

Dr. Joachim Ramming

Chairman of the Management Board

MANAGEMENT BOARD



TINO FRITZ
CHIEF FINANCIAL OFFICER

DR. JOACHIM RAMMING
CHAIRMAN OF THE MANAGEMENT BOARD

DR. YORK DHEIN
MANAGEMENT BOARD



The MEDICLIN share

Geopolitical risks weigh on stock markets in 2022

The Russian war against Ukraine, populist horror scenarios regarding energy supply, inflation rates in the range of ten per cent and the central banks' shift in interest rate policy at the end of the year took the German DAX index down compared to its level at the beginning of the year. The fact that the drop was relatively mild compared to other crises at approximately 12 per cent is due to a high degree of adaptability on the part of the companies and government financial aid programmes.

The development of the capital market in 2023 is highly dependent on these geopolitical risks. The ongoing war in Ukraine, the resulting diverging political interests, the lasting fragility of global supply chains and high inflation rates limit the opportunities for a speedy and significant economic recovery in Germany. In its annual economic report for 2023, the German government expects slight economic growth of 0.2 % and an inflation rate of 6.0 %.

Overall, however, German companies seem set to operate successfully even in a weaker economic environment. Forecasts¹ by capital market experts on the performance of the stock market and the DAX in 2023 averaged 14,230 points in mid-year and 15,047 points at year-end, thus exceeding the forecasts at the beginning of the year. On 2 January 2023 the DAX opened the new stock exchange year at 13,993 points.

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 2022 at a price of EUR 3.60, which was below the share price at the beginning of the year (EUR 3.76). The yearly low was EUR 3.00; the yearly high was EUR 3.94.

DZ Bank AG and Solventis Beteiligungen GmbH conduct research coverage on the MEDICLIN share. Based on the preliminary figures for the 2022 financial year, their recommendations are "Hold" and "Buy".

Shareholder structure

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

¹ Source: German newspaper FAZ on 28 December 2022, page 23

Share indicators

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

In € per share	2022	2021
Result undiluted/diluted	0.20	0.03
Cash flow from operating activities	0.78	1.73
Book value ² as of 31.12.	4.40	3.86
Year-end price	3.60	3.92
Annual high	3.94	4.78
Annual low	3.00	3.68
Market capitalisation (year-end price) in millions of €	171.0	186.2
Number of shares in millions	47.5	47.5

² Equity less non-controlling interests
Source: Deutsche Börse AG; Xetra

SUMMARISED MANAGEMENT REPORT and GROUP MANAGEMENT REPORT

MediClin Aktiengesellschaft for the

2022 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 hospitals offer professional medical services in the fields of acute care (acute segment) and rehabilitation (post-acute segment) and, at some of the locations, nursing care services.

This positioning enables MEDICLIN to pursue a business model of providing its patients with interdisciplinary medical care. It also allows for linking outpatient and inpatient acute and post-acute medical services, thus increasing the efficiency of healthcare while guaranteeing a high-quality standard along the entire treatment chain. The usual interruptions in treatment between the fields of acute care, rehabilitation and nursing can be avoided within the Group network through integrated medical care at individual locations and at a regional and national level. This enables attentive and patient-oriented treatment as well as efficiency enhancements at the individual clinics through synergies and standardisation.

Focuses within the range of services in the acute and post-acute segments are neurology, neurological early rehabilitation, neurosurgery, psychosomatics and psychiatry, geriatrics as well as orthopaedics. Furthermore, the Group has special competencies in the areas of ENT (tinnitus, cochlea implants) and internal medicine (cardiology, pneumology, endocrinology) as well as the treatment of post- and long-COVID-19 symptoms.

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 works even 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.

The operational and strategic orientation of the medical facilities and the development of the range of services at their sites lies in the responsibility of the management of the respective clinic and the managing director for the region, thus ensuring the economic success of the clinics within their local setting.

EXTERNAL FACTORS THAT COULD INFLUENCE THE BUSINESS PERFORMANCE

In the 2022 reporting year the Group's operating performance continued to be 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 economic repercussions of the Russian war against Ukraine also affected the economy and led to price hikes in energy and materials procurement. The consequences will be addressed in more detail in the relevant sections of this report.

General external factors

Besides the aforementioned factors, the Company's business performance can also be directly affected by new and/or amended legislation. Legal regulations in the healthcare sector usually refer to the design and remuneration of services and thus have a direct impact on MEDICLIN's sales and earnings performance.

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 affecting the business performance are the demographic development in Germany, progress in medical technology and the availability of qualified 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 the quantity-related cost advantage (fixed cost degression). Due to the pandemic, the fixed cost degression discount had been abolished in 2020.

The treatment of certain indications is subject to minimum nurse and nursing assistant staffing thresholds, which became mandatory on 1 February 2021. They apply in intensive care, internal medicine, geriatrics, trauma surgery, general surgery, orthopaedics, gynaecology and obstetrics, cardiology, neurology, paediatrics and heart surgery and, starting from 1 January 2023, in ear, nose and throat medicine, rheumatology and urology.

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. Here there is no adjustment 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 covers inpatient care as well as 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 Standard¹ 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.

¹ 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.

MEDICLIN AG's main shareholders are Asklepios Kliniken GmbH & Co. KGaA, Hamburg, with 52.73 % and ERGO Group AG, Düsseldorf, 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 sales are generated by the local clinics that provide the medical, therapeutic and nursing care services. Service functions for these medical facilities, such as finance, accounting, controlling, taxes, internal audit, compliance, risk management, 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 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 2022, MEDICLIN included 33 clinics, six nursing care facilities and 11 medical care centres nationwide. Seven of the 33 clinics are dedicated acute-care hospitals and 26 are post-acute (rehabilitation) clinics. Twelve post-acute clinics provide specific acute services in addition to medical rehabilitation measures. The nursing care facilities offer full-time, short-term and daytime nursing care. These facilities are located at the same sites as the post-acute clinics, and can thus benefit from the latter's infrastructure. The medical care centres offer mainly outpatient treatment in acute care.

MEDICLIN has a total capacity of 7,833 beds and 482 nursing places on the balance sheet date. On average, the Group employed 7,025 full-time employees in the 2022 financial year. On the balance sheet date on 31 December 2022, the Group had 9,959 employees.

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.

Number of beds/places

As of 31.12.	2022	2021
Post-acute		
Neurology	1,779	1,699
Psychosomatics	1,035	1,089
Orthopaedics	1,538	1,581
Internal medicine	229	203
Cardiology	423	458
Oncology	418	388
Geriatrics	425	406
Other	271	287
Total	6,118	6,111
Acute		
Neurology	384	385
Psychosomatics	266	274
Psychiatry	344	341
Surgery	203	203
Orthopaedics	99	98
Internal medicine	157	157
Other	262	262
Total	1,715	1,720
Nursing care	482	482
Group	8,315	8,313

The share of neurology, psychosomatics and psychiatry amounts to 48.6 % (previous year: 48.4 %) of total beds available at the end of the year (not including nursing care). Further focus areas are orthopaedics, oncology, cardiology and geriatrics.

STAFF

6,889 of the 7,025 average full-time employees employed in 2022 (98.1%) work in medical and non-medical services. On average, 72.8% thereof were involved in medical services (previous year: 72.7%), whereas 27.2% worked in non-medical professions (previous year: 27.3%). 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.

Development of the average number of employees by service (without Management Board, managing directors and trainees)

Shown in full-time employees	2022	2021
Medical	849	865
Nursing care	2,291	2,297
Medical-technical	1,467	1,509
Functional	405	412
Medical services	5,012	5,083
Support functions	1,081	1,096
Technical	153	154
Administration	611	622
Other	32	34
Non-medical services	1,877	1,906

Development of the average number of employees by segment (with Management Board, managing directors and trainees)

Shown in full-time employees	2022	2021
Post-acute	3,740	3,838
Acute	2,037	2,060
Other activities	1,248	1,217
Thereof nursing care business area	211	213
Thereof service business area (including administration)	1,037	1,004
Total	7,025	7,115

Objectives and strategy

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. Furthermore, the Group pursues comprehensive and, in particular, patient-oriented care, and seeks to link outpatient, inpatient and post-discharge care at its individual locations. The strategic targets are funded by the corresponding capital expenditure policy, future-proofing the respective site and generating internal 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. These data provide current information on clinic efficiency and help to coordinate, plan, control and monitor the operating processes.

At Group level, the maximum leverage¹ is a control parameter that may not be exceeded as it is also used by banks to determine the applicable interest rate.

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/

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 Düsseldorf. The aim of the project is to gain a deeper understanding of the illness and to further improve medical rehabilitation treatment.

In April 2022 MediClin Rehabilitationsforschung gGmbH, Offenburg, was founded. The company pursues solely charitable purposes. Its company objects are to organise, facilitate, carry out and prepare clinical scientific studies and papers and to develop and evaluate innovative medical and therapeutic diagnostic and treatment methods to improve the preventive care, rehabilitation and

¹ Maximum 3.5x the quotient of adjusted average net financial debt over the last four quarterly reporting dates and adjusted EBITDA of the last 12 months

regeneration of patients. The company belongs to the post-acute segment and is included in the consolidated financial statements. The company had not yet commenced operations in the 2022 financial year.

Sustainability reporting

SUSTAINABILITY MANAGEMENT

As a group within the healthcare sector, MEDICLIN's priority is to ensure that its patients receive good care and that the Group is perceived as an attractive employer that meets the needs of its employees. Environmental conservation and the responsible use of resources is also part of the commitments undertaken in the Code of Conduct.

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 addressed.

Structure and responsibility AG

The Management Board uses performance measures to further advance the economic situation of the Group. The performance measures for sustainable management are defined in the scope of the common sustainability strategy of Asklepios Kliniken GmbH & Co. KGaA, RHÖN-KLINIKUM AG and MEDICLIN AG.

An interdisciplinary working group is in charge of coordinating and further developing the MEDICLIN 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 a 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.

Non-financial declaration

GENERAL INFORMATION

MEDICLIN prepares a non-financial declaration pursuant to Sections 315c and 289c to 289e German Commercial Code (HGB) and REGULATION (EU) 2020/852¹ OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 (hereinafter referred to as EU Taxonomy Regulation).

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt, was commissioned to conduct a voluntary ISAE 3000 (Revised) audit with limited assurance of MEDICLIN AG's non-financial declaration for 2022.

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.

Business model

Section 315c German Commercial Code (HGB) in conjunction with Section 289c German Commercial Code (HGB) states that the non-financial declaration should include a brief description of the

¹ 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.

corporation's business model. MEDICLIN's business model is based on linking outpatient and inpatient acute medical care and rehabilitation services as well as nursing care. MEDICLIN is convinced that providing care across the defined acute treatment, rehabilitation and nursing care areas within the healthcare sector increases the efficiency and quality of the care provided. More information on the business model is provided in the summarised management report and the Group management report, in the section on the Group's business model.

Application of standards

MEDICLIN uses the standards of the Global Reporting Initiative (GRI Standards) in its sustainability reporting as the framework within the meaning of Section 289d German Commercial Code (HGB). MEDICLIN used the 2016 version of the GRI Standards (Standards GRI 102-46 and GRI 103) for the materiality analysis and the description of the management approaches for material topics. The revised and extended GRI Standards 2021 were not used as the Group intends to concentrate on the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

Due diligence process – materiality analysis

The members of the working group analysed for their respective areas of responsibility what material significance the topic-specific standards could have for the Company itself in its capacity as a health-care service provider on the one hand and the community and environment on the other. 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).

In 2022 the working group decided that the respective departments did not need to carry out another comprehensive evaluation as the topic-specific GRI Standards 2021 changed only marginally or not in any material respect and a GRI Sector Standard is not yet available. MEDICLIN applied the GRI Standards 2016 to its materiality analysis and the management approach.

Starting in the reporting year 2022, MEDICLIN will be aligning its reporting with regard to material aspects along the Corporate Responsibility Roadmap (CSR Roadmap) adopted by the ESG Board of Asklepios. As the CSR Roadmap does not provide for the profitability aspect and therefore does not include any explanations regarding procurement, this aspect is no longer listed as a material topic.

The material topics for the 2022 reporting year are:

- Social factors: Patient safety and patient satisfaction
- Employee matters: Employee health
- Environmental issues: Reduction of CO₂ emissions, waste (e.g. food) and water consumption
- Fighting against corruption and bribery: Raising awareness for the Code of Conduct

MEDICLIN respects human rights as defined in the Code of Conduct. The working group did not identify any material issues or human rights risks with regard to this aspect, which is why we continue to regard the respect for human rights aspect as not material.

Given that potential negative consequences usually also constitute potential risks, these are evaluated in the scope of the risk inventory. The previous risk areas will be adjusted by the Asklepios group to account for the specific sustainability reporting requirements when Asklepios takes over the responsibility for these tasks (for more information, please refer to the section on Material non-financial risks).

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 2022 patient satisfaction as measured on the basis of the recommendation rate was at the level of 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 are obviously still acceptable for all concerned.

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 COVID-19 infections or suspected infections, both with regard to patients and residents as well as employees.

The Russian war against Ukraine has led to significant price increases, in particular with regard to energy, and to a pronounced hike in consumer prices. The associated risks mainly affected the profitability of MEDICLIN rather than any material non-financial aspects.

The economic consequences of the COVID-19 pandemic and the Russian invasion of Ukraine in 2022 are discussed in the relevant parts of the summarised management report and the Group management report as are the expectations regarding their possible consequences in the current 2023 financial year. The Group does not expect any negative or positive effects on any material non-financial issues.

EU TAXONOMY REGULATION

At present the EU Taxonomy Regulation does not define any criteria with regard to the economic activity "Health services of hospitals and rehabilitation facilities" (NACE Code Q86.1). Thus, the main part of MEDICLIN's core business is not yet covered by the taxonomy and can therefore not be presented as being taxonomy-eligible. However, MEDICLIN has the possibility of achieving taxonomy alignment through targeted capital expenditure that, rather than referring directly or indirectly to the care of patients and residents, concern the expenditure for required maintenance and repair work which could become taxonomy-aligned.

MEDICLIN's residential nursing care activities (NACE Code Q87.1) in the nursing care business area account for 2.5 % of Group sales. To date, this economic activity is defined as "Residential care activities"¹. This activity does not classify as an enabling activity within the meaning of Annex 2 that could make a substantial contribution to the environmental objective climate change adaptation. Therefore, the sales generated in this business area are not classified as taxonomy-eligible or taxonomy-aligned. The conditions (climate risk analysis and capital expenditure plan for adaptation solutions)

¹ (EU) 2021/2139: Technical screening criterion for climate change adaptation 12.1 Residential care activities

that were defined to classify the capital expenditure and operating expenditure associated with such activity as taxonomy-eligible were not fulfilled. Therefore, the running of nursing care homes does not lead to taxonomy-eligible or taxonomy-aligned turnover or expenditure for MEDICLIN.

In March 2022 the EU Commission issued another Delegated Regulation¹ and classified the energy generation from both gas and nuclear power plants as potentially sustainable within the meaning of the two climate objectives (climate change mitigation and climate change adaptation). Several criteria must be met in order for this to be applicable. Neither of these types of energy generation are relevant for MEDICLIN and are therefore not listed in the respective tables.

The EU taxonomy system allows for the allocation of capital and operating expenditure incurred in carrying out certain economic activities. The following activities are relevant for MEDICLIN:

- 6.5 Transport by motorbikes, passenger cars and commercial vehicles
The leased e-vehicles in MEDICLIN's fleet are part of the vehicle pool that the Group provides to employees for business trips. In 2022 we leased a total of two new electric vehicles that meet the climate change mitigation requirements but not the DNSH requirements.
- 7.3 Installation, maintenance and repair of energyefficiency equipment
Energy-efficient equipment is installed in the scope of renovations or as a replacement. Maintenance and repairs are carried out independently thereof. This refers mainly to individual measures that, however, do not meet the criteria of contributing substantially to climate change mitigation.
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
Energy-efficient equipment is installed in the scope of renovations or as a replacement to manage overall energy efficiency. Maintenance and repairs are carried out independently thereof. This refers mainly to individual measures that, however, do not meet the criteria of contributing substantially to climate change mitigation.

The requirements for demonstrating the taxonomy alignment of individual activities are not met, which is why neither taxonomy-aligned capital expenditure nor taxonomy-aligned operating expenditure can be listed in the report.

General

In the 2021 financial year the Company conducted its first review in accordance with the EU Taxonomy Regulation (EU) 2020/852 to establish whether part of the turnover, capital expenditure or operating expenditure associated with MEDICLIN's economic activities can be classified as taxonomy-eligible. In principle, an activity is classified as taxonomy-eligible. In principle, an activity is classified as taxonomy-eligible if it meets the description of the respective activity as defined in the delegated acts on the environmental objectives climate change mitigation and climate change adaptation, irrespective of whether the activity meets all the defined technical screening criteria.

In the year under review, the Group also reviewed the taxonomy alignment in addition to taxonomy eligibility. An economic activity is deemed to be taxonomy-aligned if it contributes substantially to an environmental objective, does not significantly harm any of the environmental objectives

¹ Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (Official Journal L 188/1)

(Do No Significant Harm – DNSH) and is carried out in compliance with the so-called minimum safeguards. The minimum safeguards refer to the topics human rights, corruption/bribery, taxation and fair competition.

The EU Taxonomy Regulation introduces a general framework for determining whether economic activities classify as environmentally sustainable. In addition to this Regulation, the technical screening criteria (Delegated Regulation (EU) 2021/2139 of 4 June 2021) and disclosure obligations (Delegated Regulation (EU) 2021/2178 of 6 July 2021) were defined. The technical screening criteria are to be used to determine whether an economic activity contributes substantially to the environmental objectives, while meeting the DNSH criteria.

The EU Taxonomy Regulation currently contains information on the environmental objectives. So far, technical screening criteria for the first two of six defined environmental objectives have been laid down in delegated acts, i.e.:

1. Climate change mitigation
2. Climate change adaptation

Economic activities

MEDICLIN has compared its own economic activities and the turnover (or sales) generated with such activities to the economic activities described in the delegated acts.

MEDICLIN's assessment of the taxonomy eligibility and taxonomy alignment 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 supporting activities that are required to carry out the Group's activities as a healthcare provider. They are not reported as taxonomy-eligible activities in connection with determining the taxonomy-aligned turnover KPI and are not included in the sales/turnover figure as they themselves do not generate any sales with parties outside the Group.

Following a review together with all the relevant departments and functions, MEDICLIN has come to the conclusion that its economic activities are not covered by the delegated acts on the environmental objectives of climate change mitigation and adaptation and that they therefore do not generate any taxonomy-eligible turnover.

Approach

As MEDICLIN does not generate any taxonomy-eligible turnover, the focus with regard to sustainable business operations is thus placed on capital expenditure (CapEx) and operating expenditure (OpEx), i.e. maintenance and repairs.

The Group carried out a systematic impact analysis and identified and classified the taxonomy-eligible and taxonomy-aligned activities to be reported in 2022. The taxonomy-eligible activities have the potential of contributing to climate change mitigation, while MEDICLIN did not identify any relevant measures for climate change adaptation. Therefore, the following activities refer to Annex I of the delegated act on the climate change mitigation objective.

Together with the sustainability working group, the construction, technology and purchasing departments of MEDICLIN reviewed the capital and maintenance expenditures in the year under review to determine whether they classify as either taxonomy-eligible or taxonomy-aligned. First, the working group recorded the individual capital and maintenance expenditures according to their nature to then assess them on the basis of the descriptions of the economic activities listed in Annex I (Climate change mitigation) of Delegated Regulation (EU) 2021/2139 and the NACE codes provided therein.

In order to assess the potential taxonomy alignment, these economic activities were compared to the technical screening criteria. Taxonomy alignment was not achieved as either the technical screening criteria of the respective category were not met or it was not possible to demonstrate that they are met.

Result – calculation of key performance indicators (KPIs)

Turnover KPI

The Group generated turnover amounting to EUR 704.7 mill. in 2022. Please refer to the consolidated profit and loss account for the financial year from 1 January to 31 December 2022, line item 2 “Sales” on page 82 of the Annual Report 2022. For more details on the accounting policies for Group sales, please refer to page 96 of the notes to the consolidated financial statements. As mentioned above, MEDICLIN’s findings did not reveal any taxonomy-eligible or taxonomy-aligned turnover.

CapEx KPI

The total capital expenditure amount includes additions to non-current assets (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16). 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 under IFRS 16 amounts to EUR 120.9 mill. Without the additions under IFRS 16, capital expenditure amounts to EUR 28.5 mill. Please also refer to the segment report in the notes to the consolidated annual financial statements 2022, second-last line, last column on page 112. The numerator for the above-mentioned activities is EUR 1.0 mill., corresponding to a taxonomy-eligible share of 0.8 %. It could not be demonstrated with regard to the capital expenditure that the technical screening criteria of the respective economic activities are met. Therefore the taxonomy-aligned capital expenditure amounts to zero euro and the share of taxonomy-aligned capital expenditure in total capital expenditure is 0.0 %.

MEDICLIN does not have a CapEx plan within the meaning of EU taxonomy to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned.

OpEx KPI

The operating expenditure of MEDICLIN that is relevant for the denominator of the OpEx KPI comprises maintenance and repairs. EUR 18.1 mill. was spent on this in the reporting year. The numerator corresponds to the share of operating expenditure included in the denominator that is associated with individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that such measures are implemented and operational within 18 months.

The numerator for the above-mentioned activities is EUR 1.8 mill., corresponding to a taxonomy-eligible share of 10.1 %. The maintenance and repairs carried out in the year under review do not meet the technical screening criteria, which is why the share of taxonomy-aligned maintenance and repair expenditure is 0.0 %.

MEDICLIN has set up clear rules for allocating expenditure to accounts to ensure that neither turnover nor CapEx or OpEx are considered more than once.

KEY FIGURES ON EU TAXONOMY

Sales

Economic activities (1)	Codes (2)	Absolute sales (3)	Proportion of sales (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)
		in € m	in %	in %	in %	in %
A. TAXONOMY-ELIGIBLE ACTIVITIES						
A.1 Environmentally sustainable activities (taxonomy-aligned)						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	–	0.000			
Installation, maintenance and repair of energy efficiency equipment	7.3	–	0.000			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	–	0.000			
Sales of environmentally sustainable activities (taxonomy-aligned) (A.1)		–	0.000			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	–	0.000			
Installation, maintenance and repair of energy efficiency equipment	7.3	–	0.000			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	–	0.000			
Sales of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)(A.2)		–	0.000			
Total (A.1 + A.2)		–	0.000			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (B)						
Sales of taxonomy-non-eligible activities (B)		704.7	100.000			
Total A + B		704.7	100.000			

CapEx

Economic activities (1)	Codes (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)
		in € m	in %	in %	in %	in %
A. TAXONOMY-ELIGIBLE ACTIVITIES						
A.1 Environmentally sustainable activities (taxonomy-aligned)						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	–	0.000			
Installation, maintenance and repair of energy efficiency equipment	7.3	–	0.000			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	–	0.000			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		–	0.000			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0.8	0.674			
Installation, maintenance and repair of energy efficiency equipment	7.3	0.1	0.050			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.1	0.082			
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)(A.2)		1.0	0.806			
Total (A.1 + A.2)		1.0	0.806			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (B)						
CapEx of taxonomy-non-eligible activities (B)		119.9	99.194			
Total A + B		120.9	100.000			

OpEx

Economic activities (1)	Codes (2)	Absolute OpEx (3)		Proportion of OpEx (4)		
		in € m	in %	Climate change mitigation (5) in %	Climate change adaptation (6) in %	Water and marine resources (7) in %
A. TAXONOMY-ELIGIBLE ACTIVITIES						
A.1 Environmentally sustainable activities (taxonomy-aligned)						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	–	0.000			
Installation, maintenance and repair of energy efficiency equipment	7.3	–	0.000			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		–	0.000			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0.3	1.928			
Installation, maintenance and repair of energy efficiency equipment	7.3	1.5	8.167			
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)(A.2)		1.8	10.095			
Total (A.1 + A.2)		1.8	10.095			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (B)						
OpEx of taxonomy-non-eligible activities (B)		16.3	89.905			
Total A + B		18.2	100.000			

PATIENT SAFETY (SOCIAL FACTORS)

Ensuring patient safety

In order to provide the best possible care to our patients, excellent medical quality and patient safety are of the essence. Permanently ensuring these two parameters is an ongoing process that is part of our DNA and rooted in the internal quality and clinical risk management system. All MEDICLIN clinics have implemented a structured quality management system that is continuously further developed and adjusted to meet the current legal requirements in acute and post-acute care. All our clinics in the post-acute sector have the legally required certification for an internal quality management system in accordance with the requirements of the federal rehabilitation working group (Bundesarbeitsgemeinschaft Rehabilitation – BAR).

Patient safety is ensured at several levels and continuously improved. In the scope of our Group-wide internal audit system, our clinics carry out regular internal audits of processes or individual departments to identify potential for improvements or weaknesses in material patient care processes and to take the required measures where necessary.

MEDICLIN's clinics work with a reporting and learning system to report critical situations and near misses in clinical care (Critical Incident Reporting System – CIRS). The employees can use the CIRS to anonymously report mistakes and undesired events and the system allows for cross-departmental and cross-clinic learning from these mistakes.

Hygiene is another pillar of high patient safety, which is why our clinics adhere to very strict hygiene requirements. In the acute segment, this includes participation in sentinel surveillance or hygiene campaigns such as the hand hygiene initiative by the World Health Organization. The observance of the required hygiene measures is verified by quality management through internal and external audits and regular visits of external hospital hygienists. MEDICLIN has a cooperation with the German consulting centre for hospital epidemiology and infection control BZH.

Our MediClin Academy offers targeted and regular training and qualification opportunities in the field of quality and risk management.

Sensitive patient data is protected by our Group data privacy policy that includes various standard operating procedures on how to treat personal data in the Group. The data protection coordinators at our clinics ensure that these requirements are met and our employees receive regular data protection training sessions.

PATIENT SATISFACTION (SOCIAL FACTORS)

Ensuring patient satisfaction

In addition to patient safety, patient satisfaction is also highly important. It depends on the treatment quality of the medical, therapeutic and nursing care services, i.e. the services provided by MEDICLIN's employees, and is influenced by the attractiveness of the premises and the technical medical equipment.

The services provided to this important group of stakeholders is 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. The premises and catering are also evaluated.

High patient satisfaction and thus a high recommendation rate are important quality criteria and essential for good occupancy rates and MEDICLIN's financial success.

Quality management as a gauge of performance

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.

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

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. A medical consultation is carried out upon admission of the patient at the facility and communicated to the treatment team.

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 has not received any survey findings from the coverage providers for 2020 and 2022. The most recent survey results by the DRV were sent out in 2022 and refer to patient surveys carried out in 2018 and 2019. Findings for treatments carried out in 2022 are not expected to be published before the end of 2023.

Transparent approach to treatment-related questions

The quality of the results is not only of significance for hospitals. Since 2003 all licensed German hospitals are legally obliged to regularly publish structured quality reports on the Internet. In post-acute care, the quality of the results is 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). MEDICLIN is a founding member of this initiative 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 portal is approximately 78 % and, as such, at the prior-year level. No recommendation rate was available for four of the total 24 clinics in 2022.

Catering – MediClin à la Carte makes a significant contribution

Another factor that influences patient satisfaction is the choice and presentation of food and beverages at the facilities. 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 choice on offer. This is the responsibility of the MediClin à la Carte subsidiary.

The personnel in charge at MediClin à la Carte believes that one crucial element to successfully increasing patient satisfaction is to directly approach unsatisfied guests and to suggest solutions. MediClin à la Carte has established a guest relations management concept that seeks to identify unsatisfied guests at an early stage and to address their concerns. The guest relation managers are the point of contact for all patients and guests at the facilities' cafeterias and restaurants. In case of questions, ideas or recommendations regarding additions to meals, services or the range of products in the cafeterias, patients and guests can talk directly to one of the responsible staff. The presence of guest relations managers at the clinic restaurants is to make it easier for guests to voice any problems they might perceive.

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 period of five to seven weeks, 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 effective – satisfaction remains at a high level

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, our principle of generating instant feedback has led to a constantly high satisfaction rate of more than 85.0 %.

EMPLOYEE HEALTH (EMPLOYEE MATTERS)**The health of our employees is of the utmost importance to us**

The workload in the healthcare sector is high. Therefore MEDICLIN wants to contribute to making health promotion easily accessible to our staff, in particular by offering opportunities in the fields of sports, nutrition and stress control.

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 is required by law, helps employees return to work after prolonged sickness and re-establish themselves in keeping with their strength. Since the end of the 2021 financial year, the human resources and social affairs department is in charge of the occupational health management (BGM) project that was launched in 2020.

Employee satisfaction

MEDICLIN believes that employee motivation correlates directly with the trust and esteem they experience in their respective areas of responsibility and their satisfaction with working conditions and environment. 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.

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 the children's day-care schedules and the families' needs. More than 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 after prolonged sickness receive support to make their return into the job as easy as possible.

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.

There were 170 seminars offered in 2022 (previous year: 213 seminars), 19 of which (previous year: 68 seminars) had to be cancelled. A total of 1,458 persons (previous year: 1,480 participants) attended the remaining 151 events (previous year: 145 events). The fact that the number of participants has remained stable 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 2022 was "Good" (1.6) (previous year: "Good" (1.6)).

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 2023, which are to be carried out twice a year, will involve all employees and cover various aspects. Originally the first survey was scheduled for 2022, but will now be carried out in 2023.

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.

REDUCTION OF CO₂ EMISSIONS (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.

Project for reducing primary energy consumption

The aim of this project was 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 considerations. Recent findings, however, show that the concentration on primary energy consumption in the underlying calculation does not adequately reflect CO₂ reductions in connection with energy consumption, because primary energy is so heavily dependent on climatic conditions. In the future (and subject to the sustainability goals defined by Asklepios) the reduction of CO₂ emissions will be the relevant measure for MEDICLIN.

Relevant factors for reducing CO₂ emissions

Three factors are essential to reducing CO₂ emissions: highly efficient in-house production of electricity and heat, reduced consumption and an electricity mix that is as green as possible.

MEDICLIN operates a total of 35 CHPs at 23 sites and five photovoltaic plants. Additionally, the Group has four biogas plants that provide MEDICLIN facilities with district heat. The generation of electricity and heat in in-house plants is an important factor for economic and low-carbon consumption of the energy required. The mix of electricity procured through the grid is another relevant factor. The consumption depends strongly on climatic conditions. The figures for CO₂ emissions of electricity procured through the grid in 2022 will be available in September 2023. We have updated the CO₂ emissions figures for the financial year.

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.

CO₂ emissions are calculated on the basis of the quantity procured from each individual energy source and that energy source's specific CO₂ emissions factor.

Energy procured

In kWh	2020	2021	2022
Electricity	21,052,526	19,525,569	n/a
Gas	104,515,176	116,096,115	n/a
Heating oil	1,261,980	1,456,260	n/a
District heat	7,862,810	8,372,396	n/a
Total	134,692,492	145,450,340	n/a

CO₂ emissions

In kg	2020	2021	2022
Scope 1	21,453	23,845	n/a
Scope 2	4,557	5,596	n/a
Total	26,010	29,440	n/a

The increase in CO₂ emissions in 2021 was caused by a change in the electricity mix. The electricity from renewable energies under the Renewable Energy Sources Act (EEG) decreased from 65.0 % in 2020 to 57.2 % in 2021.

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. Given the surge in energy prices, the clinics further received extensive advice on how to lower their consumption in 2022.

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

WASTE REDUCTION (ENVIRONMENTAL ISSUES)

Catering – MediClin à la Carte

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.

Sustainable management

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

By introducing a Group-wide menu and by strictly adhering to this concept, MediClin à la Carte is in a position to bundle food orders and to reduce the number of suppliers to a minimum. Product adjustments further led to a leaner product range and a far lower number of deliveries. Suppliers are selected based on their ability to supply nationwide and provide consistent product quality. All of the food suppliers, except for regional bakeries and beverage suppliers, are either certified according to the International Featured Standards (IFS)¹ or according to 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, requirements regarding nutritional value analysis).

Certification

MediClin à la Carte is also certified in accordance with ISO 9001:2015. The certification was successfully renewed in 2021 and is now valid until 2 November 2024. In 2022, the Company passed the follow-up audit.

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 participated in the comprehensive ELoFoS² research project, which was carried out by the University of Stuttgart and funded by the German Federal Ministry of Food and Agriculture. The project was successfully completed at the end of March 2022. Wherever possible, MediClin à la Carte still follows the action plan devised on the basis of the findings of this research project.

REDUCTION OF WATER CONSUMPTION (ENVIRONMENTAL ISSUES)

Water is a valuable resource that is crucial to operating health facilities, especially with regard to hygiene. Therefore, grey water can be used only to a very limited extent. Going forward, the water consumption will be published every year in the non-financial declaration.

AWARENESS ABOUT THE CODE OF CONDUCT (FIGHTING CORRUPTION AND BRIBERY)

The responsibility of the compliance department is to ensure that the laws and internal corporate policies are complied with and to promote integrity in order to ensure responsible corporate governance.

¹ The International Featured Standards (IFS), which were 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

² Efficient Lowering of Food Waste in the Out-of-Home-Sector

Fighting against corruption and bribery is a material part of MEDICLIN's compliance management. 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 certain spheres of responsibility. The Group, for instance, provided training in connection with handling patient data and company information and defined requirements regarding the cooperation with other partners in the healthcare sector and other industries. The employees in charge are informed and trained accordingly.

Control measures provide additional security

Compliance has introduced measures for specific topics, in particular to avoid corruption, that are monitored for a longer period of time and provide additional assurance with regard to compliant conduct. MEDICLIN did not become aware of any case of corruption in 2022.

Whistleblowing

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

Training measures and consulting

It is essential that the commercial directors and other management staff receive the corresponding training as they are the point of contact for compliance issues at their facilities or their respective areas of responsibility. In 2022 all the commercial directors that joined the Company or were promoted to commercial director received online training in small groups to make them aware of 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 MEDICLIN's compliance activities.

Reporting

The head of compliance regularly informs the Management Board in person and by means of a written report of compliance issues. 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 in a compliance report of potential compliance issues.

On 1 January 2023 the Head of Compliance of Asklepios GmbH & Co. KGaA, Hamburg, took over the compliance function.

Report on the economic position

Sector-related environment

THE HEALTHCARE MARKET IS A GROWTH MARKET

The healthcare sector is one of the largest industries within the German economy. An ageing population, greater health awareness and medical-technological progress have been boosting demand for medical and rehabilitation services for years. The demand for digital solutions to enable patient-oriented and individual post-acute care is also on the rise. While this drives growth within the industry, it also pushes up expenditures in the healthcare sector. In order to counteract the constant rise in expenditure, the existing highly complex healthcare system needs to be completely overhauled. In addition to creating new structures for providing care, it is further required that coverage providers develop innovative remuneration models that take preventive care measures and treatment quality as a basis. In many respects the existing remuneration structures are too complex and intransparent and fail to meet the actual needs, while creating a high documentation workload for the medical staff providing the care.

THE HEALTHCARE SECTOR IS ONE OF THE SYSTEMICALLY RELEVANT INDUSTRIES

The pandemic and the outbreak of war in Ukraine presented the healthcare sector with substantial challenges in 2022. With regard to the COVID-19 pandemic, MEDICLIN took comprehensive measures to safely provide patients with medical, rehabilitation and nursing care services in the customary quality during the pandemic. The healthcare sector is one of the systemically relevant industries when it comes to the supply of energy, meaning that MEDICLIN enjoys a certain degree of supply security.

MEDICLIN FOCUSES STRONGLY ON HIGH-QUALITY REHABILITATION

Private hospital groups are active mainly in the three sectors acute care, rehabilitation and nursing care. In the rehabilitation sector, MEDICLIN is one of the large providers.

Rehabilitation

Private institutions are the largest providers within the rehabilitation sector. Of the 1,092 facilities, 594 were under private ownership in 2021 (54.4 %). They provided 107,543 or 66.4 % of bed capacity and treated 1,088,452 cases (67.0 %). The average occupancy rate of private clinics was 70.8 %.

During the pandemic, the rehabilitation sector experienced a sharp downturn in cases. At the beginning of the pandemic this was due to the beds that needed to be kept available to ease the strain on the acute sector and in 2021 and 2022 it was due to less urgent acute treatments that had been postponed during the pandemic.

MEDICLIN was not able to fully withstand this trend, but the occupancy rates were above the nationwide average, and this is expected to also apply to 2022.

In 2022 MEDICLIN treated 70,688 patients (previous year: 65,311 patients) with an average length of stay of 25.4 days (previous year: 26.1 days) and an occupancy rate of 80.5 % (previous year: 76.4 %).

Year	Nationwide data				MEDICLIN Post-acute segment		
	Facilities	Number of beds	Number of cases	Number of nursing days in millions	Length of stay ¹ in days	Occupancy rate ¹ in %	Occupancy rate ¹ in %
2019	1,112	163,336	1,993,585	50.59	25.4	84.9	91.0
2020	1,103	162,384	1,570,800	40.29	25.7	67.8	75.0
2021	1,092	162,014	1,624,140	42.45	26.1	71.8	76.4
Change in % 2021 to 2019	-1.8	0.8	-18.5	-16.1	+2.8	-	-

¹ Average length of stay; average bed occupancy

Source: Federal Statistical Office (as at 26.10.2022) and our own calculations

In terms of beds, MEDICLIN's share of the rehabilitation facilities market was and amounts to just under 4 per cent.

Acute sector

The Federal Statistical Office stated in December 2022 that there were 1,887 hospitals and 483,606 beds in Germany in 2021. 733 hospitals with 96,703 beds were under private ownership. This means that about 38.8 % of all hospitals are private facilities that account for 20.0 % of beds and treat about 17.8 % of all the 742,344 patients that were treated in 2021. The average occupancy rate was 68.2 %.

In terms of beds, MEDICLIN accounted for 1.8 % of the market of private hospital operators in 2021.

34,120 inpatients (previous year: 34,069 inpatients) were treated in MEDICLIN's acute care hospitals in 2022. The occupancy rate amounted to 69.5 % (previous year: 73.2 %).

Nursing care sector

According to the Federal Statistical Office 4,961,146 persons were in need of care in 2021, 84.0 % of which are cared for at home and 16.0 % (793,461 persons) live in nursing care homes.

In 2021 there were 16,115 nursing care homes (2019: 15,380 homes) with 984,688 places (2019: 969,553 places) in Germany. 11,358 facilities (2019: 11,317) thereof offer full-time inpatient nursing care. All in all, 90.2 % of all places are classified as full-time nursing care and these have an occupancy rate of 89.3 %.

6,876 nursing homes are privately owned (2019: 6,570) and 4,649 thereof offer full-time nursing care. In terms of number of facilities, private nursing care homes had a market share of 42.7 %.

The average occupancy rate of MEDICLIN's six retirement homes was 80.8 % in 2022 (previous year: 79.9 %).

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

GROUP RECORDS SALES AND EARNINGS GROWTH

In the 2022 financial year MEDICLIN generated Group sales of EUR 704.7 mill. (previous year: EUR 673.1 mill.) and a Group operating result of EUR 19.5 mill. (previous year: EUR 11.6 mill.). Both Group sales and the Group operating result were thus in line with the forecast published for 2022 (Group sales between +3.0 % and 5.0 % and Group operating result between EUR 18.0 and 26.0 mill.).

The upward trend in Group sales (EUR +31.6 mill. or 4.7 %) becomes even more apparent when looking at the figures without the benefits received under the protective shield. In the 2022 financial year Group sales included benefits under the protective shield in the amount of EUR 18.0 mill., down from EUR 21.0 mill. in 2021.

The Group operating result of EUR 19.5 mill. was EUR 7.9 mill. above the previous year. This is attributable to higher sales, a reduction in depreciation of right-of-use assets as per IFRS 16 and grants for energy costs. Costs resulting from the closure of a post-acute clinic, in turn, weighed on the result.

Raw materials and consumables used, staff costs and the other expense items developed in line with expectations.

POSITIVE SEGMENT PERFORMANCE

Sales in the post-acute segment of EUR 431.2 mill. were EUR 20.4 mill. or 5.0 % above the comparable prior-year period. Sales include payments under the protective shield to manage the COVID-19 pandemic in the amount of EUR 11.7 mill., which is below the figure in 2021 (previous year: EUR 12.9 mill.). The segment's operating sales have thus grown by EUR 21.6 mill. or 5.4 %.

Sales of the acute segment of EUR 252.7 mill. increased by EUR 9.3 mill. or 3.8 % compared with the previous year's value. These sales include EUR 5.2 mill. from benefits under the protective shield, down from EUR 6.8 mill. in 2021. Without the benefits under the protective shield, operating sales in the segment thus rose by EUR 10.9 mill. or 4.6 %. The sales of the medical care centres included in the acute segment's sales amounted to EUR 10.1 mill. in the 2022 financial year, compared to EUR 10.6 mill. in the previous year.

The post-acute segment generated a result of EUR 21.2 mill. (previous year: EUR 15.3 mill.). This was positively affected by lower depreciation expenses due to rental contracts that were renewed ahead of schedule, while the provisions for the closure of a clinic weighed on the result. The result in the acute segment amounts to EUR -4.4 mill. (previous year: EUR -4.0 mill.).

Sales in the nursing care business area, which is part of the other activities segment, rose to EUR 18.7 mill. in the year under review (previous year: EUR 17.3 mill.).

SOUND FINANCIAL STRUCTURE

In addition to cash and cash equivalents of EUR 88.0 mill. (previous year: EUR 119.5 mill.), the Group has access to credit lines in the amount of EUR 74.8 mill. The cash and cash equivalents figure already includes EUR 26.6 mill. in benefits under the protective shield to be paid back and EUR 17.9 mill. in subsidies received for the construction of the MEDICLIN Hedon Klinik in Lingen.

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

The equity ratio was 22.8 % (31.12.2021: 20.8 %) while adjusted net financial debt amounted to EUR 30.8 mill. (31.12.2021: EUR 40.3 mill.) on the reporting date. As at 31 December 2022 the debt ratio was 0.4x (31.12.2021: 1.2x) 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 current situation.

Business development

Results of operations, financial position and net assets

RESULTS OF OPERATIONS

Sales development and performance of the Group operating result

Group sales of EUR 704.7 mill. in the 2022 financial year (previous year: EUR 673.1 mill.) were EUR 31.6 mill. or 4.7 % above the previous year's value. Group sales contain benefits under the protective shield totalling EUR 18.0 mill. (previous year: EUR 21.0 mill.). Adjusted for the benefits under the protective shield, sales increased by EUR 34.6 mill. or 5.3 %. MEDICLIN received the largest portion of the benefits under the protective shield in the first half of 2022 (EUR 14.2 mill.). The occupancy rate ranged between 76.5 % and 79.6 % over the quarters.

Sales from outpatient healthcare services amounted to EUR 17.1 mill. (previous year: EUR 16.3 mill.) or 2.4 % of Group sales; EUR 9.0 mill. thereof (previous year: EUR 8.9 mill.) was generated by the medical care centres.

MEDICLIN's Group operating result is EUR 19.5 mill. (previous year: EUR 11.6 mill.). Although sales dropped in the fourth quarter compared to the second quarter of 2022, Group EBIT in the fourth quarter of 2022 still amounted to EUR 9.4 mill. This includes grants for energy costs in the amount of EUR 2.1 mill. as well as a EUR 3.2 mill. reduction in depreciation of right-of-use assets as per IFRS 16 due to the renewal of existing rental contracts for 20 clinics ahead of schedule. Costs resulting from the closure of a post-acute clinic weighed on the annual result in 2022.

Group sales and Group operating result

In thousands of €	2022		2021	
	Group sales	Group EBIT	Group sales	Group EBIT
1st quarter	174.2	-2.6	156.4	-11.9
2nd quarter	181.1	9.2	166.8	-1.5
3rd quarter	171.0	3.5	174.9	14.8
4th quarter	178.4	9.4	175.0	10.2
Year total	704.7	19.2	673.1	11.6

Development of expenses

Raw materials and consumables used rose sharply over the previous year to EUR 132.8 mill. (previous year: EUR 122.1 mill.), representing an increase of EUR 10.6 mill. or 8.7 %. Additional expenses for energy and fuel of EUR 7.7 mill. accounted for the largest increase in the cost of materials. Expenses for implants (acute segment) rose by EUR 1.8 mill. due to the number of treatments carried out while catering expenses increased by EUR 1.9 mill.

The rise in staff costs over the previous year by EUR 12.9 mill. or 3.1 % is mainly due to a lower number of full-time employees.

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 2023.

Depreciation and amortisation amounted to EUR 71.4 mill. (previous year: EUR 73.7 mill.). Depreciation and amortisation includes EUR 44.8 mill. (previous year: EUR 47.2 mill.) in scheduled depreciation of right-of-use assets. The decline therefore results entirely from the remeasurement under IFRS 16 following the renewal of rental contracts for 20 clinics ahead of schedule in the fourth quarter of 2022. EUR 2.9 mill. refers to amortisation of intangible assets (previous year: EUR 3.1 mill.), while EUR 23.7 mill. refers to depreciation of property, plant and equipment (previous year: EUR 23.3 mill.). The depreciation and amortisation ratio (without depreciation of right-of-use assets) amounts to 3.8% (previous year: 3.9%).

Other operating expenses increased by EUR 6.0 mill. to EUR 62.3 mill. (previous year: EUR 56.3 mill.). EUR 2.2 mill. thereof relate to higher maintenance costs, while EUR 0.9 mill. are attributable to higher legal and consultancy costs. Expenses for rents and leases amounted to EUR 3.4 mill. (previous year: EUR 3.5 mill.).

Expenses

	2022	2021	Change in %
Raw materials and consumables used in millions of €	132.8	122.1	+ 8.8
Cost of materials ratio in %	18.8	18.1	
Staff costs in millions of €	436.3	423.4	+ 3.1
Staff costs ratio in %	61.9	62.9	
Depreciation and amortisation in millions of €	71.4	73.7	-3.1
Other operating expenses in millions of €	62.3	56.3	+ 10.6

Financial result and tax ratio

The financial result amounted to EUR -9.7 mill. at year-end (previous year: EUR -9.1 mill.), while interest and similar expenses stood at EUR 10.6 mill. (previous year: EUR 9.3 mill.). This includes interests for lease liabilities amounting to EUR 8.4 mill. (previous year: EUR 7.4 mill.). The increase in interests for lease liabilities is associated with the renewal of the existing rental contracts ahead of schedule.

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 0.1 mill. (previous year: tax expense of EUR 1.0 mill.).

Total consolidated result

In the 2022 financial year, the consolidated result attributable to shareholders of MEDICLIN AG was EUR 9.4 mill. (previous year: EUR 1.5 mill.) and the earnings per share resulting therefrom were EUR 0.20 (previous year: EUR 0.03).

Development of the coverage provider structure

The statutory social security pension fund and the public health insurance fund are the two largest funding agencies for medical rehabilitation. In the acute sector, the public health insurance funds are the main funding agencies. 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 %



	2022	2021
Public health insurance funds	65.1	67.2
Social security pension funds	26.5	24.5
Private health insurance companies	8.2	8.2
Other coverage providers	0.2	0.1

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 2022 (as was the case on 31.12.2021) 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. Renewal options were exercised in 2020 and 2021, extending the term until November 2025 and 2026, respectively. Both loan components are subject to a variable interest rate composed of the Euribor for the relevant interest period and 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. These expired in November 2022.

Non-current liabilities to banks, including the subsidised loan, amount to EUR 67.5 mill. (31.12.2021: EUR 69.3 mill.), while current liabilities to banks amount to EUR 26.8 mill. (31.12.2021: EUR 26.8 mill.).

Financing is complemented by rental agreements for hospitals rented on a long-term basis. One contract was extended by another 20 years in the 2018 financial year. Other rental contracts have a maximum term until 31 December 2037. 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 88.0 mill. on the balance sheet date (31.12.2021: EUR 119.5 mill.). Future strains on liquidity will arise from the expected repayment of benefits received under the protective shield in the amount of EUR 26.6 mill. and lower liquidity inflows due to the

announced reduction of payment terms for receivables from acute services. Cash and cash equivalents also include subsidies of EUR 17.9 mill. for building the new Hedon Klinik in Lingen.

On 31 December 2022 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 2022, calculated on the basis of full-time employees, was 7,025 (previous year: 7,115 full-time employees). The number of full-time employees decreased by 90 compared to the previous year.

On 31 December 2022 the headcount was 9,959. The average number of trainees was 383 in 2022 (previous year: 375 trainees). On the reporting date on 31 December 2022 the Group had 386 trainees.

CAPITAL EXPENDITURE

Gross investments in non-current assets without investments associated with right-of-use assets under IFRS 16 totalled EUR 28.5 mill. in 2022 (previous year: EUR 18.1 mill.).

Essential gross additions to non-current assets

In millions of €	2022	2021
Licences, concessions	2.0	1.5
Goodwill	0.0	0.6
Land, buildings	1.7	5.0
Technical equipment, IT	0.6	0.5
Operating and office equipment	9.5	7.1
Payments on account and assets under construction	14.7	3.4
Financial assets	0.0	0.0
Total	28.5	18.1

All in all, a gross amount of EUR 2.0 mill. (previous year: EUR 2.1 mill.) was invested in intangible assets.

Gross additions to property, plant and equipment before deduction of special items totalled EUR 118.8 mill. (previous year: EUR 16.1 mill.). EUR 92.3 mill. thereof are attributable to additions of right-of-use assets. Approximately EUR 17.0 mill. was used for the reconstruction and expansion of clinics. EUR 3.8 mill. thereof refer to the construction of the clinic for child and youth psychiatry at the MediClin Müritzklinikum site in Röbel and EUR 7.4 mill. to the construction of a psychosomatic clinic at the MediClin Seepark Klinik site in Bad Bodenteich. Capital expenditure for IT infrastructure amounted to EUR 3.2 mill. and EUR 4.4 mill. was invested in medical equipment including accessories.

EUR 18.1 mill. (previous year: EUR 15.8 mill.) was spent on maintenance and repairs.

LIQUIDITY

The cash flow from operating activities fell by EUR 47.3 mill. year-on-year, from EUR 82.0 mill. to EUR 34.6 mill. All in all, MEDICLIN received EUR 3.0 mill. less in benefits under the protective shield to manage the COVID-19 pandemic than in the previous year, while EUR 19.0 mill. in benefits were repaid.

Capital expenditure for non-current assets was increased again in the 2022 financial year. A gross amount of EUR 1.6 mill. (previous year: EUR 1.8 mill.) was spent on intangible assets, while gross investments in property, plant and equipment totalled EUR 24.4 mill. (previous year: EUR 15.2 mill.). Investment subsidies received amounted to EUR 19.1 mill. (previous year: EUR 9.6 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. This results in a cash flow from investing activities totalling EUR –6.2 mill. (previous year: EUR –7.1 mill.).

The cash flow from financing activities amounted to EUR –56.2 mill., following EUR –55.3 mill. in the previous year. The interest payments for lease liabilities amounted to EUR 8.4 mill., up from EUR 6.7 mill. in the previous year. Higher interest from lease liabilities under IFRS 16 is associated with the renewal of existing rental contracts for 20 clinics ahead of schedule and the sharp increase in interest at the time the lease liabilities were revalued. The Group repaid loan liabilities amounting to approximately EUR 1.9 mill. in 2022 (previous year: EUR 2.0 mill.). No further loans were taken out. Other payments for interest amounted to EUR 1.7 mill. (previous year: EUR 1.6 mill.).

Cash and cash equivalents at the end of the period thus increased by EUR 27.8 mill. to EUR 92.3 mill. The cash and cash equivalents at the end of the period differ from the balance sheet item “cash and cash equivalents” (difference of EUR 4.2 mill.) 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. KG and MVZ MediClin Bonn GmbH were reclassified accordingly in the balance sheet.

Consolidated cash flow statement (abridged)

In millions of €	January– December 2022	January– December 2021
Cash flow from operating activities	34.6	82.0
Cash flow from investing activities	–6.2	–7.1
Cash flow from financing activities	–56.1	–55.3
Cash flow for the period	–27.8	19.6
Cash and cash equivalents at the beginning of the period	120.0	100.4
Cash and cash equivalents at the end of the period	92.2	120.0

Future strains arise from the repayment of benefits received under the protective shield in the expected amount of EUR 26.6 mill. (as at 31.12.2022).

NET ASSETS

The balance sheet total increased by EUR 34.9 mill. or 4.0 % from EUR 881.2 mill. to EUR 916.1 mill. since the previous reporting date. This was caused primarily by two effects. The discount rate for pension obligations increased from 0.9 % in the previous year to 3.6 % on the balance sheet date on 31 December 2022, reducing pension obligations by EUR 21.1 mill.

In the wake of the renewal of the existing rental contracts for 20 clinics ahead of schedule, lease liabilities increased by EUR 64.6 mill. due to the longer terms. Upon conclusion of the new rental contracts, the repayment obligation under the debtor warrant of EUR 21.0 mill. was cancelled and other non-current provisions were reduced accordingly. The right-of-use assets on the assets side of the balance sheet also increased considerably in this context.

The decrease in miscellaneous payables 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.

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

Balance sheet structure

In millions of €	31.12.2022	In % of balance sheet total	January – December 2021	In % of balance sheet total
Assets				
Non-current assets	654.1	71.4	615.3	69.8
Current assets	262.0	28.6	265.9	30.2
	916.1	100.0	881.2	100.0
Equity and liabilities				
Equity	209.3	22.8	183.0	20.8
Non-current liabilities	535.9	58.5	484.8	55.0
Current liabilities	170.9	18.7	213.4	24.2
	916.1	100.0	881.2	100.0

SEGMENT REPORTING

Sales

The share of the post-acute segment in Group sales of EUR 704.7 mill. was 61.2 % (previous year: 61.0 %), while the share of the acute segment was 35.9 % (previous year: 36.2 %) and the nursing care business area contributed 2.7 % (previous year: 2.6 %).

Sales in the post-acute segment rose by EUR 20.4 mill. or 5.0 % to EUR 431.2 mill. Segment sales include EUR 11.7 mill. in benefits under the protective shield to manage the COVID-19 pandemic, (previous year: EUR 12.9 mill.).

Sales in the acute segment of EUR 252.7 mill. were EUR 9.3 mill. or 3.8 % higher than the previous year's value. These include benefits under the protective shield in the amount of EUR 5.2 mill. (previous year: EUR 6.8 mill.).

The other activities and reconciliation segment recorded sales of EUR 20.8 mill. (previous year: EUR 18.9 mill.) in the 2022 financial year. The nursing care business area generated sales of EUR 18.7 mill. (previous year: EUR 17.3 mill.).

Expense items

The expenses for raw materials and consumables used in the post-acute segment increased by EUR 7.1 mill. or 9.0 % with purchased services like energy and fuel (EUR + 5.3 mill.) and catering (EUR + 2.7 mill.) and maintenance cleaning (EUR + 1.3 mill.) showing particularly pronounced increases due to the increased occupancy rate.

In the acute segment, raw materials and consumables used rose by EUR 4.1 mill. or 6.2 %. In this segment the expenses for raw materials and supplies rose by EUR 2.6 mill. while the cost of purchased services increased by EUR 1.5 mill. EUR 1.4 mill. thereof pertain to higher energy costs.

Staff costs in the post-acute segment rose moderately by EUR 6.2 mill. or 2.7 %, respectively. In the acute segment, staff costs rose considerably by EUR 4.4 mill. or 3.1 %, respectively.

In the post-acute segment, the average number of full-time employees in 2022 was 3,740 (previous year: 3,838 full-time employees), while the number of full-time employees in the acute segment was 2,037 (previous year: 2,060 full-time employees).

Sales

	2022	2021	Change in %
Post-acute	431.2	410.8	+ 5.0
Acute	252.7	243.4	+ 3.8
Other activities and reconciliation	20.8	18.9	+ 9.8
Thereof nursing care business area	18.7	17.3	+ 8.5
Group	704.7	673.1	+ 4.7

Raw materials and consumables used

	2022	2021	Change in %
Post-acute			
Raw materials and consumables used in millions of €	85.5	78.5	+ 9.0
Cost of materials ratio in %	19.8	19.1	
Acute			
Raw materials and consumables used in millions of €	69.6	65.5	+ 6.2
Cost of materials ratio in %	27.5	26.9	

Staff costs

	2022	2021	Change in %
Post-acute			
Staff costs in millions of €	230.0	223.9	+ 2.7
Staff costs ratio in %	53.3	54.5	
Acute			
Staff costs in millions of €	148.1	143.6	+ 3.1
Staff costs ratio in %	58.6	59.0	

Segment results

The post-acute segment was able to improve its result to EUR 21.2 mill. (previous year: EUR 15.3 mill.). This includes a reduction in depreciation of right-of-use assets under IFRS 16 by EUR 3.2 mill. due to the renewal of the rental contracts for 20 clinics ahead of schedule. The result was burdened by EUR 2.7 mill. incurred in connection with the closure of a post-acute clinic at the end of the year. The result in the acute segment amounted to EUR –4.4 mill. (previous year: EUR –4.0 mill.). In the other activities and reconciliation segment, which comprises the service business area and the nursing care business area, the segment result was EUR 2.7 mill., up from EUR 0.3 mill. in the previous year.

Segment results

In millions of €	2022	2021
Post-acute	21.2	15.3
Acute	–4.4	–4.0
Other activities and reconciliation	2.7	0.3
Group	19.5	11.6

Annual average number of employees in the segments

Shown in full-time employees	2022	2021	Change
Post-acute	3,740	3,838	–98
Acute	2,037	2,060	–23
Other activities	1,248	1,217	+31
Thereof nursing care business area	211	213	–2
Thereof service business area (incl. administration)	1,037	1,004	+33
Total	7,025	7,115	–90

Breakdown of sales by coverage provider groups and segments¹

In %	Post-acute		Acute	
	2022	2021	2022	2021
Public health insurance funds	43.4	44.3	91.1	91.5
Social security pension funds	48.7	47.6	0.0	0.1
Private health insurance companies	7.8	8.0	8.7	8.3
Other coverage providers	0.1	0.1	0.2	0.1
Total	100.0	100.0	100.0	100.0

¹ Without nursing care business area

Capital expenditure

In 2022 a total of EUR 28.5 mill. (gross amount) was invested in non-current assets. Capital expenditure was distributed among the segments as follows:

In millions of €	2022	2021
Post-acute	16.5	7.2
Acute	9.6	5.3
Other activities and reconciliation	2.4	5.6
Group	28.5	18.1

General report on economic position

2023 will be characterised by various challenges

Russia's invasion of Ukraine in disregard of international law a year ago has also led to repercussions that were and are still felt in Germany. The discontinuation of gas supplies from Russia led to a hike in energy prices and fuelled inflation.

Now, in 2023, it has become apparent that Germany mastered the challenges arising in connection with the war better than anticipated. Although private households and companies are affected by the surge in prices, state measures were able to cushion the effects. German companies have proven to be highly flexible and managed relatively fast to adapt to the changes which in turn benefited the labour market. The demand for labour is still high in many areas despite the economic slowdown and the shortage of skilled professionals is continuing to weigh on the healthcare sector.

The Federal Minister of Health, Karl Lauterbach (SPD party) is planning to fundamentally restructure the hospital sector. He has set up a government commission that presented detailed plans for the reform of the healthcare sector on 6 December 2022. The experts proposed comprehensive changes to the billing system which will rely less on case-based lump sum remuneration. Further, the reform calls for increasing specialisation of hospitals. The measures drafted so far refer only to the acute sector. The rehabilitation sector is only indirectly affected, whereas nursing care is not affected by the reform at all.

The Management Board is currently optimistic with regard to the business outlook for 2023 and the Company's ability to successfully master the existing challenges, including the war in Ukraine, the shortage of skilled professionals and legislative and regulatory changes. 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 and subject to the proviso that the aforementioned hospital reform does not have any material consequences on the Group.

Forecast report

Slight economic recovery expected

In its Annual Economic Report (AER) 2023 published in January 2023, the German government praises the reduction of the formerly strong dependence on energy imports from Russia as a great macroeconomic success. It assumes that the economic recovery, which was expected to commence in the second half of 2022, will continue in 2023, supported also by government aid programmes.

The gas and heating price cap that applied from January 2023 onwards will give private households as well as small and medium-sized enterprises financial security and planning certainty. A similar relief measure was introduced for industry in January 2023. The electricity price cap is another instrument in addition to the gas and heating price cap that will help to temporarily ease the high burden.

The German government deems the lasting high inflation rate to be more of a social justice issue than a macroeconomic problem and intends to raise the minimum wage in order to achieve equal distribution of the burden of inflation.

The labour market is expected to withstand the challenges. The unemployment rate is expected to climb to 5.4 % from 5.3 % in 2022.

The German government assumes that the price-adjusted gross domestic product will grow by 0.2 % in 2023.

The AER 2023 focuses on an economic and financial policy that addresses the medium to long-term challenges of the German economy, which it describes as follows: "The necessity arises not only from the current macroeconomic situation as productivity growth has been low for quite some time now. The demographic change is putting pressure on the labour market, the social security systems and governmental budgets. Supply chains must be diversified more strongly to increase resilience and must place a stronger focus on sustainability." Further it reads: "The German government will continue to design economic and financial policies that create the required conditions and environment in which companies can unfold their innovative power and make investments in the transformation to climate neutrality. First and foremost, this requires a further reduction in unnecessary bureaucracy and regulatory barriers."

The resilience of public finance is crucial to the future of the state. Despite providing for high capital expenditure and extensive measures to manage the crises, the federal budget 2023 and the financial plan adopted by the German government until 2026 are in line with the so-called debt brake again after this fiscal rule had been abandoned for three years due to the exceptional situation. At the same time, the government made available considerable financial means in special government funds that are mostly earmarked for investments into the future.

With all these measures in place, the German government believes the country is well equipped to master the existing challenges.

The healthcare sector must increase efficiency

However, the experience of the last two years has also painfully shown that Germany is lagging years behind when it comes to digitisation in the healthcare sector – and this is not only relevant in the fight against the pandemic. Systems for digital data evaluation and the linking of information to manage medical and therapeutic knowledge as well as human and financial resources are one of the prerequisites for efficient healthcare.

According to the AER 2023, the German government is facing the structural challenge of closing the gap between the macroeconomic growth momentum and the cost of healthcare provision which is rising more strongly due to the demographic change and progress in medical technology.

It has adopted a number of financial measures to prevent rising healthcare contributions while maintaining high quality standards. In the medium term, for instance, a stronger focus on preventive care and early detection, the expansion of innovative and efficiency-enhancing medical care approaches (telemedicine, digital health applications, telemonitoring, etc.) as well as strategic and user-oriented digitisation of the health and nursing care sector are to bring affordable efficiency enhancements. This also includes the expansion of cross-sector care offers and more outpatient treatments. The corresponding concepts for the reform are being drafted, among others, by the government commission set up in 2022 to modernise hospital care and align it more strongly with the actual needs.

Furthermore, the German government upgraded training and qualifications in healthcare, nursing and teaching professions that are governed by federal and state law and improved the corresponding financial conditions.

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

NEW LEGAL REGULATIONS

The Federal Minister of Health, Karl Lauterbach (SPD party) is planning to fundamentally restructure the hospital sector. He has set up a government commission that presented detailed plans for the reform of the healthcare sector on 6 December 2022. The experts proposed comprehensive changes to the billing system which will rely less on case-based lump sum remuneration. Further, the reform calls for increasing specialisation of hospitals.

The plans by the government commissions aim at fundamentally changing the remuneration system, for instance by allowing for so-called capacity budgets, meaning that hospitals will be paid for making certain capacity and services available. The commission recommends paying a fixed amount, for instance for staff or technology.

The reform plans call for a completely new classification of hospitals, probably with the intention of significantly reducing the number of hospital sites. In future, hospitals will be divided into three levels and will be funded accordingly. Level 1 hospitals refers to hospitals offering basic care (basic medical and nursing care, i.e. basic surgery and emergencies), level 2 hospitals will offer standard and special care (basic care and additional services) and level 3 hospitals (like university clinics) will provide maximum care.

The German government believes the reform will contribute substantially to stabilising the hospital care system and remuneration in the long term. At the same time it believes its proposal to be a component towards a reform across all sectors involved in medical treatment and nursing care.

A host of legal changes will improve the nursing situation at hospitals, including among others a new instrument for measuring staff requirements. The German Federal Council (Bundesrat) has passed the corresponding draft bill that is to improve the nursing situation in hospitals in the medium term. Optimal staffing levels for the individual wards are established and implemented using an instrument for calculating staff requirements called PPR 2.0.

The German Hospital Relief Act (KHPfLEG) will also provide paediatric and obstetric units with more financial support. Paediatric care will receive EUR 270 mill. each from the liquidity reserve of the German Health Fund for 2023 and 2024, while obstetrics will receive EUR 108 mill. in each of these years.

Furthermore, hospitals can render day-care treatment without overnight stays rather than providing full-time nursing care whenever this is expedient, and they will receive special remuneration for this type of care. Other provisions of this act refer to the reduction of the administrative load and further digitisation.

The aforementioned planned reforms and legal changes will mainly affect the acute-care sector. With its focus on rehabilitation and post-acute care, MEDICLIN is therefore only marginally affected. 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 2023 financial year.

Outlook

GOOD OCCUPANCY RATE AT THE BEGINNING OF 2023 IMPLIES POSITIVE BUSINESS PERFORMANCE

MEDICLIN itself is, in the Company's view, well positioned in terms of staff and organisation to guarantee optimal care to its patients and nursing home residents while fully utilising the existing capacity. In 2022 the occupancy rate in the second and third quarter of 2022 stood at almost 80.0%. The occupancy rate in the first weeks of 2023 was above this figure.

Earnings will be burdened by the clear increase in the cost of raw materials and consumables used and staff. This development is driven, in particular, by energy costs and the shortage of skilled professionals.

The future Group operating result will, in turn, benefit from the drop in depreciation under IFRS 16 by EUR 19.0 mill. due to the revaluation of the rental contracts of 20 clinics that were renewed ahead of schedule. This benefit relates nearly entirely to the result of the post-acute segment.

The definition of non-financial performance indicators (performance measures) for sustainable management is part of the joint sustainability strategy of Asklepios Kliniken GmbH & Co. KGaA, RHÖN-KLINIKUM AG and MEDICLIN that is laid down in a CSR Roadmap.

The maximum net debt ratio at Group level remains to be a target that is not to be exceeded.

The Management Board assumes that, driven by rising demand for medical, therapeutic and nursing care services, sales and earnings in 2023 will increase, even without the relief in connection with the renewal of the rental contracts ahead of schedule.

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.

Sales in millions of € and sales development	Actual results 2022 financial year		Targets 2023 financial year		
Group	704.7	+4.7 %	+3.0 %	bis	+4.0 %
Post-acute segment	431.2	+5.0 %	+3.0 %	bis	+5.0 %
Acute segment	252.7	+3.8 %	+1.0 %	bis	+2.0 %
EBIT in Mio. € und EBIT-Marge	Actual results 2022 financial year		Targets 2023 financial year		
Group	19.5	2.8 %	36.0	bis	44.0
Post-acute segment	21.2	4.9 %	8.0 %	bis	10.0 %
Acute segment	-4.4	-1.7 %	1.0 %	bis	2.0 %

Sales growth between 3.0 % and 5.0 % and a Group operating result in the range between EUR 18.0 to 26.0 mill. was forecast for the Group in the 2022 financial year. Group sales and Group EBIT were thus in line with the guidance for the 2022 financial year.

The non-financial performance indicators did not show any change versus the previous year and a systematic quantification was not carried out.

CAPITAL EXPENDITURE IN 2023 WILL REMAIN AT PRIOR-YEAR LEVEL

Gross capital expenditure of EUR 28.5 mill. in 2022 was clearly above the prior-year level of EUR 18.1 mill., even without the investments in right-of-use assets under IFRS 16. In the current financial year, MEDICLIN expects capital expenditure at the same level as in the previous year.

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.

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. MEDICLIN's risk and opportunities management system is able to realistically identify and assess the operating and entrepreneurial risks of its business activities. In terms of opportunities, the Group is set to benefit from growth and development opportunities arising from its nationwide and cross-sector market positioning.

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

Objectives and approach

RISK INVENTORY IS THE CENTRAL ELEMENT

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.

Professional risk management is an ongoing task and aims at recognising potential risks and assessing their impact on business operations as early as possible. This is the only way in which the appropriate countermeasures can be taken in time.

The central instrument for identifying and assessing potential corporate risks is the risk inventory that is carried out twice a year. The risk management software *copa.ris* is used to help with the risk inventories. The software covers all the steps required for comprehensive risk identification. The risk inventory comprises all facilities, the service enterprises and medical care centres as well as the central tasks and departments at corporate headquarters. The provisions on the procedural organisation of the risk inventory and the handling of risks and opportunities are binding for all Group employees.

Until the end of the reporting year, the twice-yearly risk inventory and the corresponding training was performed by the compliance and risk management department. Starting on 1 January 2023 the Head of Corporate Risk Management of Asklepios Kliniken GmbH & Co. KGaA, Hamburg will, in the scope of a framework agreement, take over the responsibility for risk management at MEDICLIN.

The Group has comprehensive documentation explaining how to deal with and handle opportunities and risks. The risk management manual, for instance, provides a guideline for conducting the risk inventory, and 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 allocation of tasks and responsibilities in connection with the risk management process in the year under review, and
- the legal framework.

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.

FURTHER RISK MANAGEMENT INSTRUMENTS

The risk inventory as a central instrument of the 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 BGW¹), and the related certification at MEDICLIN's facilities
 - Critical incident reporting system (CIRS)
 - Systematic employee surveys

Measures to avoid and 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.

¹ 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)

RISK ASSESSMENT AND RISK CLASSIFICATION AT FACILITY / DEPARTMENT LEVEL

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 potential damage and probability of occurrence.

A risk matrix is used to illustrate the risk assessment. This method creates a high degree of transparency and provides a clear visual illustration that helps to assess the qualitative and quantitative impact of risks. The assessment matrix consists of 16 fields and assesses risks in the two dimensions of probability of occurrence and potential damage amount. The risks are always assessed on the basis of any measures already taken.

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 depending on the amount of potential damage. Risk classes:

- 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 2022 financial year as “monitoring required” or “acceptable” are immaterial at Group level. There were no existential risks at facility/department level in 2022, so that, on balance, there were no existential risks for the Group either.

The following section deals with the risk areas that could pose risks for the Group.

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.

GROUP OPPORTUNITIES AND RISKS

The risks and opportunities of relevance for the Group and the way they are handled are broken down by risk area and explained in detail in the following. The respective risk inventory is used to identify the risks and opportunities by means of bottom-up and top-down approaches.

Strategic risks

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

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 of skilled professionals may lead to rising staff costs. MEDICLIN is deemed an attractive employer and will continue to build up this reputation. The Group's personnel policy is based on a broad offer of further education and a staff-oriented design of workplaces and working times. This is to promote staff loyalty, while giving the Group a certain degree of independence with regard to shortages on the labour market.

The situation with regard to competition varies depending on the facility and the site. It may be influenced by changes in the cooperation or partnerships with registered physicians. The regional concept enables the Group to react to regional changes and to support its locations successfully and adequately.

As health insurance funds merge and social security pension funds 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 heterogenous structure in order to limit the dependency on individual coverage providers.

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 Health Insurance 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-Stärkungsgesetz – 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.

The Group has rented the majority of real estate in the post-acute segment. In October 2022 the Group renewed the existing rental contracts for 20 clinics ahead of schedule. Except for one clinic, the contracts for these clinics would have expired in 2027. The terms and conditions of the new rental contracts apply from 1 January 2023 and will ease the liquidity burden by about EUR 11 mill. per year from 2023 onwards. 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.). 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

Risks resulting from the operation of clinics and the handling of patients, including reputational risks, 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

This risk area refers to IT risks, risks associated with construction and technology, human resource risks (please also refer to the section on environment and sector risks) and environmental risks.

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.

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.

The dependency on external personnel (outsourcing) and the loss of key personnel are considered both an environment and sector risk as well as 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 section 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.

Given the business model and the designs of the individual sites, the Group is not exposed to any environmental risks. Please also refer to the non-financial declaration pursuant to Sections 315b and 315c HGB in this respect.

Macroeconomic risk

Despite the Russian war against Ukraine and the resulting geopolitical uncertainty, the labour market in Germany is stable and thus the main driver of the Group's robust business performance in the current macroeconomic environment. Although the inflation rate was extraordinarily high in historical comparison at 6.9% in 2022 and has led to a loss in purchasing power which is set to last through 2023, a decline of the inflation rate in combination with fiscal stabilisation measures and moderate economic recovery is expected to strongly limit the macroeconomic risk.

From today's point of view, it can be assumed that demand for medical, therapeutic and nursing care services, including demand for post- and long-COVID therapy, will continue to rise.

Strategic opportunities

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. A stronger focus on outpatient services is also seen as an opportunity for further growth.

The Group 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 while observing long-term overall trends and developments on the healthcare market.

Opportunities resulting from the environment sector and the market

The Group assumes that growth in the healthcare market will be primarily driven by demographics. Additionally, due to the general economic condition 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 accommodate these market changes.

Changes in the competitive situation or politically or economically induced market consolidation could offer opportunities for MEDICLIN.

Financial opportunities

Through the stock exchange listing the Group can raise funds for financing growth on the capital market or repaying any existing debt.

Operational opportunities

The centralisation of certain tasks and services (shared services) within the Group provides for more efficient cost structures and an increased degree of standardisation. This offers opportunities for both the Group in general and the operational units to improve their quality and processes.

Summary and outlook

NO EXISTENTIAL RISKS IN FINANCIAL YEAR 2023

MEDICLIN's overall risk portfolio consists of risks that the Company is unable to control, such as economy, legislation and the budget policy of coverage providers and manageable risks. The risks over which the Group has no control are 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 regularly identified and evaluated with regard to the future benefit they could bring. If the analysis is positive, the Group initiates the exploitation of such opportunities.

The current risk inventory did not reveal any risks that require action or could endanger the Company's survival in the 2023 forecast period. From today's point of view, there are thus no risks for the future development of the Group that could significantly impact its general situation with regard to results of operations, financial position and net assets.

RISKS WITH POTENTIAL EFFECTS ON THE FORECAST PERIOD

The following table shows risks, broken down by probability of occurrence and effect on the Group, that could lead to deviations from the Group's expected sales and earnings performance in the forecast period:

Assessment of corporate risks

	Effects	Probability of occurrence
Environment and sector risks		
Legal requirements	medium	probable
Dependency (on referring physicians)	medium	probable
Competition	low	probable
Financial risks		
Liquidity risk	medium	improbable
Operating risks		
Quality risks	low	improbable
Infrastructure risks		
Personnel risks (shortage of skilled professionals)	medium	probable
IT data protection	low	probable
Construction and technical risks	low	improbable
Environmental	low	improbable

The risk and opportunity assessment as well as the corresponding probability of occurrence and effect are accounted for in the forecast for the Group's sales and earnings performance in the 2023 financial year. In general, the Company is, in the view of the Group, well hedged against both external and internal risks.

EFFECTS OF THE CURRENT SITUATION ON THE RISK PORTFOLIO

The current macroeconomic, sector and business-specific environment is a combination of lingering pandemic effects, price hikes and geopolitical uncertainty and poses a great challenge for the Company.

With regard to the internal organisation of its protection against infections, the Group has been taking 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 can be continued while observing extensive hygiene measures, including quarantine whenever required. These requirements continue to apply.

With regard to the price increases, especially energy prices, the Group has taken measures to cushion the surge in prices by reducing consumption whenever this is possible without compromising patient care. MEDICLIN is considered a systemically relevant player when it comes to general supply security.

The present situation does not suggest that Russia's war against Ukraine could end in the near future. In addition to its major impact on the global economy, the resulting effects could disturb, in particular, the raw material and energy supply as well as supply chains. As MEDICLIN operates only in Germany and has no assets in or business relationships with Russia or Ukraine, the war has no direct effects on the Group's balance sheet or financial situation.

At present it is not possible to accurately quantify the risks associated with the current situation. However, considering the macroeconomic and sector-related effects, it can be assumed that the potential risks will have no massive negative impact on the Group's net assets, financial position and results of operation.

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. The management board of a listed company is further obliged under Section 91 (3) of the German Stock Corporation Act (AktG) to put in place an internal control system and risk management system that is suitable and effective in light of the scope of the business activities pursued by the company and in light of its risk situation. On the one hand, the internal control system 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. Starting from the end of 2022, the budget/hospital financing department of Asklepios Kliniken GmbH & Co. KGaA, Hamburg is in charge of 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 dual-control 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 German Stock Corporation Act – AktG). Furthermore, the Company has no voting rights from its own shares (Section 71 b 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 %. Another 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 2022 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 take-over 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 Sections 289f and 315d German Commercial Code (HGB)

This corporate governance declaration contains all the corporate governance disclosures required as per Section 289f and 315d of the German Commercial Code (HGB). It is available on the website under 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 2022 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 €	2022	2021
Sales	4,169	3,965
Other operating income	1,331	122
Total operating performance	5,500	4,087
Staff costs	-3,855	-4,584
Other operating expenses	-3,200	-3,027
Result before interest, taxes, depreciation and amortisation/EBITDA	-1,555	-3,524
Depreciation of fixed assets	-4	-4
Operating result/EBIT	-1,559	-3,528
Financial result	20,935	9,284
Income taxes	-10,974	-939
Profit after tax	8,402	4,817
Other taxes	-1	-1
Net loss/profit for the year	8,401	4,816
Loss carryforward from the previous year	754	-4,062
Reported net profit (+)/loss (-)	9,155	754

The financial result consists primarily of an advance distribution of a subsidiary's 2022 net profit in the amount of EUR 44.0 mill. In the previous year, an amount of EUR 9.0 mill. had been distributed. Furthermore, the financial result includes a full write-off of the loans to two subsidiaries totalling EUR 22.6 mill. as well as write-downs on the shares in affiliated companies.

Sales

In thousands of €	2022	2021
Sales from Group contribution	2,546	2,596
Sales from management services	1,500	1,263
Other sales	123	106
	4,169	3,965

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

Other operating income

In thousands of €	2022	2021
Income from the release of provisions	1,091	51
Other income	240	71
	1,331	122

The income from the release of provisions includes the reversal of warranty claims in the amount of EUR 700 thou. of a clinic sold in 2020.

Other operating expenses

In thousands of €	2022	2021
Auditing and consultancy costs	1,836	1,410
Other administrative expenses	652	990
Thereof remuneration of the Supervisory Board	312	307
Thereof costs of the Annual General Meeting	47	42
Thereof incidental costs of monetary transactions	258	557
Thereof staff recruitment costs	34	83
Advertising and public relations	320	245
Insurance costs	142	162
Other expenses	250	219
	3,200	3,026

The increase in legal and consultancy expenses is due, among other reasons, to consultancy service in connection with the renewal of the rental contracts for 20 clinics ahead of schedule.

Development of net assets and the financial position

At EUR 14.1 mill., the balance sheet total as shown in this balance sheet structured according to maturity is higher than on the previous year's reporting date. The increase in the 2022 financial year is due to the fact that the outstanding liability capital of a subsidiary in the amount of EUR 7.4 mill. was fully paid in.

Net profit for the year took equity up by EUR 8.4 mill., and the equity ratio amounts to 74.2 %.

Net profit of EUR 8.4 mill. was EUR 3.6 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 44.0 mill. (previous year: EUR 9.0 mill.). The impairment of two loans to subsidiaries amounting to EUR 22.6 mill. and write-downs on the shares in a subsidiary weighed on the result.

Balance sheet structure

In millions of €	31.12.2022	In % of balance sheet total	31.12.2021	In % of balance sheet total
Assets				
Non-current assets	289.0	69.6	303.5	75.7
Current assets	126.3	30.4	97.7	24.3
	415.3	100.0	401.2	100.0
Equity and liabilities				
Equity	308.3	74.2	299.9	74.8
Non-current liabilities	67.7	16.3	60.4	15.0
Current liabilities	39.3	9.5	40.9	10.2
	415.3	100.0	401.2	100.0

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 10.0 persons during the year (previous year: 8.0 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 2022 financial year.

Outlook

As in the previous years, the income structure of MEDICLIN AG in 2022 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 2022. Net profit in 2023 should be at least in the same range as in the reporting year.

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 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, the Articles of Incorporation that include the remuneration system for the Supervisory Board and the remuneration report for the 2022 financial year are available at 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

2022

financial year



Please click here to download the
Annual Financial Statements of MEDICLIN
Aktiengesellschaft (German version)
www.mediclin.de/jahresabschluss2022



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Consolidated balance sheet as of 31 December 2022

ASSETS

In €	Note	31.12.2022	31.12.2021
NON-CURRENT ASSETS			
Goodwill and other intangible assets	(1)		
Concessions, licences		4,173,149	5,820,282
Goodwill		49,868,841	49,868,841
Payments on account		1,492,772	1,248,892
		55,534,762	56,938,015
Property, plant and equipment	(2)		
Land, land rights and buildings including buildings on third-party land		121,669,374	130,298,125
Right-of-use assets on land, land rights and buildings including buildings on third-party land		366,977,343	323,501,780
Technical equipment and machines		10,887,098	12,318,074
Operating and office equipment		29,791,750	32,450,999
Right-of-use assets on operating and office equipment		1,820,387	2,360,934
Payments on account and assets under construction		12,792,886	7,330,267
		543,938,838	508,260,179
Financial assets	(3)		
Investment in stock of subsidiaries		64,822	64,822
Reinsurance cover		720,713	780,534
Other financial investments		2,056	2,056
		787,591	847,412
Other assets	(4)		
Receivables pursuant to hospital financing law		43,355,330	38,603,530
		43,355,330	38,603,530
Deferred tax assets	(5)	10,487,180	10,656,318
		654,103,701	615,305,454
CURRENT ASSETS			
Inventories	(6)	8,869,473	8,514,754
Trade receivables	(7)	88,489,268	81,213,964
Current income tax claims	(8)	1,400,513	3,286,470
Other financial assets			
Receivables pursuant to Hospital Compensation Act (KHEntgG) / Federal Directive on Nursing Care Rates (BPfIV)	(9)	37,952,706	13,967,132
Other current financial assets	(10)	10,266,898	14,488,368
		48,219,604	28,455,500
Other assets			
Prepaid expenses	(11)	1,462,951	1,627,177
Receivables pursuant to hospital financing law	(12)	11,911,941	13,048,200
		13,374,892	14,675,377
Cash and cash equivalents	(13)	88,039,485	119,516,458
Assets held for sale	(14)	13,615,035	10,270,953
		262,008,270	265,933,476
		916,111,971	881,238,930

EQUITY AND LIABILITIES

In €	Note	31.12.2022	31.12.2021
EQUITY			
Share of MEDICLIN Group			
Subscribed capital	(15)	47,500,000	47,500,000
Capital reserve	(16)	129,391,829	129,391,829
Revenue reserve	(17)	37,906,157	21,418,384
Consolidated balance sheet result	(18)	–5,591,162	–15,031,793
		209,206,824	183,278,420
Non-controlling interests	(19)	115,976	–254,927
		209,322,800	183,023,493
NON-CURRENT LIABILITIES			
Financial liabilities			
Liabilities to banks	(20)	67,542,434	69,341,551
		67,542,434	69,341,551
Lease liabilities	(21)	384,947,721	288,842,891
Pensions and similar commitments	(22)	40,228,069	61,335,730
Other provisions	(23)	2,451,304	23,762,567
Other payables			
Liabilities pursuant to hospital financing law	(24)	39,164,889	39,531,691
Miscellaneous payables	(25)	1,611,651	1,993,849
		40,776,540	41,525,540
		535,946,068	484,808,279
CURRENT LIABILITIES			
Trade payables		14,495,203	13,021,889
Financial liabilities			
Liabilities to banks	(26)	26,770,232	26,839,164
		26,770,232	26,839,164
Lease liabilities	(27)	23,410,612	54,935,803
Other provisions	(28)	12,605,537	13,529,707
Other financial liabilities			
Liabilities pursuant to Hospital Compensation Act (KHEntgG) / Federal Directive on Nursing Care Rates (BPfIV)	(29)	4,664,881	7,010,867
Miscellaneous financial liabilities	(30)	5,356,688	7,311,578
		10,021,569	14,322,445
Other payables			
Liabilities pursuant to hospital financing law	(31)	27,805,814	18,499,203
Miscellaneous payables	(32)	53,189,317	69,627,267
		80,995,131	88,126,470
Liabilities in connection with assets held for sale	(33)	2,544,819	2,631,680
		170,843,103	213,407,158
		916,111,971	881,238,930

Consolidated profit and loss account for the financial year from 1 January to 31 December 2022

In €	Note	Jan. – Dec. 2022	Previous year
Sales	(34)	704,696,718	673,137,346
Other operating income	(35)	17,627,823	13,943,536
Total operating performance		722,324,541	687,080,882
Raw materials and consumables used	(36)		
a) Cost of raw materials and supplies		– 76,060,854	– 72,666,773
b) Cost of purchased services		– 56,716,510	– 49,465,018
		– 132,777,364	– 122,131,791
Staff costs	(37)		
a) Wages and salaries		– 368,871,369	– 357,012,375
b) Social security, pensions and retirement		– 67,456,802	– 66,392,117
		– 436,328,171	– 423,404,492
Other operating expenses	(38)	– 62,295,241	– 56,322,814
Result before interest, taxes, depreciation and amortisation / EBITDA		90,923,765	85,221,785
Depreciation and amortisation	(39)	– 71,404,145	– 73,658,672
Operating result / EBIT		19,519,620	11,563,113
Financial result	(40)		
a) Income from participations		0	160,304
b) Interest and similar income		880,670	48,226
c) Interest and similar expenses		– 10,623,259	– 9,325,397
		– 9,742,589	– 9,116,867
Result before tax		9,777,031	2,446,246
Taxes on income	(41)	– 58,063	– 960,961
Total consolidated result		9,718,968	1,485,285
Thereof attributable to shareholders of MEDICLIN AG		9,440,631	1,461,436
Thereof attributable to non-controlling interests		278,337	23,849
Total consolidated result attributable to shareholders of MEDICLIN AG per share	(42)		
Undiluted		0.20	0.03
Diluted		0.20	0.03

Consolidated statement of comprehensive income for the financial year from 1 January to 31 December 2022

In €	Note	Jan. – Dec. 2022	Previous year
Total consolidated result		9,718,968	1,485,285
Other comprehensive income	(43)		
Revaluation from defined benefit plans and similar obligations		19,697,462	5,574,153
Taxes on income		-3,117,123	-882,110
Additions to value adjustments that are not reconciled to the total consolidated result		16,580,339	4,692,043
Thereof attributable to shareholders of MEDICLIN AG		16,487,773	4,654,007
Thereof attributable to non-controlling interests		92,566	38,036
Additions to value adjustments that are reconciled to the total consolidated result		0	0
Group comprehensive income		26,299,307	6,177,328
Thereof attributable to shareholders of MEDICLIN AG		25,928,404	6,115,443
Thereof attributable to non-controlling interests		370,903	61,885

Consolidated cash flow statement

In €	Jan. – Dec. 2022	Previous year
Total consolidated result	9,718,968	1,485,285
Result of finance activities	9,742,589	9,116,867
Result of income taxes	58,063	960,961
Operating result (EBIT)	19,519,620	11,563,113
Depreciation of fixed asset items	71,404,145	73,658,672
Result before interest, taxes, depreciation and amortisation (EBITDA)	90,923,765	85,221,785
Change in non-current provisions	-2,062,510	-2,685,227
Change in current provisions	-1,121,373	-1,616,867
Result from the disposal of fixed asset items	-240,925	-89,473
Result from other non-cash items	-4,023,717	-2,569,457
Changes in other current assets	-27,355,508	-25,715,421
Changes in other non-current liabilities	-384,112	-765,105
Changes in other current liabilities	-18,571,842	32,512,039
Payments received from interest	718,009	44,505
Income taxes paid	-3,242,290	-2,370,091
Cash flow from operating activities	34,639,497	81,966,688
Payments received from the disposal of fixed assets	673,695	292,226
From the disposal of property, plant and equipment	673,695	292,226
Payments received from investment subsidies	19,144,444	9,610,302
Income from participations	0	51,000
Cash used for investments	-26,060,685	-17,044,206
For intangible assets	-1,648,017	-1,775,258
For property, plant and equipment	-24,370,581	-15,230,573
For financial assets	-42,087	-38,375
Cash flow from investing activities	-6,242,546	-7,090,678
Repayment of lease liabilities	-44,229,382	-44,999,711
Repayment of financial liabilities	-1,873,654	-1,965,656
Interest payments for lease liabilities	-8,359,608	-6,677,473
Other interest payments	-1,709,208	-1,617,877
Cash flow from financing activities	-56,171,852	-55,260,717
Cash flow for the period	-27,774,901	19,615,293
Cash and cash equivalents at the beginning of the period	120,052,370	100,437,077
Cash and cash equivalents at the end of the period	92,277,469	120,052,370

The cash and cash equivalents at the end of the period differ from the balance sheet item Cash and cash equivalents (difference of EUR 4,237,984; previous year: EUR 535,912) and encompass mainly 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. Hoefler-Janker GmbH & Co. KG and MVZ MediClin Bonn GmbH were reclassified accordingly in the balance sheet.

Statement of changes in equity

In €	Subscribed capital	Capital reserve	Previous year	Revenue reserve	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
Group comprehensive income	-	-	4,654,007	1,461,436	6,115,443	61,885	6,177,328
As of 31.12.2021	47,500,000	129,391,829	21,418,384	-15,031,793	183,278,420	-254,927	183,023,493
In €	Subscribed capital	Capital reserve	Previous year	Revenue reserve	Shares MEDICLIN Group	Non-controlling interests	Total equity
As of 01.01.2022	47,500,000	129,391,829	21,418,384	-15,031,793	183,278,420	-254,927	183,023,493
Total consolidated result	-	-	-	9,440,631	9,440,631	278,337	9,718,968
Other comprehensive income	-	-	16,487,773	-	16,487,773	92,566	16,580,339
Group comprehensive income	-	-	16,487,773	9,440,631	25,928,404	370,903	26,299,307
As of 31.12.2022	47,500,000	129,391,829	37,906,157	-5,591,162	209,206,824	115,976	209,322,800

Notes

Basic information

General

MEDICLIN Aktiengesellschaft (MEDICLIN AG) is active as a nationwide hospital operator. With 33 clinics, six nursing care facilities and 11 medical care centres (MVZ) in 11 German federal states, the MEDICLIN Group (MEDICLIN) has an overall capacity of 8,315 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 ultimate controlling party within the meaning of IAS 24.13 is Dr. Bernard große Broermann, the sole shareholder of Broermann Holding GmbH.

The present notes were prepared for the consolidated financial statements of MEDICLIN AG for the 2022 financial year. On 8 March 2023 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 2022 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. Accordingly, individual figures might not add up exactly to the sum stated. 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

The following table provides an overview of new or amended standards applicable and binding for the first time in financial years beginning on or after 1 January 2022.

Standard	Effective for financial years beginning on or after (EU)	Adopted on	Published in the Official Journal (EU) on
Annual Improvements to IFRSs 2018–2020 Cycle (issued by the IASB on 14.05.2020)	01.01.2022	28.06.2022	02.07.2022
IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (issued by the IASB on 14.05.2020)	01.01.2022	28.06.2022	02.07.2022
IFRS 3: Business Combination – Reference to the Conceptual Framework (issued by the IASB on 14.05.2020)	01.01.2022	28.06.2022	02.07.2022
IAS 37: Provisions, Contingent Liabilities and Contingent Assets, Onerous Contracts – Cost of Fulfilling a Contract (issued by the IASB on 14.05.2020)	01.01.2022	28.06.2022	02.07.2022

On 14 May 2020 the IASB issued “Annual Improvements to IFRSs 2018–2020 Cycle”. The official publication contains the following amendments:

- IFRS 1: A subsidiary that becomes a first-time adopter of IFRSs after its parent and applies the expedient in IFRS 1.D16(a) to its assets and liabilities, may, based on these amendments, also apply the same expedient to cumulative translation differences pursuant to IFRS 1.D13(a).
- IFRS 9: With regard to the application of the “10 per cent test” to a modified financial liability, the amendment clarifies that an entity may include only fees paid or received between the entity and the lender in the test.
- IFRS 16: Illustrations of the reimbursement of leasehold improvements were removed from illustrative example 13 accompanying IFRS 16 to resolve any potential confusion.
- IAS 41: Taxation cash flows are to be included when measuring the fair value of a biological asset or agricultural product. This will ensure consistency of the provisions in IAS 41 with the requirements in IFRS 13.

The Amendments to **IAS 16: Proceeds before Intended Use** amend the accounting of proceeds from selling items produced while bringing that asset to the condition necessary for it to be capable of operating. While the cost of testing whether the asset is functioning properly may still be deducted from the cost as directly allocable costs, proceeds from selling items produced and the cost of their production while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management must in future be recognised through profit or loss. Moreover, the cost of testing was specified.

Amendments to **IFRS 3: Reference to the Conceptual Framework**. To avoid amended definitions of assets and liabilities potentially leading to day 2 gains or losses post-acquisition, the IASB amended IFRS 3 in that, for a provision or contingent liability within the scope of IAS 37, the provisions in IAS 37.15–22 must be applied to determine whether at

the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21, this interpretation must be applied to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The Amendments to **IAS 37: Onerous Contracts** clarifies which costs to include in estimating the cost of fulfilling a contract. IAS 37 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under the contract. The unavoidable costs under a contract are the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. The amendments clarify that the cost of fulfilling the contract includes all costs that relate directly to fulfilling the contract. This relates to incremental costs of fulfilling that contract like direct costs of labour and materials and an allocation of other costs that relate directly to fulfilling contracts. The transition provisions prescribe that the amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on the date of initial application. The comparison period is not adjusted and the effect of first-time adoption is recognised in revenue reserve on the date of initial application.

The amendments did not have any material effects on the consolidated financial statements of MEDICLIN.

Official publications by the EU Commission that are not yet binding

Standard	Effective for financial years beginning on or after (EU)	Adopted on	Published in the Official Journal (EU) on
IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date	01.01.2024	22.01.2021/ 15.07.2022	23.01.2020/ 16.07.2022
IFRS 17: Insurance Contracts (issued by the IASB on 18.05.2017); including amendments regarding the date of initial application of IFRS 17 (issued by the IASB on 25.06.2020)	01.01.2023	19.11.2021	23.11.2021
Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting Policies (issued by the IASB on 12.02.2021)	01.01.2023	02.03.2022	03.03.2022
Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued by the IASB on 25.06.2021)	01.01.2023	02.03.2022	03.03.2022
Amendments to IAS 12: Taxes on Income: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued by the IASB on 07.05.2021)	01.01.2023	11.08.2022	12.08.2022
Amendments to IFRS 17: Insurance Contracts Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued by the IASB on 09.12.2021)	01.01.2023	08.09.2022	09.09.2022

On 23 January 2020 the International Accounting Standards Board (IASB) issued amendments to **IAS 1 “Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current”** to clarify how to classify debt and other liabilities as current or non-current. In future, the classification of liabilities as current or non-current can be based only on rights that are in existence at the end of the reporting period. Furthermore, the amendment includes additional

guidance for interpreting the criterion “right to defer the liability for at least 12 months” and also includes further information regarding the “settlement” criterion. The amendments are retrospective and were to be applied for financial years beginning on or after 1 January 2022. The amendment on 15 July 2020 deferred the effective date to 1 January 2023. These amendments are not expected to have any effects on the consolidated financial statements of MEDICLIN.

On 25 June 2020 the IASB issued a number of smaller amendments to **IFRS 17 “Insurance Contracts”**. In actual fact, these amendments led to a rewording of IFRS 17 (2020 version). Since it was not yet mandatory to apply the first version of IFRS 17, 1 January 2023 was fixed as the new date of initial application of IFRS 17. IFRS 17 is of no relevance to MEDICLIN.

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

On 12 August 2022 the IASB published amendments to **IAS 12 “Taxes on Income: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”** in the Official Journal of the European Union. The amendments address 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 has no effects on MEDICLIN as MEDICLIN already recognises deferred taxes when accounting for leases under IFRS 16.

Amendments to **IFRS 17 “Insurance Contracts Initial Application of IFRS 17 and IFRS 9 – Comparative Information”** were published in the Official Journal of the European Union dated 9 September 2022. 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 amendments may only be applied upon first-time application of IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”. The amendment is of no relevance to MEDICLIN.

Standards that have been issued by the IASB, but are not yet binding

On 22 September 2022 the IASB issued amendments to IFRS 16 “Leases”. The amendment refers to the accounting of lease liabilities from sale and leaseback agreements and requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new paragraphs also include illustrative examples to show different approaches to accounting, in particular with regard to variable lease payments. The accounting for leases not resulting from a sale and leaseback transaction remains unchanged. Therefore the changes have no effects on MEDICLIN’s results of operation. The amendments must be applied for financial years beginning on or after 1 January 2024. Premature adoption is admissible.

On 31 October 2022 the IASB issued amendments to IAS 1 “Presentation of Financial Statements”. The amendment clarifies how an entity classifies debts that are subject to certain conditions (covenants). The IASB clarifies that covenants that need to be met on or before the balance sheet date may affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability’s classification. Rather than considering the covenants in the scope of classification, they must be disclosed in the notes to the financial statements to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. This amendment may affect the classification of debt to be applied by MEDICLIN as at the balance sheet date and may require additional disclosures in the notes. The amendments must be applied for financial years beginning on or after 1 January 2024. Premature adoption is admissible.

New national standards applicable to MEDICLIN in the future

The “Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains” (Lieferkettensorgfaltspflichtengesetz – LkSG) was published in the Federal Law Gazette (Bundesgesetzblatt) 2021 I no. 46 on 22 July 2021. It enters into force on 1 January 2023 and places German companies under the obligation to appropriately exercise due diligence in their supply chains with the aim of preventing or minimising any risks to human rights or environment-related risks or of ending the violation of human-rights-related or environment-related obligations or of minimising their effects. The Act sets out a graded system of obligations. In principle, the due diligence obligations exist only in relation to direct suppliers, i.e. parties with whom the enterprise has a contractual relationship. The appropriate manner of acting in accordance with the due diligence obligations is determined according to the nature and extent of the enterprise’s business activities, the ability of the enterprise to influence the party directly responsible, the severity of the violation that can typically be expected and the nature of the causal contribution of the enterprise to the risk to human rights or environment-related risk.

MEDICLIN’s central procurement department procures medical and non-medical supplies from Prospitalia GmbH in Ulm, one of the largest procurement service providers in the healthcare sector. The central procurement department is also responsible for procuring goods and services for construction and maintenance. At present it is not yet possible to predict the costs that MEDICLIN will incur in implementing the Act.

Directive published by the European Parliament and the Council to be adopted into German law

The Corporate Sustainability Reporting Directive (CSRD) (DIRECTIVE (EU) 2022/2464 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2022) was published in the Official Journal of the European Union on 16 December 2022. The Directive entered into force 20 days after publication (5 January 2023) and must be adopted into national law by the member countries by 6 July 2024. The CSRD amends Directive 2013/34/EU of the European Parliament and of the Council of 26 July 2013 (EU Accounting Directive). General provisions of the EU Accounting Directive also apply under the CSRD unless explicitly provided for otherwise in the CSRD. The CSRD is to replace the existing Non-Financial Reporting Directive (NFRD). According to the CSRD all undertakings within the scope of the Directive are obliged in the future to prepare a sustainability report as part of their (consolidated) financial statements and to carry out a separate audit of such sustainability report. The aim of the CSRD is to achieve a degree of informational value and reliability in sustainability reporting comparable to that of financial reporting, so that financial firms, investors and the public may rely on sustainability information and use it for their decision-making. The CSRD requires that undertakings make a declaration containing all the information required to provide users with a better understanding of the development, performance, position and impact of the undertaking. Sustainability reporting is to contain information on intangible assets, including information on intellectual, human and social capital as well as the undertaking's business relationships. The undertaking shall also provide information on how it obtains information and should take into account short-, medium- and long-term time horizons. The sustainability information reported is to include forward-looking and retrospective information and both qualitative and quantitative information. Where appropriate, an undertaking must also provide information on its value chain, including own operations, products and services, its business relationships and its supply chains. In the event that not all the necessary information regarding its value chain is available in the first three years of the application of the CSRD, the undertaking shall explain the efforts made to obtain the necessary information. Further, the undertaking shall explain the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future.

The CSRD provides for the European Commission to adopt European Sustainability Reporting Standards (ESRS) that will standardise sustainability information and increase comparability of the data. In November 2022 the European Financial Reporting Advisory Group (EFRAG) submitted a total of 12 draft ESRS to the European Commission. The European Commission is expected to adopt the final ESRS as delegated acts in 2023. The CSRD must be published as part of the (group) management report in the European Single Electronic Format (ESEF) and must be tagged in accordance with a digital taxonomy. In order to increase the reliability of the reported information, the CSRD requires that the sustainability report be audited by the statutory auditor as part of the management report, also in terms of content. MEDICLIN is obliged to first apply these new sustainability reporting standards in the 2024 financial year. The cost that MEDICLIN will incur in implementing the requirements of the Directive cannot be estimated as yet.

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. It was measured at fair value. It was decided by shareholder resolution on 29 December 2022 to wind up Müritz-Klinikum Service GmbH effective end of day 31 December 2022.

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.

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 2022, meaning that its term now ends on 31 December 2023.

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

Changes in consolidation scopes

Two new companies were founded in the 2022 financial year. They had not yet commenced operations in 2022.

In April 2022 MediClin GmbH & Co. KG, represented by MediClin Geschäftsführungs-GmbH, founded MediClin Rehabilitationsforschung gGmbH with its registered office in Offenburg as sole shareholder. The company's ordinary capital amounts to EUR 25,000.00 and was paid up in cash. The company serves directly and exclusively public-benefit purposes within the meaning of the "Tax-privileged purposes" section of the German Tax Code (AO). The company objects are to organise, facilitate, carry out and prepare clinical scientific studies and papers and to develop and evaluate innovative medical and therapeutic diagnostic and treatment methods to improve the preventive care, rehabilitation and regeneration of patients. The company belongs to the post-acute segment and is included in the consolidated financial statements.

In October 2022 MEDICLIN Aktiengesellschaft as the sole shareholder founded MediClin Psychiatrie Pflege Dienstleistungen GmbH headquartered in Offenburg. The company's ordinary capital amounts to EUR 25,000.00 and was paid up in cash. The company objects are to operate, develop and manage outpatient and inpatient healthcare facilities, including the associated training facilities and ancillary operations as well as providing training and further qualification measures and rendering all services required in connection with the operation, development and management of healthcare facilities. The company belongs to the service business area and is included in the consolidated financial statements.

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. This also includes the companies of RHÖN-KLINIKUM AG, which also belong 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
	31.12.2022	31.12.2021	
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 ²	100.000 ²	yes
Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem Verwaltungs-Gesellschaft mit beschränkter Haftung, Essen	100.000 ²	100.000 ²	no
Herzzentrum Lahr/Baden GmbH & Co. KG, Offenburg	94.801 ³	94.801 ³	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, Offenburg	94.801 ³	94.801 ³	yes
MC Kliniken Geschäftsführungs-GmbH, Offenburg	94.801 ³	94.801 ³	no
MC Service GmbH, Offenburg	100.000 ²	100.000 ²	no
MediClin à la Carte GmbH, Offenburg	100.000 ²	100.000 ²	yes
MediClin Betriebs GmbH, Offenburg	100.000 ²	100.000 ²	no
MediClin Energie GmbH, Offenburg	100.000 ²	100.000 ²	no
MediClin Fachklinik Rhein / Ruhr Therapie & Pflege GmbH, Essen	100.000 ²	100.000 ²	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 ²	100.000 ²	no
MediClin Medizinisches Versorgungszentrum GmbH, Offenburg	100.000 ²	100.000 ²	yes
MediClin Pflege GmbH, Offenburg	100.000 ²	100.000 ²	yes
MediClin Psychiatrie Pflege Dienstleistungen GmbH, Offenburg	100.000	0.000	no
MediClin Rehabilitationsforschung gGmbH, Offenburg	100.000 ²	0.000	no
MediClin Therapie GmbH, Offenburg	100.000 ²	100.000 ²	no
MediClin-IT GmbH, Offenburg	100.000 ¹	100.000 ¹	yes
MVZ MediClin Bonn GmbH, Bonn	100.000 ²	100.000 ²	no
Rehabilitationszentrum Gernsbach/Schwarzwald GmbH & Co. KG, Offenburg	94.801 ³	94.801 ³	yes

¹ Thereof indirect participation 62.353 %

² Indirect participation

³ Indirect participation, wholly owned by Kraichgau-Klinik AG

Companies not included in the consolidated financial statements in €	Results		Total equity		Percentage of shares held	
	2021	2020	2021	2020	2021	2020
Müritz-Klinikum Service GmbH, Waren ¹	146,030.27	133,866.80	353,315.78	307,285.51	51.000 ²	51.000 ²

¹ 2021 annual financial statements not yet available

² 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 breaks 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 (concessions/licences) 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 all the relevant criteria under IAS 38.57 are met.

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.

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:

- at amortised cost (AC)
- fair value through other comprehensive income, including recycling (FVtOCI)
- fair value through other comprehensive income, excluding recycling (FVtOCI)
- 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. 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 that have not yet been used in accordance with their designated purpose 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 ≤ 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.

On 26 October 2022 MEDICLIN agreed with PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH in its capacity as trustee for the OIK-Fonds MediClin by means of a court settlement to prematurely prolong the existing rental contracts for 20 clinic locations. As part of this settlement, MEDICLIN has also settled its dispute with its current and former shareholders ERGO Group AG (ERGO), DKV Deutsche Krankenversicherung Aktiengesellschaft (DKV) and Provinzial Rheinland Lebensversicherung Aktiengesellschaft (Provinzial) under which MEDICLIN had filed a suit in mid-2016 with the District Court (Landgericht) of Offenburg to claim repayment of excessive rent payments that, in the view of MEDICLIN, had been above the usual market level for such rents. The new rental contracts all become effective on 1 January 2023 and, in principle, have a fixed term of 15 years, apart from three sites, the rent terms of which are partly shorter or longer. The leases had to be revalued due to the new rental contracts, and the right-of-use assets and the corresponding lease liabilities were recalculated. More detailed information on the new leases is provided in the sections on property, plant and equipment, lease liabilities and related parties.

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 2022 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 spread of credit default swaps (CDS) 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 2022. 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 equals 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. 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 generally 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.

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 3.6 % to 4.1 % lowers the present value of the defined benefit obligation (DBO) by EUR 2.6 mill., or 6.3 %. A reduction in the discount rate by 0.5 percentage points from 3.6 % to 3.1 %, in turn, increases the DBO by EUR 2.9 mill., or 7.0 %. 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, and
- 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 (MD), 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.). 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. In October 2022 this dispute was ended by means of a court settlement. Under the overall settlement and the premature prolongation of rental contracts, the lessor, among other agreements, waived subsequent rent payments for 2005 to 2007 in the amount of EUR 21.0 mill. and the lease incentive thus obtained was, in accordance with IFRS 16.24(b), deducted from the cost of the right-of-use asset.

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 2023 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 47.4 mill. year-on-year, from EUR 82.0 mill. to EUR 34.6 mill. Among other reasons, the decline is attributable to the repayment of benefits received under the protective shield to manage the COVID-19 pandemic in the amount of approximately EUR 19.0 mill. In the previous year, the Company had received benefits in the amount of nearly EUR 22 mill. Future burdens will result from benefits received under the protective shield because, as of 31 December 2022, approximately EUR 26.6 mill. will presumably have to be repaid in 2023 (31.12.2021: EUR 45.6 mill.).

Capital expenditure for non-current assets was increased again in the 2022 financial year. A gross amount of EUR 1.6 mill. (previous year: EUR 1.8 mill.) was spent on intangible assets, while gross investments in property, plant and equipment totalled EUR 24.4 mill. (previous year: EUR 15.2 mill.). Investment subsidies received amounted to EUR 19.1 mill. (previous year: EUR 9.6 mill.). The investment subsidies received refer primarily to MediClin Seepark Klinik, MediClin Hedon Klinik, MediClin Müritz-Klinikum, MediClin Herzzentrum Coswig and MediClin Krankenhaus Plau am See. This results in a cash flow from investing activities totalling EUR –6.2 mill. (previous year: EUR –7.1 mill.).

The cash flow from financing activities amounted to EUR –56.2 mill., following EUR –55.3 mill. in the previous year. The interest payments for lease liabilities amounted to EUR 8.4 mill., up from EUR 6.7 mill. in the previous year. The Group repaid loan liabilities amounting to approximately EUR 1.9 mill. in 2022 (previous year: EUR 2.0 mill.). No further loans were taken out. Expenses for short-term and low-value leases that are not recognised in accordance with IFRS 16 are shown in the operating cash flow. Other payments for interest amounted to EUR 1.7 mill. (previous year: EUR 1.6 mill.).

Cash and cash equivalents at the end of the period thus increased by EUR 27.8 mill. to EUR 92.3 mill.

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

In thousands of €	As of 01.01.2022	Cash items	Non-cash items		As of 31.12.2022
			Interest accrual	Other changes	
Current liabilities to banks	26,839	-1,874	5	1,800	26,770
Non-current liabilities to banks	69,342	0	0	-1,800	67,542
Current lease liabilities	54,936	-52,589	0	21,064	23,411
Non-current lease liabilities	288,843	0	0	96,105	384,948
Current other financial liabilities	42	0	0	0	42
Non-current other financial liabilities	0	0	0	0	0
	440,002	-54,463	5	117,169	502,713

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	-1,858	62	1,854	26,839
Non-current liabilities to banks	71,196	0	0	-1,854	69,342
Current lease liabilities	54,009	-44,999	549	45,377	54,936
Non-current lease liabilities	334,875	0	0	-46,032	288,843
Current other financial liabilities	149	-107	0	0	42
Non-current other financial liabilities	0	0	0	0	0
	487,010	-46,964	611	-655	440,002

Segment reporting

The reportable operating segments of the MEDICLIN Group are the post-acute, acute and other activities segments. 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 18.8 mill., EUR 0.1 mill. of which are intra-Group sales (previous year: EUR 17.4 mill., EUR 0.1 mill. of which intra-Group sales). EBIT amounts to EUR –1.0 mill. (previous year: EUR –1.0 mill.). The service business area generated total sales of EUR 74.1 mill., EUR 1.4 mill. of which refer to intra-Group sales (previous year: EUR 62.1 mill., EUR 1.8 mill. of which intra-Group sales).

MEDICLIN offers full-time and short-term nursing care as well as day care 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, MediClin Energie GmbH and MediClin Psychiatrie Pflege Dienstleistungen GmbH, Offenburg.

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 43.4 % (previous year: 44.3 %) of the demand for services in the post-acute segment, while the social security pension funds make up 48.7 % (previous year: 47.6 %) of the demand for services in this segment. In the acute segment, 91.1 % (previous year: 91.5 %) of the services demanded are attributable to the public health insurance funds.

Sectoral segmenting

In millions of €	January–December 2022					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
Sales	431.2	252.7	91.4	775.3	-70.6	704.7
Total sales	438.2	255.5	92.9	786.6	0.0	786.6
Internal sales	-7.0	-2.8	-1.5	-11.3	-70.6	-81.9
Raw materials and consumables used	-85.5	-69.6	-41.3	-196.4	63.6	-132.8
Staff costs	-230.0	-148.1	-55.7	-433.8	-2.5	-436.3
Other operating expenses	-47.4	-36.5	-15.0	-98.9	36.6	-62.3
Segment result	21.2	-4.4	4.2	21.0	-1.5	19.5
Thereof non-cash items:						
Scheduled depreciation/write-ups	-56.9	-15.8	-5.3	-78.0	0.0	-78.0
of which depreciation from right-of-use assets (IFRS 16)	-40.6	-2.8	-1.4	-44.8	0.0	-44.8
Non-scheduled depreciation/write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Release of special items	1.0	5.6	0.0	6.6	0.0	6.6
Allowances	-0.6	-1.0	0.0	-1.6	0.0	-1.6
Allocation of provisions/liabilities	11.7	10.5	4.0	26.2	6.8	33.0
Reversal of provisions/liabilities	-1.4	-1.4	-22.0	-24.8	-1.1	-25.9
Financial revenues	0.6	0.1	1.2	1.9	-1.0	0.9
Financial costs	-8.3	-1.4	-3.9	-13.6	3.0	-10.6
of which financial costs from lease liabilities	-8.1	-0.3	0.0	-8.4	0.0	-8.4
Financial result	-7.7	-1.3	-2.7	-11.7	2.0	-9.7
Taxes on income	1.2	0.7	1.6	3.5	-3.6	-0.1
Assets	562.0	192.4	47.8	802.2	113.9	916.1
Liabilities	479.2	63.4	64.8	607.4	99.4	706.8
Gross capital expenditure	111.3	6.4	3.2	120.9	0.0	120.9
Gross capital expenditure excl. IFRS 16	16.5	9.6	2.4	28.5	0.0	28.5

In millions of €	January–December 2021					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
Sales	410.8	243.4	77.6	731.8	-58.7	673.1
Total sales	417.5	246.8	79.5	743.8	0.0	743.8
Internal sales	-6.7	-3.4	-1.9	-12.0	-58.7	-70.7
Raw materials and consumables used	-78.5	-65.5	-30.6	-174.6	52.5	-122.1
Staff costs	-223.9	-143.6	-52.5	-420.0	-3.4	-423.4
Other operating expenses	-44.9	-32.5	-13.4	-90.8	34.5	-56.3
Segment result	15.3	-4.0	3.8	15.1	-3.5	11.6
Thereof non-cash items:						
Scheduled depreciation/write-ups	-58.4	-16.7	-5.1	-80.2	0.0	-80.2
of which depreciation from right-of-use assets (IFRS 16)	-43.0	-2.9	-1.3	-47.2	0.0	-47.2
Non-scheduled depreciation/write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Release of special items	1.1	5.5	0.0	6.6	0.0	6.6
Allowances	-0.7	-0.9	0.0	-1.6	0.0	-1.6
Allocation of provisions/liabilities	10.0	8.4	4.4	22.8	2.9	25.7
Reversal of provisions/liabilities	-1.4	-1.2	-0.9	-3.5	0.0	-3.5
Financial revenues	0.6	0.1	0.4	1.1	-0.9	0.2
Financial costs	-7.4	-1.3	-1.1	-9.8	0.5	-9.3
of which financial costs from lease liabilities	-7.0	-0.3	-0.1	-7.4	0.0	-7.4
Financial result	-6.8	-1.2	-0.7	-8.7	-0.4	-9.1
Taxes on income	0.4	0.1	-0.5	0.0	-1.0	-1.0
Assets	501.8	185.9	49.4	737.1	144.1	881.2
Liabilities	426.7	64.2	107.2	598.1	100.1	698.2
Gross capital expenditure	6.8	5.5	5.9	18.2	0.0	18.2
Gross capital expenditure excl. IFRS 16	7.3	5.3	5.5	18.1	0.0	18.1

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 01.01.2021	36,727	74,724	895	112,346	0
Additions	1,022	635	379	2,036	0
Reclassifications	-1,415	-620	-25	-2,060	2,060
Disposals	-57	-61	0	-118	0
Acquisition costs as at 31.12.2021	36,277	74,678	1,249	112,204	2,060
Cumulated depreciation as at 01.01.2021	28,830	25,470	0	54,300	0
Scheduled depreciation	3,108	0	0	3,108	0
Non-scheduled depreciation	0	20	0	20	0
Reclassifications	-1,424	-620	0	-2,044	2,044
Disposals	-57	-61	0	-118	0
Cumulated depreciation as at 31.12.2021	30,457	24,809	0	55,266	2,044
Balance sheet value 31.12.2021	5,820	49,869	1,249	56,938	16
Acquisition costs as at 01.01.2022	36,277	74,678	1,249	112,204	2,060
Additions	1,105	0	394	1,499	0
Reclassifications	99	0	-99	0	0
Disposals	-1	0	-51	-52	0
Acquisition costs as at 31.12.2022	37,480	74,678	1,493	113,651	2,060
Cumulated depreciation as at 01.01.2022	30,457	24,809	0	55,266	2,044
Scheduled depreciation	2,854	0	0	2,854	0
Reclassifications	-3	0	0	-3	3
Disposals	-1	0	0	-1	0
Cumulated depreciation as at 31.12.2022	33,307	24,809	0	58,116	2,047
Balance sheet value 31.12.2022	4,173	49,869	1,493	55,535	13

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

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 CGUs and refers entirely to the acute segment. The medical care centres are recorded together with the CGUs at the respective location if physically separate facilities exist at one location.

Goodwill amounted to EUR 49.9 mill. on 31 December 2022 (31.12.2021: EUR 49.9 mill.). The carrying amounts of the CGUs totalled EUR 154.6 mill. (31.12.2021: EUR 167.9 mill.). This breaks down to CGU as follows:

In millions of €	Interest rate before tax	Goodwill	in %	Carrying amount	in %
CGU location 1	7.91 %	23.7	47.6	36.6	23.7
CGU location 2	7.85 %	7.9	15.8	18.1	11.7
CGU location 3	8.19 %	7.6	15.1	34.3	22.2
CGU location 4	8.11 %	6.5	13.0	38.6	25.0
CGU location 5	7.15 %	2.2	4.4	3.6	2.3
CGU location 6	8.64 %	1.8	3.6	16.8	10.8
Others	–	0.2	0.4	6.6	4.3
		49.9	100.0	154.6	100.0

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 6.97 % (previous year: 5.11 %) in the year under review. Taking IFRS 16 into account and, thus, the effect of leases on the financing structure of the peer group in the 2022 financial year, the cost of capital amounts to 5.63 % after tax (previous year: 4.09 %). 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 43.11/56.89. None of the other parameters change due to the consideration of the lease. The interest rate before tax is calculated by means of iteration on the basis of after-tax parameters from external information sources.

In %	2022 Pre-IFRS 16	2022 IFRS 16	2021 Pre-IFRS 16	2021 IFRS 16
Risk-free interest rate	1.50	1.50	0.10	0.10
Market risk premium	7.50	7.50	7.50	7.50
Beta coefficient (on the basis of a peer-group analysis)	1.13	1.13	0.97	1.01
Growth discount to the perpetuity	0.25	0.25	0.25	0.25
Borrowing costs (before taxes)	2.78	2.78	1.53	1.53
Tax shield	0.44	0.44	0.24	0.24
Capital structure (equity/borrowed capital) (on the basis of a peer-group analysis)	60.77/39.23	43.11/56.89	64.96/35.04	44.53/55.47

In millions of €			Change in discount rate				
			-0.50 %	0.00 %	+0.50 %	+1.00 %	+1.50 %
Change in EBIT	0.00 %	CGU location 6	0.0	0.0	-3.0	-6.2	-8.8
Change in EBIT	0.00 %	Total	0.0	0.0	-3.0	-6.2	-8.8
Change in EBIT	5.00 %	CGU location 6	0.0	0.0	-1.4	-4.7	-7.5
Change in EBIT	5.00 %	Total	0.0	0.0	-1.4	-4.7	-7.5
Change in EBIT	10.00 %	CGU location 6	0.0	0.0	0.0	-3.2	-6.1
Change in EBIT	10.00 %	Total	0.0	0.0	0.0	-3.2	-6.1
Change in EBIT	-5.00 %	CGU location 6	0.0	-1.0	-4.6	-7.6	-10.2
Change in EBIT	-5.00 %	Total	0.0	-1.0	-4.6	-7.6	-10.2
Change in EBIT	-10.00 %	CGU location 1	0.0	0.0	0.0	0.0	-1.0
Change in EBIT	-10.00 %	CGU location 6	0.0	-2.7	-6.2	-9.1	-11.6
Change in EBIT	-10.00 %	Total	0.0	-2.7	-6.2	-9.1	-12.6

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 %; +1.5 %).

The analysis revealed a need for write-downs totalling a maximum of EUR 12.6 mill. within the context of the parameter changes, which corresponds to 8.1% of the carrying amount. CGU location 6 has the lowest headroom of EUR 0.7 mill. with material goodwill of EUR 1.8 mill. Given an interest increase by 0.1 %, this CGU is confronted for the first time with an impairment loss. At present, changes in material parameters that would lead to impairment losses are not considered realistic with regard to the goodwill of other CGUs. The CGU location 1 with the highest goodwill of EUR 23.7 mill. has headroom of EUR 15.2 mill.

The impairment test carried out as at 31 December 2022 due to the increase in the cost of capital did not reveal any material need for impairment. This is due primarily to the premature prolongation of the existing rental contracts for 20 clinics concluded on 26 October 2022. The CGU with the lowest headroom benefited from lower rents with a simultaneous pronounced increase in the borrowing cost rate compared to the date of initial application and the reduction in the contract term by one year. The right-of-use asset was thus reduced substantially again as at 31 December 2022. The right-of-use assets for the prematurely prolonged rental contracts were valued as at 31 December 2022 for each location on the basis of matching maturities. This did not reveal any need for impairments.

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 01.01.2021	289,205	462,090	44,697
Additions	4,919	-1,023	461
Reclassifications	5,298	0	-7,956
Disposals	-905	-892	-46
Acquisition and manufacturing costs as at 31.12.2021	298,517	460,175	37,156
Cumulated depreciation as at 01.01.2021	165,737	90,991	31,422
Scheduled depreciation	10,793	45,797	2,004
Reclassifications	-7,421	0	-8,542
Disposals	-890	-115	-46
Cumulated depreciation as at 31.12.2021	168,219	136,673	24,838
Balance sheet value 31.12.2021	130,298	323,502	12,318
Acquisition and manufacturing costs as at 01.01.2022	298,517	460,175	37,156
Additions	1,673	91,366	541
Reclassifications	1,394	0	88
Disposals	-105	-7,931	-234
Acquisition and manufacturing costs as at 31.12.2022	301,479	543,610	37,551
Cumulated depreciation as at 01.01.2022	168,219	136,673	24,838
Scheduled depreciation	12,033	43,484	2,061
Reclassifications	-407	0	-1
Disposals	-35	-3,524	-234
Cumulated depreciation as at 31.12.2022	179,810	176,633	26,664
Balance sheet value 31.12.2022	121,669	366,977	10,887

	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
	179,226	4,641	23,741	1,003,600	0
	4,706	1,182	2,617	12,862	0
	-2,858	-53	-18,967	-24,536	24,536
	-2,561	-682	-61	-5,147	0
	178,513	5,088	7,330	986,779	24,536
	141,414	1,998	0	431,562	0
	10,509	1,428	0	70,531	0
	-3,357	-28	0	-19,348	19,348
	-2,504	-671	0	-4,226	0
	146,062	2,727	0	478,519	19,348
	32,451	2,361	7,330	508,260	5,188
	178,513	5,088	7,330	986,779	24,536
	6,683	966	7,408	108,637	0
	379	0	-1,941	-80	80
	-3,056	-818	-4	-12,148	-64
	182,519	5,236	12,793	1,083,188	24,552
	146,062	2,727	0	478,519	19,348
	9,641	1,331	0	68,550	0
	-117	-6	0	-531	531
	-2,860	-636	0	-7,289	-48
	152,726	3,416	0	539,249	19,831
	29,793	1,820	12,793	543,939	4,721

Gross additions to property, plant and equipment before deduction of special items totalled EUR 118.8 mill. in the 2022 financial year (previous year: EUR 16.1 mill.). EUR 92.3 mill. thereof are attributable to additions of right-of-use assets, EUR 90.0 mill. of which pertain to the clinic real estate. EUR 6.3 mill. refers to the indexed rent adjustments as at 1 January 2022 and EUR 83.7 mill. to the newly negotiated rental contracts for clinic real estate. The right-of-use assets developed as follows in the 2022 financial year:

In thousands of €	Clinic real estate	Other real estate	Vehicles	Other operating and office equipment	Total
Opening balance	314,445	9,057	1,468	892	325,862
Additions in 2022	90,038	1,329	815	151	92,333
Disposals/corrections of depreciation 2022	-4,377	-30	-181	0	-4,588
Depreciation 2022	-41,305	-2,179	-933	-392	-44,809
Residual book values as at 31.12.2022	358,801	8,177	1,169	651	368,798

Approximately EUR 17.0 mill. was used for the reconstruction and expansion of clinics. EUR 3.8 mill. thereof refer to the construction of the clinic for child and youth psychiatry at the MediClin Müritz-Klinikum site in Röbel and EUR 7.4 mill. to the construction of a psychosomatic clinic at the MediClin Seepark Klinik site in Bad Bodenteich. Capital expenditure for IT infrastructure amounted to EUR 3.2 mill. and EUR 4.4 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 subsidies used in accordance with their designated purpose pursuant to hospital financing law with an amortised amount of EUR 54.0 mill. (previous year: EUR 49.5 mill.). The additions of subsidised assets amount to EUR 10.7 mill. (previous year: EUR 3.3 mill.). Depreciation and amortisation was reduced by the deduction of subsidies totalling EUR 6.6 mill. (previous year: EUR 6.5 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 721 thou. (previous year: EUR 781 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.), Müritz-Klinikum Service GmbH (EUR 13 thou.) and Kur und Tourismus GmbH Bad Peterstal-Griesbach (EUR 6 thou.).

(4 + 12) RECEIVABLES PURSUANT TO HOSPITAL FINANCING LAW

In thousands of €	Non-current	Current	Total 31.12.2022	Non-current	Current	Total 31.12.2021
Individual subsidies	43,355	11,892	55,247	38,604	13,048	51,652
Lump-sum subsidies	0	20	20	0	0	0
Receivables pursuant to KHG	43,355	11,912	55,267	38,604	13,048	51,652

The receivables pursuant to hospital financing law totalling EUR 55.3 mill. on the balance sheet date (previous year: EUR 51.7 mill.) mainly refer to the subsidies for the construction of new clinics at three locations. EUR 21.4 mill. thereof (previous year: EUR 21.4 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 16.7 mill. (previous year: EUR 18.1 mill.) refers 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. Other EUR 11.6 mill. (previous year: EUR 12.1 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 to both current tax and deferred taxes.

In thousands of €	Difference		Tax	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Deferred tax assets				
Lease liabilities	408,358	334,859	64,623	52,991
Pension obligations	35,336	56,386	5,592	8,923
Provision for additional rent payments	–	21,041	–	3,330
Tax loss carried forward	16,198	6,819	2,563	1,079
Anniversary obligations/provisions for partial retirement	603	915	95	145
Others	8,948	8,936	1,416	1,414
			74,289	67,882
Deferred tax liabilities				
Right-of-use asset (IFRS 16)	368,798	325,863	58,362	51,568
Intangible assets	19,501	19,258	3,086	3,048
Property, plant and equipment	14,129	15,899	2,236	2,516
Others	746	597	118	94
			63,802	57,226
Balance sheet recognition			10,487	10,656

The Others item includes EUR 472 thou. (previous year: EUR 472 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. Deferred taxes amounting to EUR 0.6 mill. will be realised within one year and another EUR 2.0 mill. in the following four years. For loss carryforwards amounting to EUR 8.5 mill. (previous year: EUR 11.4 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 €	31.12.2022	31.12.2021
Medical supplies	6,696	6,347
Operating supplies	1,910	1,920
Administrative supplies	263	248
	8,869	8,515

(7) TRADE RECEIVABLES

In thousands of €	31.12.2022	31.12.2021
Receivables	92,061	84,108
Allowances	-3,572	-2,894
Disclosure	88,489	81,214
Receivables not yet invoiced	43,814	31,858
Invoiced trade receivables	44,675	49,356

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 impairment matrix is 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 2022. 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 2022. 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 in the full amount 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. EUR 19.7 mill. (previous year: EUR 18.1 mill.) of the receivables not yet invoiced 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 MD¹ and bad debts, for which specific bad debt allowances have been made) and identified default risk (impairment matrix)

In thousands of €	31.12.2022	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	34,156	25,999	5,765	821	238	835	498	0
Default risk in %		0.02	0.02	0.02	0.02	0.02	0.02	0
Expected default losses	-7	-6	-1	0	0	0	0	0
Other trade receivables	2,882	2,111	376	196	25	103	71	0
Default risk in %		0.25	1.10	2.78	15.32 ²	25.00 ²	50.00 ²	0
Expected default losses	-93	-5	-5	-6	-5	-28	-44	0
Trade receivables (without MD and specific bad debt allowances)	37,038	28,110	6,141	1,017	263	938	569	0
Total expected default losses	-100	-11	-6	-6	-5	-28	-44	0
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
Expected default losses	-7	-6	-1	0	0	0	0	0
Other trade receivables	3,585	2,462	539	94	237	138	115	0
Default risk in %		0.18	0.68	1.74	2.00 ²	25.00 ²	50.00 ²	0
Expected default losses	-108	-4	-4	-2	-6	-35	-57	0
Trade receivables (without MD and specific bad debt allowances)	36,875	27,271	6,768	885	496	699	756	0
Total expected default losses	-115	-10	-5	-2	-6	-35	-57	0

¹ MD = Health Insurance Medical Service

² 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 MD¹ for which specific bad debt allowances have been made for the full amount

In thousands of €	31.12.2022	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	1,148	0	0	0	0	0	0	1,148
Other trade receivables	1,776	0	0	6	19	32	110	1,609
Specific bad debt allowances	-2,924	0	0	-6	-19	-32	-110	-2,757
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
Specific bad debt allowances	-2,778	0	0	-6	-6	-30	-192	-2,544

¹ MD = Health Insurance Medical Service

The bad debt allowances for trade receivables developed as follows:

In thousands of €	2022	2021
Allowances as of 01.01.	2,894	3,019
Additions to allowances	1,079	981
Consumption	-	-769
Reversal	-401	-337
Allowances as of 31.12.	3,572	2,894

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 1.7 mill. during the 2022 financial year (previous year: expenses totalling EUR 1.6 mill.).

In thousands of €	2022	2021
Expenses for bad debt allowances/full write-off of receivables	-2,277	-1,890
Recoveries of bad debt allowances/written-off receivables	626	281
	-1,651	-1,609

(8) CURRENT INCOME TAX CLAIMS

The current income tax claims on the balance sheet date on 31 December 2022 amount to EUR 1.4 mill. and are mainly attributable to income tax prepayments that were too high in the 2020–2022 financial years.

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

In thousands of €	31.12.2022	31.12.2021
Receivables	37,953	13,967

The receivables under hospital compensation law refer to compensation claims under the Hospital Compensation Act (KHEntgG) and the Federal Directive on Nursing Care Rates (BPfIV) and compensation claims vis-à-vis the training fund (Ausbildungsfonds). A large portion of this increase is attributable to the compensation of deficiencies in proceeds resulting from the COVID-19 pandemic. 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 €	31.12.2022	31.12.2021
Receivables	10,267	14,488

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 2022. 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 HELD FOR SALE AND LIABILITIES IN COMBINATIONS WITH ASSETS HELD FOR SALE

It is intended to dispose of Dr. Hofer-Janker GmbH & Co. Klinik KG and MVZ MediClin Bonn GmbH by way of a share deal in 2023. 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. Both companies belong to the acute segment. There was no need to recognise impairment of the fair value.

Assets held for sale as of 31 December 2022

In thousands of €	Carrying amounts Hoefer-Janker	Carrying amounts MVZ Bonn	Total carrying amounts
Non-current assets			
Intangible assets	13	0	13
Property, plant and equipment including right-of-use assets	4,721	1	4,722
Deferred tax	0	2	2
	4,734	3	4,737
Current assets			
Inventories	149	0	149
Trade receivables	1,267	344	1,611
Other financial assets	2,390	0	2,390
Other assets	490	0	490
Cash and cash equivalents	3,719	519	4,238
	8,015	863	8,878
Total assets held for sale			13,615

Liabilities in connection with assets held for sale as of 31 December 2022

In thousands of €	Carrying amounts Hoefer-Janker	Carrying amounts MVZ Bonn	Total carrying amounts
Non-current liabilities			
Other provisions	-120	0	-120
Other liabilities	-24	-1	-25
	-144	-1	-145
Current liabilities			
Trade payables	-427	-3	-430
Lease liabilities	-3	0	-3
Other provisions	-187	0	-187
Current income tax liabilities	0	-66	-66
Other financial liabilities	-827	-234	-1,061
Other payables	-544	-109	-653
	-1,988	-412	-2,400
Total liabilities in connection with assets held for sale			-2,545

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 and valuation 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 EUR 44 thou. (previous year: EUR 89 thou.) and therefore considered very low. The bank balances can be called at any time.

The impairment of other current 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. Liabilities to banks are accounted by 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 67.5 mill. is EUR 62.2 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	From subsequent measurement		From disposal	Net result	
		At fair value	Impairment		2022	2021
Amortised cost (assets)	–	–	–1,607	–	–1,607	–1,616
Amortised cost (liabilities)	–968	–	–	–	–968	–1,032
At fair value through profit or loss	–	–	–	–	0	–
	–968	0	–1,607	0	–2,575	–2,648

Financial instruments by category in accordance with IFRS 9

In thousands of €	Category in accordance with IFRS 9	Level	31.12.2022	
			Carrying amount	Fair value
ASSETS				
Non-current assets				
Investment in stock of subsidiaries	at fair value through profit or loss	3	65	65
Other financial investments	at amortised cost	–	2	–
Current assets				
Trade receivables	at amortised cost	–	88,489	–
Receivables pursuant to Hospital Compensation Act/ Federal Directive on Nursing Care Rates	at amortised cost	–	37,953	–
Other current financial assets	at amortised cost	–	10,267	–
Cash and cash equivalents	at amortised cost	–	88,039	–
EQUITY AND LIABILITIES				
Non-current liabilities				
Liabilities to banks	at amortised cost	–	67,542	62,238
Lease liabilities	n/a	–	384,948	–
Current liabilities				
Trade payables	at amortised cost	–	14,495	–
Liabilities to banks	at amortised cost	–	26,770	–
Lease liabilities	n/a	–	23,411	–
Liabilities pursuant to Hospital Compensation Act/ Federal Directive on Nursing Care Rates	at amortised cost	–	4,665	–
Miscellaneous financial liabilities	at amortised cost	–	5,357	–
AGGREGATED BY CATEGORY IN ACCORDANCE WITH IFRS 9				
Financial assets	Total	at amortised cost	224,750	–
Financial assets	Total	at fair value through profit or loss	65	65
Financial liabilities	Total	at amortised cost	118,829	62,238

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

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 €	31.12.2022	31.12.2021
Equity	209,323	183,023
Non-current liabilities	535,946	484,808
Current liabilities incl. tax liabilities	170,843	213,407
Balance sheet total	916,112	881,239
Net financial debt	6,273	-23,336
Equity ratio in %	22.9	20.8
Debt ratio in %	77.1	79.2

Remeasurements from the calculation of pension obligations pursuant to IAS 19 "Employee Benefits" in the amount of EUR 19.9 mill. that are recognised directly in equity and the total consolidated result in the amount of EUR 9.7 mill. expanded equity by EUR 26.3 mill. The return on equity after tax is 4.6 % (previous year: 0.8 %).

The balance sheet total increased by EUR 34.9 mill. or 4.0 % since the previous reporting date. This was caused primarily by two effects. The discount rate for pension obligations increased from 0.9 % in the previous year to 3.6 % on the balance sheet date on 31 December 2022, reducing pension obligations by EUR 19.7 mill.

Given the premature prolongation of the existing rental contracts for 20 clinic locations, lease liabilities increased considerably by EUR 64.6 mill. due to the longer terms despite the hike in interest rates. Upon conclusion of the new rental contracts, the repayment obligation under the debtor warrant of EUR 21 mill. was cancelled and other non-current provisions were reduced accordingly. The right-of-use assets on the assets side of the balance sheet also increased considerably in this context.

The decrease in miscellaneous payables is mainly attributable to repayments made associated with the obligation to repay benefits received under the protective shield to manage the COVID-19 pandemic recognised as of 31 December 2021.

In addition, the liabilities pursuant to hospital financing law rose by about EUR 8.9 mill. More detailed information is provided in the notes to the respective balance sheet items.

(15) SUBSCRIBED CAPITAL

In thousands of €	31.12.2022	31.12.2021
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 €	31.12.2022	31.12.2021
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
	129,392	129,392

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 €	31.12.2022	31.12.2021
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	-13,292	-29,780
Transfer to revenue reserve	51,165	51,165
	37,906	21,418

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.

As of 2012, the actuarial losses/gains from calculating the pension provisions in accordance with IAS 19, shown in the other comprehensive income, shall be reported in the revenue reserves.

(18) CONSOLIDATED BALANCE SHEET RESULT

The consolidated balance sheet result is structured as follows:

In thousands of €	2022	2021
Loss carryforward	-15,032	-16,493
Result attributable to shareholders of MEDICLIN AG	9,441	1,461
	-5,591	-15,032

(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 2022 (31.12.2022: 5.199 % / 31.12.2021: 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 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 31.12.2022	Non-current	Current	Total 31.12.2021
Syndicated loan	49,935	24,976	74,911	49,901	24,969	74,870
Other bank loans	1,670	1,098	2,768	2,807	1,189	3,996
Subsidised investment loan	15,937	696	16,633	16,634	681	17,315
	67,542	26,770	94,312	69,342	26,839	96,181

SYNDICATED LOAN

In order to 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 credit line 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 1.0 mill. was paid for the syndicated loans in the reporting year (previous year: EUR 0.9 mill.). This corresponds to an average interest rate of 1.3 % p.a. (previous year: 1.2 %). Given the term of seven years, the effective interest rate is 1.3 % p.a. (previous year: 1.3 % p.a.).

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

In thousands of €	2022	Total	1 year or less	1 to 5 years	More than 5 years
Interest		11,369	2,904	8,465	0
Repayment/additions (-) ¹		74,911	24,976	49,935	0
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 (-) ¹		74,870	24,969	49,901	0

¹ 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 amount received is continually compounded with the effective interest rate. The amount shown includes a repayment amount of EUR 75,000 thou. (previous year: EUR 75,000 thou.) and the pro-rated write-up.

Future interest payments are forecast on the basis of the last interest rates applied. The resulting increase in interest expenses is attributable to the increase of the EURIBOR at the end of 2022 to 2.752 % which is the highest rate in ten years. In the first half of 2022 the EURIBOR was negative and a rate of 0.000 % was applied. In the second half of 2022 the EURIBOR had still stood at 0.225 %. It cannot be ruled out that the interest rate will continue to rise in the coming months due to the global economic situation and that the interest burden will be higher than forecast. The other information in the section on the syndicated loan provides different interest rate scenarios.

OTHER BANK LOANS

Of the other bank loans, EUR 2.8 mill. (previous year: EUR 4.0 mill.) is secured through real property liens (carrying amount: EUR 13.6 mill.; previous year: EUR 15.2 mill.). All in all, the average interest rate for the other bank loans is 1.2 % p.a. (previous year: 2.6 %). The ten-year fixed-interest period for one loan expired on 30 July 2021 (remaining balance of EUR 3.1 mill., residual term of five years). The annual repayments and interest rate for this loan have been newly agreed 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 €	2022	Total	1 year or less	1 to 5 years	More than 5 years
Interest		52	26	26	0
Repayment		2,768	1,098	1,670	0
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

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 €	2022	Total	1 year or less	1 to 5 years	More than 5 years
Interest		3,766	352	1,254	2,160
Repayment		16,633	696	2,939	12,998
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

(21+ 27) LEASE LIABILITIES

MEDICLIN agreed with PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH in its capacity as trustee for the OIK-Fonds MediClin to prematurely prolong the existing rental contracts for 20 clinic locations. Under this arrangement, the rental contracts for 21 clinics as well as all the agreements associated with the rental contracts were cancelled on 26 October 2022 by mutual agreement, which will become effective 31 December 2022 end of day. Under the new rental contracts that were prematurely renegotiated and concluded on 26 October 2022, the rented clinics continue to operate as clinics without any interruption. During the so-called "logical second" between the cancellation of the previous and the conclusion of the new rental contracts, the land and real estate under the contractual relationship remains in the possession of MEDICLIN. The scope of the right-of-use assets, i.e. the scope of the rented real estate, did not change. The rental contracts for 17 locations have a fixed term of 15 years, while the contract for one location has a term of 25 years and two further locations have a rental term of four years. The parties agreed on an option to unilaterally prolong the fixed rental term once by five years. One location is subject to an extraordinary right of termination that may first be exercised end of day 31 December 2022 with a notice period of one month to the end of the month. This location will be shut down and the rental contract was terminated effective on 31 March 2023. Except for one contract, which had a residual term until 31 December 2047, the previous rental contracts had a residual term until 31 December 2027. The terms and conditions of the new rental contracts apply from 1 January 2023 and will ease liquidity requirements by about EUR 11 mill. per year from 2023 onwards. The contracts still 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.). In addition the lessee will bear the cost of the commercial administration of the rented real estate amounting to 1% of the monthly basic rent per month (lump-sum payment for administration costs). In addition to the indexed lease payment, the land tax and the lump-sum payment for administration costs are also considered when calculating the lease liability.

The new rental contracts were accounted for in accordance with IFRS 16.44-46 as a modification of the existing contractual terms and conditions. The carrying amount of the right-of-use asset was adjusted by the amount from the remeasurement of the lease liability in accordance with IFRS 16.46(b) in conjunction with IFRS 16.30(b). The lease liability was remeasured on the date the contract was concluded (IFRS 16.45) on the basis of revised discount rates in line with the lease term as per 16.45(c), using the incremental borrowing rate as per IFRS 16.26. This amounts to 4.073 % (residual term of four years), 4.889 % (residual term of 15 years) and 4.982 % (residual term of 25 years) for the real estate.

In connection with the renewal of the rental contracts and in the scope of an overall settlement, the lessor waived payment of the rents deferred in 2020 for the months of May and June 2020 in the amount of EUR 7.9 mill. in accordance with the Act to Mitigate the Consequences of the COVID-19 Pandemic under Germany's Civil, Insolvency and Criminal Procedure Law of 27 March 2020 and of the rent reduction granted from 2005 to 2007 that was recognised as a provision in the amount of EUR 21.0 mill. by MEDICLIN for rent back payments due to the debtor warrant that was in place. The factual and economic connection between the conclusion of the agreement and the waivers included therein classifies as a lease incentive under IFRS 16. The lease incentives received were deducted from the cost of the right-of-use asset in accordance with IFRS 16.24(b).

At the time of remeasurement (November 2022) the lease liabilities were increased by approximately EUR 114.1 mill. while the right-of-use assets less lease incentives increased by EUR 83.7 mill. The right-of-use asset for one location that is to be shut down and was therefore subject to an extraordinary right of termination of one month to the end of the month was derecognised as at 31 December 2022. The lease liability was reduced by EUR 4.5 mill., while the right-of-use asset was reduced by EUR 4.4 mill. This led to a positive effect of EUR 0.1 mill. in the profit and loss account.

Given the lower rents, the marked increase in interest rates and the lease incentives received, depreciation of right-of-use assets went down considerably and led to an improvement in the Group operating result by EUR 3.2 mill. in 2022.

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 2022 financial year these lease payments amounted to EUR 1.5 mill. (previous year: EUR 1.7 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 2022 financial year these lease payments amounted to EUR 0.8 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.

Lease liabilities are as follows on 31 December 2022:

In thousands of €	Non-current	Current	Total 31.12.2022	Non-current	Current	Total 31.12.2021
Clinic real estate	377,868	20,305	398,173	280,414	51,786	332,200
Other real estate	6,194	2,162	8,356	7,233	1,976	9,209
Vehicles	530	642	1,172	668	804	1,472
Other movables	355	300	655	528	370	898
	384,947	23,409	408,356	288,843	54,936	343,779

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

In thousands of €	31.12.2022	31.12.2021
Due in 1 year or less	23,409	54,936
Due in 1 to 5 years	87,154	182,607
Due in more than 5 years	297,794	106,236
	408,357	343,779

The minimum lease obligations are due as follows:

In thousands of €	31.12.2022	31.12.2021
Due in 1 year or less	40,881	51,309
Due in 1 to 5 years	153,667	198,629
Due in more than 5 years	391,157	123,342
	585,705	373,280

20 clinics are subject to a unilateral option to prolong the rent once by five years. If the option were to be exercised, the minimum lease obligations would increase by EUR 188.2 mill.

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

In thousands of €	2022	2021
Clinic real estate	48,973	48,022
Other real estate	2,288	2,215
Vehicles	943	1,021
Other movables	401	419
	52,605	51,677

(22) PENSIONS AND SIMILAR COMMITMENTS

In thousands of €	31.12.2022	31.12.2021
Mitarbeiterunterstützungskasse der Vereinigten Klinikbetriebe (MAUK) and four individual commitments (previous year: three)	31,860	50,272
Kraichgau-Klinik Group	8,167	10,763
	40,027	61,035
MediClin Unterstützungskasse (MUK)	201	301
	40,228	61,336

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 four (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:

	31.12.2022	31.12.2021
Active employees	930	1,006
Departed employees with vested rights	790	799
Pensioners	1,054	1,012
	2,774	2,817

In the year under review, the share of persons entitled to pensions amounts to 62.0 % (previous year: 64.1 %) and the share of recipients of pensions to 38.0 % (previous year: 35.9 %).

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 2022 amounted to EUR 12.2 mill. (31.12.2021: EUR 12.0 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 AG 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 12.0 % – 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 accounting only for 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 obligation 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 2022	MAUK 2021	Kraichgau- Klinik Group 2022	Kraichgau- Klinik Group 2021
Discount rate	3.60	0.90	3.60	0.90
Salary trend ¹	–	–	2.50	2.50
Pension trend	1.00	1.00	2.00	2.00

¹ 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) Sentence 1 of the German Occupational Pensions Act (BetrAVG), the employer undertook in 2013 to adjust MAUK pensions by 1.00 % p.a. starting from 2002. Other than in previous years, a pension trend of 7.0 % was assumed when calculating the expense for 2023 (and will be set to 2.0 % again from 2024) with regard to Kraichgau-Klinik Group and the individual benefit commitments. For the biometric calculations, the mortality tables of Klaus Heubeck (Richttafel 2018 G) were used.

A discount rate of 3.60 % (previous year: 0.90 %) 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 %	+1.00 %
Discount rate (3.60 %)	+2,907	+1,415	–1,342	–2,617	–5,603
Salary trend ¹ (2.50 %)	–9	–5	+5	+9	+14
Pension trend ¹ (1.00 or 2.00 %)	–341	–174	+180	+367	+741

¹ 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 1.00 %, 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 10.00 %. At the end of the financial year, these longer life expectancies would have led to a EUR 3.7 mill. increase (previous year: EUR 6.9 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 remeasurement. 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 demographic 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 40.0 mill. (previous year: EUR 61.0 mill.) with plan assets of EUR 1.7 mill. (previous year: EUR 1.7 mill.).

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

In thousands of €	31.12.2022	31.12.2021
Development of recognition in the balance sheet		
Present value of the DBO	41,752	62,746
Fair value of plan assets	-1,726	-1,711
Net defined benefit liability at the end of the financial year	40,026	61,035
Reconciliation of the carrying amount		
Net defined benefit liability at the end of the preceding financial year	61,035	68,114
Service cost	59	75
Net interest expense on the reported net liability	541	269
Remeasurements recognised in other comprehensive income	-19,853	-5,667
Employer contributions	-1,200	-1,200
Benefits paid directly by the employer	-556	-556
Carrying amount: net defined benefit liability at the end of the financial year	40,026	61,035

The present value of the DBO showed the following development:

In thousands of €	31.12.2022	31.12.2021
DBO at the end of the preceding financial year	62,746	69,712
Current service cost	59	75
Interest expense on DBO	557	276
Actuarial gain (-)/loss (+) due to experience-based adjustment to the obligation	-178	-44
Actuarial gain (-)/loss (+) due to change in financial assumptions	-19,672	-5,611
Benefits paid from plan assets	-1,204	-1,106
Benefits paid directly by the employer	-556	-556
Past service costs	0	0
Pension obligations at the end of the financial year	41,752	62,746

Breakdown of pension obligations by participants in the pension scheme:

In thousands of €	31.12.2022	31.12.2021
Active employees	11,135	21,012
Departed employees with vested rights	9,471	15,506
Pensioners	21,146	26,228
Pension obligations at the end of the financial year	41,752	62,746

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

In thousands of €	31.12.2022	31.12.2021
Fair value of plan assets at the end of the preceding financial year	1,711	1,598
Income from plan assets calculated with the discount rate	16	7
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	3	12
Employer contributions	1,200	1,200
Benefits	-1,204	-1,106
Fair value of plan assets at the end of the financial year	1,726	1,711

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

In %	31.12.2022	31.12.2021
Bond funds		
With generally mixed maturities	7.7	7.7
With generally short-term maturities	5.4	5.4
Fixed interest securities	8.7	8.8
Cash and cash equivalents	57.9	57.0
Reinsurance policies	20.3	21.1
	100.0	100.0

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 -19.3 mill. (previous year: EUR -5.3 mill.), of which EUR 0.6 mill. (previous year: EUR 0.3 mill.) is recognised through profit and loss and EUR -19.9 mill. (previous year: EUR -5.7 mill.) is recognised in other comprehensive income. The increase in the discount rate over the previous year (2022: + 2.7 percentage points; 2021: + 0.5 percentage points) led to an actuarial gain in other comprehensive income in the year under review.

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

In thousands of €	31.12.2022	31.12.2021
Consolidated profit and loss account		
Current service cost	59	75
Past service costs due to plan amendments	0	0
Net interest expense (/income) on the reported net defined benefit liabilities (/assets)	541	269
Pension costs, recognised in consolidated profit and loss account	600	344
Other comprehensive income		
Actuarial gain (-)/loss (+) due to experience-based adjustment to the obligation	-178	-44
Actuarial gain (-)/loss (+) due to change in actuarial assumptions (on the obligation side)	-19,672	-5,612
Actuarial gain (-) / loss (+) accrued in the course of the financial year	-19,850	-5,656
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	-3	-12
Remeasurements recognised in other comprehensive income	-19,853	-5,668
Total pension costs	-19,253	-5,324

The expected benefits for the coming year are forecast at EUR 1.8 mill., while the current service expenses for the expected pension obligations are estimated at EUR 0.02 mill. and net interest expense at EUR 1.4 mill.

For the year 2023 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 1.2 mill.

The following benefit payments are forecast for the coming years:

In thousands of €	
Expected benefit payments for the year 2023	1,825
Expected benefit payments for the year 2024	1,903
Expected benefit payments for the year 2025	1,999
Expected benefit payments for the year 2026	2,082
Expected benefit payments for the year 2027	2,144
Expected benefit payments for the years 2028 to 2032	11,406

The mean Macaulay duration of the entire pension portfolio is 15.0 years (previous year: 17.0 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 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 (2022: EUR 253.28; 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 low interest over many years 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 3.6 % (previous year: 0.9 %), while, as in the previous year, a figure of 2.35 % p.a. was used to show the insurance company's overall interest burden. 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 201 thou. (previous year: EUR 301 thou.), while the reinsurance cover has an asset value of EUR 16.3 mill. (previous year: EUR 16.0 mill.), meaning that underinsurance is 1.2 % (previous year: 1.8 %) of the reinsurance value.

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

In thousands of €	31.12.2022	31.12.2021
Development of recognition in the balance sheet		
Present value of the DBO	16,501	16,339
Fair value of plan assets	-16,300	-16,038
Net defined benefit liability at the end of the financial year	201	301
Net defined benefit liability at the end of the preceding financial year	301	211
Service cost	755	756
Net interest income on the reported net liability	-1	-1
Remeasurements recognised in other comprehensive income	155	94
Employer contributions	-1,002	-750
Benefits paid directly by the employer	-7	-9
Carrying amount: net defined benefit liability at the end of the financial year	201	301

EUR 16,345 thou. (previous year: EUR 16,134 thou.) of the present value of the defined benefit obligations pertains to active employees, EUR 12 thou. (previous year: EUR 20 thou.) to departed employees with vested rights and EUR 144 thou. (previous year: EUR 185 thou.) to pensioners.

The net liability breaks down to beneficiaries as follows:

	31.12.2022	31.12.2021
Active employees	45	96
Departed employees with vested rights	12	20
Pensioners	144	185
Net defined benefit liability at the end of the financial year	201	301

The present value of the DBO showed the following development:

In thousands of €	31.12.2022	31.12.2021
DBO at the end of the preceding financial year	16,339	15,324
Current service cost	755	756
Interest expense on DBO	144	60
Actuarial gain (-)/loss (+) due to experience-based adjustment to the obligation	-8	774
Actuarial gain (-)/loss (+) due to change in financial assumptions	-132	-34
Benefits paid from plan assets	-591	-532
Benefits paid directly by the employer	-6	-9
Pension obligations at the end of the financial year	16,501	16,339

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

In thousands of €	31.12.2022	31.12.2021
Fair value of plan assets at the end of the preceding financial year	16,038	15,113
Income from plan assets calculated with the discount rate	145	61
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	-294	646
Employer contributions	1,002	750
Benefits	-591	-532
Fair value of plan assets at the end of the financial year	16,300	16,038

98.8 % of the pension obligation (previous year: 98.2 %) is covered by the fair value of plan assets.

The total pension cost of this pension commitment amounts to EUR 909 thou. (previous year: EUR 849 thou.), of which EUR 754 thou. (previous year: EUR 755 thou.) is recognised through profit and loss and EUR 155 thou. (previous year: EUR 94 thou.) is recognised in other comprehensive income.

The pension cost developed as follows::

In thousands of €	2022	2021
Consolidated profit and loss account		
Current service cost	755	756
Past service costs due to plan amendments	0	0
Net interest expense (/income) on the reported net defined benefit liabilities (/assets)	-1	-1
Pension costs, recognised in consolidated profit and loss account	754	755
Other comprehensive income		
Actuarial gain (-)/loss (+) due to experience-based adjustment to the obligation	-8	774
Actuarial gain (-)/loss (+) due to change in actuarial assumptions (on the obligation side)	-132	-34
Actuarial gain (-) / loss (+) accrued in the course of the financial year	-140	740
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	295	-646
Remeasurements recognised in other comprehensive income	155	94
Total pension costs	909	849

The expected benefits for the coming year are forecast at EUR 623 thou., while the current service expenses for the expected pension obligations are estimated at EUR 1,005 thou. and net interest expense at EUR 583 thou.

For the year 2023 employer contributions to the plan assets are expected to amount to EUR 1,002 thou., benefits to be paid from the plan assets to EUR 591 thou. and income from plan assets to EUR 594 thou.

The following benefit payments are forecast for the coming years:

In thousands of €	
Expected benefit payments for the year 2023	32
Expected benefit payments for the year 2024	22
Expected benefit payments for the year 2025	23
Expected benefit payments for the year 2026	23
Expected benefit payments for the year 2027	24
Expected benefit payments for the years 2028 to 2032	113

The mean Macaulay duration of the entire pension portfolio is 18.0 years (previous year: 21.0 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 24.8 mill. in 2022 (2021: EUR 24.2 mill.).

EUR 0.9 mill. thereof (previous year: EUR 0.9 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 2022 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 2022 financial year. The financing rate will remain unchanged in 2023. 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 2023 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 the 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 2023. EUR 0.1 mill. (previous year: EUR 0.1 mill.) was spent on this in the reporting year and the contributions for 2023 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 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 2022 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 2023 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 241 thou. in the 2022 financial year (previous year: EUR 173 thou.). A total of 570 KlinikRente contracts was concluded since the new pension scheme came into force (until 31.12.2021: 446).

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 23.9 mill. (previous year: EUR 23.3 mill.) in the year under review.

(23) OTHER PROVISIONS

In thousands of €	31.12.2022	31.12.2021
Provisions for renewal of lease agreements	174	174
Provisions for archival storage	1,615	1,728
Provisions for insurance	662	820
Provisions for additional rent payments	–	21,041
	2,451	23,763

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 Kommunaler 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 revealed that the agreed performance parameters are likely to be reached. The claims under the repayment obligation were waived when the new rental contracts were concluded.

It is not anticipated that the provisions for the renewal of lease agreements recognised as of 31 December 2022 will be consumed in the coming year.

The following overview shows the development of provisions in the reporting year:

In thousands of €	As of 01.01.2022	Additions	Interest	Consumption	Reversal	As of 31.12.2022
Provisions for renewal of lease agreements	174	0	0	0	0	174
Provisions for archival storage	1,728	242	-156	115	84	1,615
Provisions for insurance	820	0	0	20	138	662
Provisions for additional rent payments	21,041	0	0	0	21,041	0
	23,763	242	-156	135	21,263	2,451

(24 + 31) LIABILITIES PURSUANT TO HOSPITAL FINANCING LAW (KHG)

In thousands of €	Non-current	Current	Total 31.12.2022	Non-current	Current	Total 31.12.2021
Subsidy liabilities pursuant to KHG						
Thereof individual subsidies	39,165	21,679	60,844	39,532	14,094	53,626
Thereof lump-sum subsidies	0	6,127	6,127	0	4,405	4,405
	39,165	27,806	66,971	39,532	18,499	58,031

The liabilities pursuant to hospital financing law totalling EUR 67.0 mill. on the balance sheet date 31 December 2022 (31.12.2021: EUR 58.0 mill.) mainly refer to subsidies for the construction of new clinics at three locations. EUR 22.2 mill. thereof (previous year: EUR 21.9 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 22.3 mill. (previous year: EUR 19.5 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 11.0 mill. (previous year: EUR 11.7 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 €	31.12.2022	31.12.2021
Anniversary obligations	1,612	1,971
Partial retirement obligations	0	23
	1,612	1,994

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 3.81 % (previous year: 0.76 %). 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 (3.81 %)	+44	+22	-21	-42

Of the provisions for anniversary obligations, an estimated EUR 247 thou. will be used in the 2023 financial year, and EUR 1,365 thou. in the subsequent years. The interest component totalled EUR 14 thou. in the 2022 reporting year (previous year: EUR 3 thou.).

(28) OTHER PROVISIONS

In thousands of €	31.12.2022	31.12.2021
Provisions for billing risks/reimbursements	7,964	8,355
Provisions for Supervisory Board	–	45
Remaining provisions	4,641	5,130
	12,605	13,530

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 01.01.2022	Additions	Consumption	Reversal	As of 31.12.2022
Provisions for billing risks/reimbursements	8,355	2,761	2,494	658	7,964
Provisions for Supervisory Board	45	0	45	0	0
Remaining provisions	5,130	736	525	700	4,641
	13,530	3,497	3,064	1,358	12,605

(29) LIABILITIES PURSUANT TO THE HOSPITAL COMPENSATION ACT / FEDERAL DIRECTIVE ON NURSING CARE RATES

The liabilities under hospital compensation law refer to compensation obligations under the Hospital Compensation Act (KHEntgG) and the Federal Directive on Nursing Care Rates (BPfIV).

(30) MISCELLANEOUS FINANCIAL LIABILITIES

Miscellaneous financial liabilities pertain to the following circumstances:

In thousands of €	31.12.2022	31.12.2021
Cost of annual financial statements	1,504	1,446
Other procurement of materials	395	766
Legal and consultancy costs	279	739
Liabilities from third-party funds	301	309
Liabilities to health insurance funds and other public coverage providers	145	145
Charges and fees	86	84
Liabilities from doctors' invoices	90	75
Energy and water supply	527	551
Accounts receivable	909	1,821
Miscellaneous	1,121	1,376
	5,357	7,312

(32) MISCELLANEOUS PAYABLES

In thousands of €	31.12.2022	31.12.2021
Staff costs	21,326	18,586
Benefits under the protective shield to manage the pandemic	26,603	45,595
Payroll tax to be paid	4,703	4,689
Value added tax to be paid	233	412
Payments received	201	227
Deferred income	123	118
	53,189	69,627

Miscellaneous payables from staff costs mainly consist of the following:

In thousands of €	31.12.2022	31.12.2021
Vacation and flexitime entitlements	7,381	6,296
Profit-sharing bonus payments	5,169	5,732
Wage supplements	2,457	2,291
Bonus payments	649	694
Severance payments	3,784	1,738
Contributions to statutory accident insurance and prevention	804	866
Other staff costs	1,082	969
	21,326	18,586

Severance payments include restructuring expenses in connection with the closure of a clinic location in the amount of EUR 2.7 mill.

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 €	2022	2021
Post-acute	322.1	304.5
Acute	302.3	288
Nursing care	17.6	16.1
Benefits under the protective shield to manage the pandemic	18.0	21.0
Other sales	44.7	43.5
Sales	704.7	673.1

Benefits under the protective shield to manage the pandemic include the following compensation payments:

In millions of €	2022	2021
Compensation for keeping bed capacity available pursuant to Section 21 KHG	5.2	6.5
Compensation for keeping bed capacity available pursuant to Section 111d SGB V	–	0.8
Reimbursements under SodEG to meet the medical service guarantee	5.3	7.1
Compensation for not working at full capacity pursuant to Section 111 (5) Sentence 5 or Section 111c (3) Sentence 5 SGB V	6.3	4.7
COVID-19 reimbursement pursuant to Section 150 (2) SGB XI Nursing Care Insurance and health insurer compensation payments	1.2	1.9
Sales	18.0	21.0

Sales of EUR 704.7 mill. in the 2022 financial year were EUR 31.6 mill. or 4.7 % higher than in the previous year. Deducting the benefits under the protective shield from sales, they are still above the level in 2019 before the COVID-19 pandemic broke out. This applies to both the acute and the post-acute segment.

Other sales include revenues from outpatient services, which total EUR 17.1 mill. (previous year: EUR 16.3 mill.). Furthermore, in addition to service revenues, other sales include revenues from the sale of pharmacy merchandise totalling EUR 5.2 mill. (previous year: EUR 4.8 mill.), from private accommodation totalling EUR 2.3 mill. (previous year: EUR 1.9 mill.), from cafeterias, kiosks and meals totalling EUR 4.4 mill. (previous year: EUR 4.2 mill.) and for rapid COVID-19 tests in the amount of EUR 5.4 mill. (previous year: EUR 4.9 mill.).

(35) OTHER OPERATING INCOME

Other operating income in the consolidated financial statements is structured as follows:

In millions of €	2022	2021
Reversal of provisions and liabilities	0.1	0.1
Subsidies	1.8	1.8
Rental income	1.0	0.7
Services to staff	0.7	0.6
Other sales	14.0	10.7
Other operating income	17.6	13.9

Since the 2013 financial year, income from the release of provisions and liabilities is generally offset against the expenses for which the provisions were set aside. In 2022 this amounts to EUR 4.9 mill. (previous year: EUR 3.6 mill.).

The largest individual item within other income refers to payments under the national training fund for the nursing profession (Ausbildungsfonds) of EUR 4.4 mill. (previous year: EUR 3.5 mill.). It further includes grants for energy costs in the amount of about EUR 2.1 mill. in the 2022 financial year.

(36) RAW MATERIALS AND CONSUMABLES USED

Raw materials and consumables used rose more strongly than sales by a total of EUR 10.7 mill. to EUR 132.8 mill. (previous year: EUR 122.1 mill.). 64.8 % of this increase is attributable to higher energy costs. The expenses for implants rose by EUR 1.8 mill. due to the number of treatments carried out while expenses for medicines increased by EUR 0.5 mill. The higher occupancy rate, but also the higher prices, took expenses for catering up by EUR 1.9 mill. Expenses for laboratory examinations decreased by EUR 2.1 mill., of which EUR 1.0 mill. is attributable to lower costs for rapid COVID-19 tests. The cost of materials ratio amounts to 18.8 % (previous year: 18.1 %).

In millions of €	2022	2021
Operating supplies	21.0	18.9
Medical supplies	55.4	54.3
Other raw materials and supplies incl. price deductions/bonuses/cash discounts	-0.3	-0.5
Raw materials and supplies	76.1	72.7
Energy/water/sewage	22.3	14.4
Third-party housekeeping and facility services	10.2	9.5
External medical services	14.9	17.3
Other third-party services	2.4	2.2
External medical staff	6.9	6.0
Purchased services	56.7	49.4
Raw materials and consumables used	132.8	122.1

(37) STAFF COSTS

Staff costs of EUR 436.3 mill. were 3.1% higher than in the previous year (previous year: EUR 423.4 mill.). The staff costs ratio for the 2022 financial year was 61.9% (previous year: 62.9%).

In millions of €	2022	2021
Wages and salaries	368.9	357.0
Social security, pension and retirement	67.4	66.4
Thereof pension costs	1.5	1.7
Staff costs	436.3	423.4

Pension expenses incurred in addition to those for statutory pension insurance, including contribution payments to external pensions facilities, totalled EUR 1.5 mill. (previous year: EUR 1.7 mill.). They concern the following:

In thousands of €	2022	2021
Contributions to		
Defined benefit plans	591	817
Defined contribution plans	866	896
Other pension-related expenses	65	22
	1,522	1,735

EUR 810 thou. of the expenses for defined benefit plans (previous year: EUR 813 thou.) is attributable to MUK e.V., while EUR 41 thou. (previous year: EUR 6 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 mainly 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 90.1% (previous year: 78.2%) 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 62 thou. (previous year: EUR 19 thou.) of the other pension-related expenses are payments to the insolvency insurance.

(38) OTHER OPERATING EXPENSES

Other operating expenses increased by EUR 6.0 mill. to EUR 62.3 mill. (previous year: EUR 56.3 mill.). Other miscellaneous expenses include, among other items, administrative expenses amounting to EUR 5.5 mill. (previous year: EUR 4.9 mill.), expenses in connection with the training levy to support the training of geriatric nurses (Ausbildungszuschlag) of EUR 5.9 mill. (previous year: EUR 4.5 mill.) and advertising and public relations expenses of EUR 2.2 mill. (previous year: EUR 1.9 mill.).

The expenses for short-term rents and leases that are not recognised applying IFRS 16 amount to EUR 1.5 mill. (previous year: EUR 1.7 mill.) on the reporting date 31 December 2022. Low-value rents and leases that are long-term but not recognised applying IFRS 16 incurred expenses amounting to EUR 0.8 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 €	2022	2021
Rents and leases	3.4	3.5
Maintenance and repairs	18.1	15.8
IT and organisation	6.9	7.2
Legal and consultancy costs	5.0	4.0
Insurance costs	4.3	4.7
Contributions, fees, levies	2.2	2.2
Other miscellaneous expenses	22.4	18.9
Other operating expenses	62.3	56.3

(39) DEPRECIATION AND AMORTISATION

In the 2022 financial year depreciation and amortisation totals EUR 71.4 mill. (previous year: EUR 73.7 mill.). EUR 44.8 mill. thereof (previous year: EUR 47.2 mill.) pertains to depreciation of right-of-use assets. Lower depreciation of right-of-use assets is, among other reasons, associated with the premature prolongation of existing rental contracts for 20 clinics and the sharp increase in interest at the time the lease liabilities were revalued (incremental borrowing rate). Another EUR 2.9 mill. pertains to intangible assets (previous year: EUR 3.1 mill.) and EUR 23.7 mill. (previous year: EUR 23.3 mill.) to property, plant and equipment.

(40) FINANCIAL RESULT

The financial result is structured as follows:

In thousands of €	2022	2021
Income from participations	–	160
Interest and similar income	881	48
Interest and similar expenses	–10,623	–9,325
Financial result	–9,742	–9,117

Interest and similar income

In thousands of €	2022	2021
Interest income from receivables	50	41
Interest deposit banks	24	–
Interest from compounding	163	–
Other interest-related income	644	7
Interest and similar income	881	48

Other interest-related income is mainly attributable to the refund of corporation tax for the years 2008–2012 and 2015 (EUR 643 thou.).

Interest and similar expenses

In thousands of €	2022	2021
Interest on current account	–	1
Interest on loans	967	1,031
Interest on pension provision	540	268
Interest from lease liabilities (IFRS 16)	8,360	7,367
Other interest-related expenses	756	658
Interest and similar expenses	10,623	9,325

Higher interest from lease liabilities under IFRS 16 are associated with the premature prolongation of existing rental contracts for 20 clinics and the sharp increase in interest at the time the lease liabilities were revalued (incremental borrowing rate). 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 0.4 mill.) and ancillary costs in connection with the syndicated loan in the amount of EUR 0.1 mill. (previous year: EUR 0.1 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 €	2022	2021
Actual taxes on income	3,005	1,486
Deferred taxes on income	–2,947	–525
	58	961

Reconciliation of earnings before taxes to income tax expenses is as follows:

In thousands of €	2022	2021
Consolidated result before tax	9,777	2,446
Resultant calculational tax charge (15.825 %)	1,547	387
Tax effect on profit/loss from		
profits that can be offset against tax losses carried forward	–671	0
income tax expenses from previous years	–396	234
non-capitalisable losses in the financial year	0	224
valuation differences between the tax and the consolidated balance sheet	–331	327
valuation differences in the supplementary tax-related balance sheets	0	–376
trade tax expenses in the financial year	–121	143
non-deductible expenses	23	25
Others	7	–3
Actual tax expense	58	961

(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. New shares were issued neither in the current nor in the previous year. Earnings per share are thus not diluted.

	2022	2021
Result after tax attributable to shareholders of MEDICLIN AG in thousands of €	9,441	1,461
Average number of shares outstanding in thousands	47,500	47,500
Undiluted earnings per share in €	0.20	0.03

(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	2022	2021	Change
Medical	849	865	-16
Nursing care	2,291	2,297	-6
Medical-technical	1,467	1,509	-42
Functional	405	412	-7
Medical services	5,012	5,083	-71
Support functions	1,081	1,096	-15
Technical	153	154	-1
Administration	611	622	-11
Other	32	34	-2
Non-medical services	1,877	1,906	-29
	6,889	6,989	-100

Contingencies and other financial obligations

The following obligations exist in connection with operating and office equipment:

In millions of €	Nominal value 31.12.2022	Nominal value 31.12.2021
Remaining term up to 1 year	0.5	0.3
Remaining term 1–5 years	0.6	1.6
Remaining term more than 5 years	0.0	0.0
	1.1	1.9

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 31.12.2022	Nominal value 31.12.2021
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
	1.0	2.0

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 7.7 mill. existed in connection with the acquisition of property, plant and equipment as of 31 December 2021 (previous year: approximately EUR 4.0 mill.). There were no other significant contingencies or financial obligations as of the cut-off date.

Declarations of surety / letters of comfort

MEDICLIN AG issued a letter of comfort to the lessor (PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH) in connection with the newly concluded long-term rental contracts for 20 clinics. MEDICLIN AG undertakes in this letter of comfort to fund the lessee at all times in such a way that the lessee can fulfil all current and future obligations towards the lessor under the rental contracts as agreed. The lessee's payment obligations also include claims to compensation of damages by the lessor.

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.

In order to obtain a license for 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 provide a guarantee for the obligations entered into by these subsidiaries until the reporting date on 31 December 2022, 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 (more than 99 %) 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. 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 44 thou.; previous year: EUR 89 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 2022, 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 978 thou. (previous year: EUR 963 thou.) in interest, including utilisation fee for Facility B, was charged for the syndicated loan in the 2022 financial year. As the 6-month EURIBOR in

2021 was negative over the entire year, it was set to 0 % in the interest calculation. The annual average was –0.523 %. In the 2022 financial year the EURIBOR was only negative in the first half of the year and was included in the calculation of interest in the second half at 0.225 % (previous year: –0.523 %). The second half of 2022 saw an unprecedented change in the interest environment. In order to combat the high inflation rate, the ECB lifted the base rate on four occasions by a total of 250 percentage points in the summer of 2022, which led to increasing interest rates in nearly all economic sectors and on the financial markets. The increase in the base rate is only partly included in the interest calculation for 2022, but will be fully reflected in the EURIBOR in 2023.

The EURIBOR underlying the interest calculations for the first half of 2023 climbed to 2.752 %, the highest level in recent years. As the ECB continues to expect high inflation rates in 2023 and beyond, it has announced that the interest rate will be increased further in 2023. Therefore the sensitivity analysis was adjusted to the current interest rate curve. The increase by 275 basis points basically corresponds to the actual increase at the end of 2022.

In thousands of €	Basis points	Financial result
Change in 6-month EURIBOR	+175	–1,331
Change in 6-month EURIBOR	+200	–1,521
Change in 6-month EURIBOR	+225	–1,712
Change in 6-month EURIBOR	+250	–1,901
Change in 6-month EURIBOR	+275	–2,091
Change in 6-month EURIBOR	+300	–2,282
Change in 6-month EURIBOR	+325	–2,472
Change in 6-month EURIBOR	+350	–2,661
Change in 6-month EURIBOR	+375	–2,852
Change in 6-month EURIBOR	+400	–3,042

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 to 15 May 2022; in the 2022 financial year it was extended for the last time until 15 November 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 289 thou. were expended in the 2022 financial year for keeping the lines of credit available (previous year: EUR 327 thou.). To date, the lines of credit have not been drawn.

¹ Employee representative on the Supervisory Board

Supervisory Board in the 2022 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)

Managing Director of Atlantic Hotel Betriebsgesellschaft mbH, Königstein im Taunus (since 01.02.2022)

Supervisory Board mandates in comparable domestic and foreign bodies:

Chairman of the Supervisory Board of

- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale

Member of the Supervisory Board of

- Asklepios Kliniken GmbH & Co. KGaA, Hamburg (since 23.03.2022)
- Universitätsklinikum Gießen Marburg GmbH, Gießen (since 23.09.2022)

Hans Hilpert¹ (Vice Chair), Bexbach-Oberbexbach

- Sports Therapist, MediClin GmbH & Co. KG, Blieskastel branch

Michael Bock, Leverkusen

Managing Director of REALKAPITAL Vermögensmanagement GmbH, Leverkusen

Supervisory Board mandates in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- TTL Beteiligungs- und Grundbesitz-AG, Munich

Barbara Brosius, Kronberg im Taunus

Management Consultant

Supervisory Board mandates 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 Administrative Board of Alsia & Partners AG, Hüneberg/Zug (CH)

Supervisory Board mandates in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- Asklepios Kliniken GmbH & Co. KGaA, Hamburg (until 26.04.2022)
- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale

Walburga Erichsmeier¹, Blomberg

Deputy District Manager at ver.di trade union for the district of Ostwestfalen-Lippe

¹ 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

Managing Director of Asklepios Zentrallager Besitzgesellschaft mbH, Hamburg

Supervisory Board mandates in comparable domestic and foreign bodies:

Chairman of the Supervisory Board

- Asklepios Fachklinikum Stadtroda GmbH, Stadtroda

Member of the Supervisory Board of

- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale

Dr. med. Sigrid R.-M. Krause¹, Bad Münden (since 01.11.2022)

Director of Psychosomatics and Psychiatry as well as Head Physician of the clinic for acute psychosomatics

and Head Physician of the rehabilitation clinic for psychosomatics and behavioural medicine of MediClin GmbH & Co. KG,

Bad Münden branch

Rainer Laufs, Kronberg im Taunus

Independent Business Consultant

Supervisory Board mandates in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- Asklepios Kliniken GmbH & Co. KGaA, Hamburg

- REG Overseas Holding B.V., Amsterdam

- REG International Trading & Commodities B.V., Amsterdam

Thomas Müller¹, Neunkirchen

District Manager at ver.di trade union for the Saar Trier region

Vice Chairman of Arbeitskammer des Saarlandes

Elke Schwan¹, Bad Soden-Salmünster

Masseur and Medical Pool Attendant, MediClin GmbH & Co. KG, Bad Orb branch

Frauke Schwedt¹, Hamburg

Psychologist / Psychological Psychotherapist, MediClin GmbH & Co. KG, Soltau branch

Daniela Sternberg-Kinzel¹, 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 in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- Meierhofer AG, Munich

- Universitätsklinikum Gießen Marburg GmbH, Gießen

- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale

¹ Employee representative on the Supervisory Board

Matthias H. Werner¹, Biberach (Baden)

Social Pedagogue (BA)/Adventure Pedagogue, MediClin GmbH & Co. KG, Offenburg branch

Dr. med. Thomas Witt¹, Königsfeld (until 31.10.2022)

Medical Director, MediClin GmbH & Co. KG, Königsfeld branch

Cornelia Wolf, Immenstaad

Management Consultant

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 2022 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 (until 31.10.2022)

Dr. med. Sigrid R.-M. Krause (since 23.11.2022)

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 (until 31.10.2022)

RPT Committee

Cornelia Wolf (Chairman)

Dr. Julia Dannath-Schuh

Walburga Erichsmeier

Matthias H. Werner

Management Board

Dr. Joachim Ramming, Chief Executive Officer (CEO), with business address in Offenburg

Tino Fritz, Chief Financial Officer (CFO), with business address in Offenburg

Dr. York Dhein, Chief Operating Officer (COO), with business address in Offenburg

Management remuneration

Total remuneration granted to the Management Board in the period under review for active board membership totalled EUR 1,830 thou. (previous year: EUR 1,647 thou.). It is comprised of amounts due in the short term (fixed remuneration) in the amount of EUR 1,195 thou. (previous year: EUR 1,052 thou.) and a one-year variable remuneration component in the amount of EUR 635 thou. (previous year: EUR 595 thou.). The remuneration due in the short term includes ancillary benefits amounting to EUR 95 thou. (previous year: EUR 73 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 total remuneration for the Supervisory Board in the reporting year totals EUR 248 thou. (previous year: EUR 270 thou.). This breaks down as follows:

In thousands of €	2022	2021
Basic remuneration	175	175
Attendance fees	54	75
Committee work remuneration	19	20
	248	270

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 2022 financial year, as in 2021, there were no loans to members of the Supervisory Board.

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 2022 will be presented to the Annual General Meeting of MEDICLIN Aktiengesellschaft for approval in 2023 (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). The reports on the remuneration system of the Management Board and the remuneration system of the Supervisory Board are also available on the website.

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 2022 financial year, the Management Board of MEDICLIN AG consisted of the Chief Executive Officer Dr. Joachim Ramming, the Chief Financial Officer Tino Fritz and the Chief Operating Officer Dr. York Dhein.

Several members of the Supervisory Board of MEDICLIN AG have or had executive functions within the Asklepios Group and the RHÖN-KLINIKUM Aktiengesellschaft group in the 2022 financial year. Their various functions and tasks are listed in the "Supervisory Board in the 2022 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 and management remuneration paid after the end or due to the termination of the employment.

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. Extensive rental contracts are in place between MEDICLIN and OIK-Fonds or its trustee, PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH, Augsburg. 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.

On 26 October 2022 MEDICLIN agreed with PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH in its capacity as trustee for the OIK-Fonds MediClin by means of a court settlement to prematurely prolong the existing rental contracts for 20 clinic locations. As part of this settlement, MEDICLIN has also settled its dispute with its current and former shareholders ERGO Group AG (ERGO), DKV Deutsche Krankenversicherung Aktiengesellschaft (DKV) and Provinzial Rheinland Lebensversicherung Aktiengesellschaft (Provinzial) under which MEDICLIN had filed a suit to claim repayment of excessive rent payments that, in the view of MEDICLIN, had been above the usual market level for such rents. The new rental contracts all become effective on 1 January 2023 and, in principle, have a fixed term of 15 years, apart from three sites, the rent terms of which are partly shorter or longer. Under this settlement, the owners of the OIK-Fonds waived the payment of rents that had been deferred in May and June 2021 and the default interest.

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 liquidated 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 €	2022	2021
Income		
Sales from post-acute, acute and nursing care services	2.7	2.6
Real estate management income	0.5	0.5
Pension payments of MAUK	1.2	1.1
Sales from service contracts	1.1	1.1
Expenses		
Lease expenses	47.1	46.2
Default interest	0.0	0.6
Real estate management costs	0.9	0.9
Insurance premiums	1.4	2.0
Service contracts	4.8	4.0
Remuneration for key management personnel	2.7	3.7
Payments to MAUK	1.2	1.2
IT services	1.9	2.3
In millions of €	31.12.2022	31.12.2021
Receivables		
Repayment claims from preliminary financing of clinic expansion and building measures	0.1	0.2
Receivables from post-acute, acute and nursing care services	0.3	0.2
Receivables from service contracts	0.0	0.1
Liabilities		
Rent deferral in May and June 2020, default interest	0.0	8.9
Service contracts	0.5	0.3
IT services	0.1	0.1
Provisions for insurance premiums	0.3	0.2
Provisions for remuneration for key management personnel	1.6	2.0

Transactions with related parties are always carried out in accordance with the arm's length principle.

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: less than 0.4 %) of sales.

1.0 % of the annual rent is paid for the real estate management of the special real estate asset OIK-Fonds MediClin. Upon conclusion of the new rental contracts, this remuneration will no longer be charged.

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 (2022: EUR 1,075 thou.; 2021: EUR 1,105 thou.).

Lease expenses refer to rent payments to OIK-Fonds MediClin 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 was calculated on the basis of Section 288 German Civil Code (BGB) and, in the previous year, referred 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. The real estate management agreement ceases upon conclusion of the new rental contracts as from 2023. It will be replaced by a lump-sum payment for administration costs amounting to 1 % of the current basic rent from time to time as agreed in the new rental contracts. Insurance premiums refer to payments resulting from various insurance agreements with subsidiaries of ERGO (2022: EUR 0.8 mill.; 2021: EUR 1.2 mill.). MUK has further contracted a reinsurance policy with Victoria Lebensversicherung AG, a wholly owned subsidiary of ERGO, as part of a Group reinsurance contract to cover the occupational pension scheme of MEDICLIN, "MediClinRent". The contributions for this totalled EUR 0.5 mill. in 2022 (previous year: EUR 0.8 mill.).

Expenses from service contracts consist of:

In millions of €	2022	2021
Services from non-consolidated MEDICLIN service enterprises	2.2	2.0
Placement of nursing staff (Asklepios)	0.8	–
Procurement cooperation (Asklepios)	0.7	1.1
Pharmacy sales (Asklepios)	0.4	0.4
Other (Asklepios)	0.5	0.3
Pharmacy sales (RHÖN)	0.2	0.2
	4.8	4.0

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 63 thou. (previous year: EUR 365 thou.). They also include sums amounting to EUR 494 thou.

payable for the termination of employment (previous year: EUR 1,050 thou.). This refers to the remuneration of the former Chairman of the Management Board Volker Hippler while he was released from work between January 2023 and March 2023 (previous year: January 2022 until March 2023).

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.

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 (OIK-Immobilienfonds) into which the hospitals acquired and rented back between 1999 and 2001 were incorporated. On 26 October 2022 MEDICLIN agreed with PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH in its capacity as trustee for the OIK-Fonds MediClin by means of a court settlement to prematurely prolong the existing rental contracts for 20 clinics. The suit was thus settled.

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

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	2022	2021
Audit of financial statements	458	425
Other attestation services	179	101
Tax advisory services	0	0
Other services	0	0
	637	526

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.

Subsequent events

Since 1 January 2023 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.

Offenburg, 24 March 2023

Dr. Joachim Ramming	Tino Fritz	Dr. York Dhein
Chief Executive Officer (CEO)	Chief Financial Officer (CFO)	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, 2022, 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, 2022, 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, 2022. In accordance with the German legal requirements, we have not audited the content of the non-financial statement to comply with §§ [Articles] 315b to 315c 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 § 315e Abs. 1 HGB 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, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, 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; we do not express an audit opinion on the contents of the non-financial statement referred to above.

Pursuant to § 322 Abs. [paragraph] 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 Annual 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 to December 31, 2022. 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 matter of most significance in our audit was as follows:

1. Recoverability of goodwill
2. Accounting treatment of lease modifications in accordance with IFRS 16
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 (5.4 % of total assets or 23.8 % 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 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. 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, 2037. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that no material write-downs were necessary.

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. Accounting treatment of lease modifications in accordance with IFRS 16

1. In the Company's consolidated financial statements right-of-use assets amounting to EUR 369 million and lease liabilities amounting to EUR 408 million are reported as of the end of the reporting period. The lease liabilities represent 46.6 % of total assets. The real estate contracts were renegotiated in the financial year. The modification of existing contractual terms and conditions mainly concerns a contract extension and an adjustment of the consideration for the lease, with material effects on the assets, liabilities and financial position. Since the modification does not add the right to use one or more underlying assets, the modifications to the lease in question do not give rise to a separate lease. In accordance with IFRS 16, the executive directors are required to make estimates and judgments in some areas relating to leases, including any changes in the accounting treatment, and these had to be assessed for appropriateness in the context of our audit. This relates in particular to determining the incremental borrowing rates and the lease terms with respect to the exercise of the companies' extension options as lessee. Against this background and due to the complexity of the requirements of IFRS 16, the accounting treatment of the contractual modifications to the leases in question was of particular significance in the context of our audit.
2. As part of our audit and with the assistance of our internal specialists for international accounting, we began by inspecting the underlying real estate contracts and assessed the effects of the contractual modifications in accordance with IFRS 16. Together, we evaluated the presentation of the transactions and assessed their conformity with IFRS 16. On that basis, we evaluated the consideration for the lease and its allocation to the identified lease components, and assessed whether these were fully and accurately recorded. We also assessed the assumptions and

estimates made by the executive directors in determining the incremental borrowing rates and the lease terms with respect to the exercise of extension options. We were able to satisfy ourselves that the estimates and assumptions made by the executive directors in connection with the accounting treatment of the modification to the leases in question were sufficiently documented and substantiated.

3. The Company's disclosures relating to lease modifications are contained in the sections entitled "Lease liabilities", "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 40.2 million (4,4 % 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 41.8 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 since 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 changes in 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 10.5 million after netting are reported in the consolidated financial statements of the Company. Deferred tax assets amounting to EUR 74.3 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. 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 8.5 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 number 5 of the notes to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the non-financial statement to comply with §§ 315b to 315c 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
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

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 (i.e., fraudulent financial reporting and misappropriation of assets) 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, actions taken to eliminate threats or safeguards applied.

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 5299007ZHUSGAJRMWH73-2022-12-31-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, 2022 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 PS 410 (06.2022)) 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. 1 [number] 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 31, 2022. We were engaged by the supervisory board on December 21, 2022. We have been the group auditor of the 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 filed in the company register – 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, 24 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Ey ppa. Dennis Kaufholz
Wirtschaftsprüfer Wirtschaftsprüfer

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, 24 March 2023

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,

We are looking back on a challenging but nevertheless successful year for MEDICLIN. The extraordinary challenges and difficulties posed by the COVID-19 pandemic for the staff at our clinics received less attention due to the Russian invasion of Ukraine but still remained with us throughout the year. The war in Ukraine has affected us all – emotionally, socially and economically. Thanks to state intervention, Germany has been able to withstand the effects of the war relatively well so far. We have not slipped into recession and our labour market is stable, whereas inflation has reached a remarkably high level, the highest in Germany's post-war history. In this difficult environment, MEDICLIN was able to fulfil its care mandate and even generate positive results.

The renewal of the rental contracts for a total of 20 clinic sites ahead of schedule is paramount for MEDICLIN and was agreed after intense negotiations with the lessor PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH in October 2022. The terms of the new rental contracts are far more favourable for MEDICLIN and will lead to an improvement in liquidity of about

EUR 11 mill. per annum as from the 2023 financial year. The negotiations regarding the new rental contracts also resulted in the settlement of the suit brought by MEDICLIN Aktiengesellschaft against the current or former shareholders due to rents that were, in the view of the Company, higher than the usual market rate. These negotiations and the ensuing agreement played a highly important role in the work of the Supervisory Board in the 2022 financial year.

Main topics dealt with by the Supervisory Board

In the 2022 financial year the Supervisory Board of MEDICLIN Aktiengesellschaft 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. 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. We also discussed upcoming or currently implemented investments or divestments as well as deviations of the business development from the planning. Overall, the Supervisory Board was directly and promptly involved in all decisions of material importance.

We intensively discussed the proposals of the Management Board for resolutions and, whenever required by law, Articles of Incorporation or Rules of Procedure, cast a vote after careful deliberations by the Supervisory Board or the committees in charge.

The Supervisory Board also continuously examined questions of possible conflicts of interest of the Management Board and Supervisory Board members during the financial year. There were no conflicts of interest in the 2022 reporting year.

Outside of the meetings, the Management Board kept us informed both in writing and verbally about significant events. In my capacity as the Chair of the Supervisory Board I also had regular discussions with and received information from the Chair of the Management Board outside of the official meetings.

The mentioned renewal of the rental contracts for 20 clinic locations ahead of schedule and the settlement of the associated legal action taken by MEDICLIN Aktiengesellschaft before the District Court (Landgericht) of Offenburg in 2016 against the current or former shareholders to claim repayment of rents that were, in the view of the Company, above the usual market rates was highly significant for the Company.

Changes in the Supervisory Board and the Management Board

There were no changes to the Management Board in the 2022 reporting year. The employee representative Dr. med. Thomas Witt left the Supervisory Board as at 31 October 2022 and was replaced by the substitute member Dr. med. Sigrid R.-M. Krause from 1 November 2022.

Corporate governance

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the management board and the supervisory board of a listed company are to declare annually in a so-called conformity declaration to what extent the recommendations of the German Corporate Governance Code are being complied with or in what respect the Code's recommendations are not being applied.

The Company's Management Board and the Supervisory Board issued such a conformity declaration pursuant to Section 161 German Stock Corporation Act (AktG) in November 2022 that is permanently available on MEDICLIN Aktiengesellschaft's website. Together with the Management Board, the Supervisory Board reports on corporate governance in the corporate governance declaration that is also published on the website.

The remuneration report for the Management Board and the auditor's opinion as per Section 162 German Stock Corporation Act (AktG) are also publicly available on the website as is the remuneration system for the members of the Management Board 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.

Supported by the Company, the members of the Supervisory Board received detailed information on cyber security at a training event that was offered to the entire Supervisory Board in 2022.

Self-assessment of the Supervisory Board

The effectiveness and efficiency of a listed company's bodies are crucial for the success of the company on the market and its long-term development. Therefore, the German Corporate Governance Code provides for regular evaluation of the work of the Supervisory Board. The Supervisory Board is required to ask itself the questions relevant for fulfilling its supervisory function and to discuss these topics among all its members to ensure that the body performs good supervisory work in the long term.

The relevant questions include the structure of the Supervisory Board and its committees, the choice of Supervisory Board members and the way the ongoing cooperation between these functions is organised. Furthermore, the Supervisory Board must aim to ensure effective communication between the Supervisory Board and the Management Board and to further promote the Supervisory Board members' understanding of themselves as representatives of the shareholders or employees while keeping in mind the corporate objectives and the resulting challenges.

Against this backdrop, the Supervisory Board of MEDICLIN Aktiengesellschaft with the help of a law firm carried out a structured survey among its members between the end of 2021 and the end of February 2022. The period of this self-assessment covered the work of the Supervisory Board in office since the Annual General Meeting in 2020.

The objective was to analyse the activities of the Supervisory Board and, on this basis, to develop recommendations for the future work of the MEDICLIN Aktiengesellschaft Supervisory Board. The responses to the survey were systematically analysed and presented to the entire Board by the Chair of the Supervisory Board in the meeting on 30 May 2022, where the results were also discussed. On balance, the survey revealed a positive attitude towards the work of the Supervisory Board, while also identifying certain issues where the work and the cooperation within the body and the committees can be optimised. The findings are used by the body as a whole, the committees and the Chair of the Supervisory Board and the chairs of the committees to improve their work.

Information on the meetings and the resolutions of the Supervisory Board and its committees

In the 2022 financial year the Supervisory Board held four ordinary and one extraordinary meeting of the entire Board. Four meetings were meetings with personal attendance that also allowed members to participate by telephone or video. One meeting was held as a video/audio conference call only.

One meeting of the Audit Committee was held as a meeting with personal attendance with the possibility of attending by telephone or video call, while four meetings were held as video/audio conference calls only. The General and Personnel Committee held one meeting with personal attendance in 2022 (with the possibility of attending by telephone or video call) and one meeting as a video/audio conference call only.

Information on the attendance of the individual members at the meetings of the entire Board and the committees are listed in the following table.

Supervisory Board	Meetings		Participation		Participation in %	
	Plenum	Committees	Plenum	Committees	Plenum	Committees
Dr. Jan Liersch (Chairman)	5	2	5	2	100	100
Hans Hilpert (Vice Chairman)	5	2	5	2	100	100
Michael Bock	5	5	5	5	100	100
Barbara Brosius	5	–	5	–	100	–
Dr. Julia Dannath-Schuh	5	–	4	–	80	–
Walburga Erichsmeier	5	5	5	5	100	100
Kai Hankeln	5	2	5	2	100	100
Dr. med. Sigrid R.-M. Krause ¹	1	1	1	1	100	100
Rainer Laufs	5	2	5	2	100	100
Thomas Müller	5	2	5	2	100	100
Elke Schwan	5	–	4	–	80	–
Frauke Schwedt	5	–	5	–	100	–
Daniela Sternberg-Kinzel	5	–	5	–	100	–
Matthias H. Werner	5	5	5	5	100	100
Dr. med. Thomas Witt ²	4	1	4	1	100	100
Marco Walker	5	–	4	–	80	–
Cornelia Wolf	5	5	5	5	100	100

¹ Member of the Supervisory Board and General and Personnel Committee since 1 November 2022

² Member of the Supervisory Board and General and Personnel Committee until 31 October 2022

The attendance at the meetings of the entire Board was 96.3 %. The members that were unable to attend presented excuses for not attending and participated in the resolutions by written vote.

The attendance at the meetings of the committees was 100 %.

Work in the meetings of the entire Supervisory Board

In the meeting on 29 March 2022, the Supervisory Board discussed the annual financial statements and the consolidated financial statements for 2021, 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 representatives of the auditor, and subsequently approved them. In so doing, it followed the 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 Supervisory Board approved the Management Board proposal to carry the net profit of MEDICLIN Aktiengesellschaft forward to new account.

The Supervisory Board further 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 2022. In this context the Supervisory Board also followed the Management Board's proposal to hold the Annual General Meeting as a virtual general meeting again.

The Board further discussed the remuneration report for the 2021 financial year presented by the General and Personnel Committee and formally reviewed by the auditor. The Supervisory Board resolved to propose to the Annual General Meeting to approve the remuneration report. The Supervisory Board further followed the Audit Committee's recommendation to propose to the Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main ("PwC") be elected as auditor and Group auditor for the 2022 financial year; the statement of independence from the intended auditor had been received.

At the ordinary Supervisory Board meeting on 30 May 2022, the Supervisory Board dealt with the current business development of the MEDICLIN Group in the first quarter of 2022 using the Management Board's and the Audit Committee's reporting as a basis. The Management Board also explained the main earnings and financial key figures for the MEDICLIN Group's business performance.

In the meeting on 23 September 2022, the Management Board informed the Supervisory Board about the business development in the first half of 2022. In addition, the Supervisory Board received the comments of the Audit Committee with regard to half-year reporting. Subject to reaching an agreement with the works council, the Supervisory Board approved the closure of a rehabilitation clinic in Bad Peterstal-Griesbach, which is not considered to be viable, neither in terms of profitability nor with regard to the range of services provided. Following a recommendation by the Audit Committee, the Supervisory Board further resolved to commission the auditor PwC to carry out a review of the non-financial declaration.

In the extraordinary Supervisory Board meeting on 25 October 2022 and following extensive discussion of the facts with the Management Board and careful deliberation of the advantages and disadvantages of the available options, the Supervisory Board gave its consent to concluding an agreement on the renewal of the existing rental contracts for 20 clinic sites at significantly better terms and conditions and to, at the same time, settle the suit brought by the Company in mid-2016 before the District Court (Landgericht) of Offenburg to claim repayment of rents in the amount of EUR 181 mill. plus interest paid between 1 January 2005 and 31 August 2015 that were, in the view of the Company, above the usual market rates. The suit was directed at the current and former shareholders of MEDICLIN Aktiengesellschaft that are or were, at the same time, shareholders of the real estate fund that owns the 20 clinics. After granting the consent required pursuant to Section 111b (1) German Stock Corporation Act (AktG), the capital market was informed of the aforementioned issue in an ad hoc notification on 25 October 2022. The dispute was resolved on 26 October 2022 by way of a court settlement.

In the ordinary meeting on 23 November 2022, the Management Board explained the business performance of MEDICLIN Aktiengesellschaft in the first nine months of the 2022 financial year; here, too, the Audit Committee rendered additional comments. The Management Board further presented its business planning for the 2023 financial year as well as the associated underlying 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 as per Section 161 German Stock Corporation Act (AktG) was updated, adopted unanimously and submitted jointly by the Supervisory and the Management Board. The Board also passed a resolution to prolong the office of Tino Fritz as a member of the MEDICLIN Aktiengesellschaft Management Board by another five years until 31 August 2028 (end of day). Furthermore, Dr. med. Sigrid R.-M. Krause was elected to the General and Personnel Committee as the successor of Dr. med. Thomas Witt.

Work in the committees of the Supervisory Board

In order to perform its tasks, the Supervisory Board has set up a total of six committees, which effectively support the work of the full Board. The committees are the Audit Committee, the General and Personnel Committee, the Nomination Committee, the Mediation Committee, the COVID-19 Committee and the Related Party Transactions Committee.

The main function of the committees is to prepare 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 Committee and the Related Party Transactions Committee, the Chair of the Supervisory Board presides over all the committees.

The Audit Committee and the General and Personnel Committee held meetings in the year under review. The other committees did not convene.

In the meeting on 28 February 2022, the Audit Committee discussed the preliminary annual financial statements for 2021, the preliminary consolidated financial statements for 2021 and the preliminary figures for 2021 with the Management Board and the auditor.

In the meeting on 29 March 2022, 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 2021, the consolidated financial statements for 2021, the summarised management report and the Group management report, and resolved to recommend to the Supervisory Board to approve the annual financial statements and to carry the net profit forward to new account.

In the meeting on 2 May 2022, the Audit Committee had extensive discussions with the Management Board on the business performance in the first quarter of 2022.

In the meeting on 29 July 2022, the Supervisory Board deliberated with the Management Board on the business performance in the first half of 2022. The Audit Committee dealt with the summary report of the audit department, the risk management report and the compliance report for 2021/2022.

In its meeting on 2 November 2022, the Audit Committee determined focus areas for the audit of the 2022 financial statements and discussed the business performance in the first three quarters of the 2023 financial year. Furthermore, it discussed the efficiency of its work and found no material need for adjustments.

In the two meetings of the General and Personnel Committee, the members devised recommendations for the payment of the remuneration of the Management Board for the 2021 financial year and bonus criteria for the remuneration for financial year 2022 and passed on the corresponding recommendations to the full Board. The General and Personnel Committee further passed a resolution to recommend to the Supervisory Board to extend the office and employment contract of Tino Fritz.

Annual financial statements and consolidated financial statements 2022

The annual financial statements of MEDICLIN Aktiengesellschaft and the consolidated financial statements for the 2022 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 PwC. PwC was elected as auditor of the annual financial statements and the consolidated financial statements for the 2022 financial year at the Annual General Meeting on 31 May 2022, and was commissioned to carry out the audit by the Supervisory Board.

The Supervisory Board had also commissioned PwC to audit the non-financial declaration for 2022 included in the summarised management report and the Group management report of MEDICLIN Aktiengesellschaft 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 2022 annual financial statements of MEDICLIN Aktiengesellschaft and the 2022 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 sentence 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 30 March 2023, the Supervisory Board intensively discussed and examined the annual financial statements of MEDICLIN Aktiengesellschaft, 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 Aktiengesellschaft and the consolidated financial 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 for the 2022 financial year, and adopted its invitation to the 2023 Annual General Meeting as well as the proposed resolutions on the agenda items for the Annual General Meeting. The remuneration report was audited and approved by PwC. The remuneration report and the auditor's report are available on the website of MEDICLIN Aktiengesellschaft.

PwC 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 30 March 2023. 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 PwC.

The Supervisory Board thanks the Management Board and all the staff for their tremendous efforts due to which the highly challenging financial year 2022 had a successful outcome.

Königstein im Taunus, 30 March 2023

On behalf of the Supervisory Board

A handwritten signature in black ink, appearing to read 'Jan Liersch', written in a cursive style.

Dr. Jan Liersch

Chairman of the Supervisory Board

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting¹

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 2022 (hereinafter the "Non-financial Group Statement") included in section "Non-financial declaration" of the combined 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 "EU Taxonomy Regulation" 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 control 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

¹ 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..

adopted thereunder in section “EU Taxonomy Regulation” 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.

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 §§ 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 “EU Taxonomy Regulation” 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 financial statements and combined management report
- Evaluation of the presentation of the Non-financial Group Statement
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned 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 2022 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 "EU Taxonomy Regulation" 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, 24 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke	Claudia Niendorf-Senger
Wirtschaftsprüfer	Wirtschaftsprüferin
[German public auditor]	[German public auditor]

FINANCIAL CALENDAR

28 February 2023

Disclosure of the preliminary figures for the 2022 financial year

31 March 2023

Annual press and analysts' conference for the 2022 financial year

4 May 2023

Publication of the interim report from 1 January 2023 to 31 March 2023

15 June 2023

Annual General Meeting

31 July 2023

Publication of the interim report from 1 January 2023 to 30 June 2023

3 November 2023

Publication of the interim report from 1 January 2023 to 30 September 2023

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About

MEDICLIN

MEDICLIN owns 33 clinics, six nursing care facilities and 11 medical care centres. The Group has nearly 8,300 beds/nursing places and a headcount of about 10,000.

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.