



# ANNUAL REPORT **2023**

MEDICLIN Aktiengesellschaft

## MEDICLIN: Key data on business development

	2023	2022	Change in %
Number of shares in millions	47.5	47.5	0.0
Number of cases (inpatient)	107,956	104,816	+3.0
Number of beds as of 31.12.	8,132	8,315	-2.2
Occupancy rate in %	83.9	78.0	+5.9 pp
Number of full-time employees (annual average)	7,016	7,025	-0.1
<b>In thousands of €</b>	<b>2023</b>	<b>2022</b>	<b>Change in %</b>
Cash flow from operating activities	78,001	34,639	+125.2
Cash flow from operating activities per share in €	1.64	0.73	+125.2
Sales	730,071	704,697	+3.6
EBITDA	98,727	90,924	+8.6
EBITDA margin in %	13.5	12.9	+0.6 pp
EBIT (operating result)	12,722	19,520	-34.8
EBIT margin in %	1.7	2.8	-1.1 pp
Financial result	-21,411	-9,743	-119.8
Result attributable to shareholders of MEDICLIN AG	-10,724	9,719	-210.3
Earnings per share in €	-0.23	0.20	-210.3
Dividend per share in €	-	-	
Capital expenditure (gross additions to non-current assets without right-of-use assets IFRS 16)	38,779	28,525	+35.9
Thereof subsidies	8,140	10,679	-23.8
Proportion of own funds in %	79.0	62.6	+16.4 pp
Interest coverage factor (EBITDA/interest income)	4.6x	9.3x	
<b>In thousands of €</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>Change in %</b>
Balance sheet total	880,502	916,112	-3.9
Equity	196,029	209,323	-6.4
Equity ratio in %	22.3	22.8	-0.5 pp
Return on equity <sup>1</sup> in %	-5.5	4.6	-10.1 pp
Financial liabilities (to banks)	93,381	94,313	-1.0
Cash and cash equivalents	115,286	88,039	+30.9
Net financial debt <sup>2</sup>	17,217	30,832	-44.2
Net financial debt <sup>2</sup> /EBITDA <sup>3</sup>	0.3x	0.4x	

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

<sup>2</sup> Adjusted average net financial debt over the last four quarterly reporting dates (adjusted for liabilities under IFRS 16 and liabilities and cash and cash equivalents from loan subsidies)

<sup>3</sup> Adjusted EBITDA of the last 12 months (adjusted for IFRS 16)

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



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.

#### THE FINGERPRINT

It represents individuality and uniqueness as each pattern of loops and ridges is unique – no two fingerprints are alike. At MEDICLIN, we deal with persons and their individuality. We attend to the personal needs of our patients which we try to meet as best as possible. This is ensured by our unparalleled team of employees and the way we treat each other. The fingerprint summarises all this at MEDICLIN.

## Quarterly development of the Group in 2023

In millions of €	Q1	Q2	Q3	Q4
Sales	176.7	188.1	182.3	183.0
EBITDA	11.3	25.7	31.2	30.5
EBITDA margin in %	6.4	13.7	17.1	16.7
EBIT (operating result)	-1.7	13.0	18.1	-16.7
EBIT margin in %	-0.9	6.9	9.9	-9.1
Financial result	-5.9	-4.4	-5.6	-5.5
Result attributable to shareholders of MEDICLIN AG	-6.3	11.0	10.5	-25.9
Earnings per share in €	-0.13	0.23	0.22	-0.55
Cash flow from operating activities	17.6	4.9	27.4	28.1
Cash flow from operating activities per share in €	0.37	0.10	0.58	0.59
Equity ratio in %	22.2	23.6	24.8	22.3
Capital expenditure (gross additions to non-current assets without right-of-use assets IFRS 16)	8.1	8.6	9.3	12.8
Net financial debt <sup>1</sup> (end of quarter)	32.6	28.4	8.1	-0.3
Number of cases (inpatient)	26,975	27,100	27,405	26,476
Number of beds (end of quarter)	8,172	8,132	8,132	8,132
Occupancy rate in %	82.4	84.8	86.1	82.1
Number of full-time employees (quarterly average)	7,061	7,022	6,960	7,023

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

### FEEDBACK REGARDING THE ANNUAL REPORT

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

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

### 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 offence is intended.

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# 26 Rehabilitation clinics

## 451.2

In millions of € **SALES**

## 52.7

In millions of € **EBIT**

## 22.0

In millions of € **INVESTMENTS**

## 5,990

**BEDS**

## 73,721

**NUMBER OF CASES**

inpatient

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 digitalisation into practice. The integration of acute and rehabilitation medicine, metropolitan settings, outpatient and teletherapeutic offers ensure the further development of rehabilitation and MEDICLIN.

MEDICLIN has a total capacity of 7,650 beds and 482 nursing places on the balance sheet date. On average, the Group employed 7,016 full-time employees in the 2023 financial year. On the balance sheet date on 31 December 2023, the Group had 9,613 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.

6  
Hospitals

10  
Medical care  
centres

**254.0**

In millions of € **SALES**

**34,235**

**NUMBER OF CASES**  
inpatient

**-39.9**

In millions of € **EBIT**

**14.0**

In millions of € **INVESTMENTS**

**1,660**

**BEDS**

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.

The business model of MEDICLIN enables the Company to provide to its patients interdisciplinary medical care. It also enables 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.

# 6 Nursing care facilities

## 21.3

In millions of € **SALES**

## 482

**PLACES**

## 85.4

% **OCCUPANCY RATE**  
annual average

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 decision to leave ones familiar surroundings and to move into an assisted care facility is not easy. Our employees are there to advise new residents how to achieve as much independence as possible in their new situation.

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 2024 FINANCIAL YEAR

Continuously high occupancy rates at the beginning of 2024 support positive outlook

Given the good occupancy trend, the Management Board forecasts sales growth of between 3 % and 5 % in the 2024 financial year. Group EBIT is to amount to between EUR 38 mill. and EUR 46 mill.

These financial targets, however, are subject to the proviso that the German economy does not deteriorate substantially due to the ongoing geopolitical crises.



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

## Dear Shareholders, Dear Ladies and Gentlemen,

The successful close of the 2023 financial year again brings us a little closer towards our goal: we intend to become the leading rehabilitation provider in Germany. Everyone at MEDICLIN has made a valuable and essential contribution towards this goal in the past year. For this, I would like to extend my warmest thanks to everyone. Thank you, dear colleagues, for your great work.

However, we still need to prove ourselves in an environment that continues to be challenging and dynamic. The difficult general conditions of which I informed you in the past financial year still prevail. In light of geopolitical conflicts, a weak economy, a pending hospital reform, the actual details of which have yet to be specified, and the shortage of skilled professionals which is especially pronounced in the healthcare sector entail a certain degree of uncertainty for the future of our industry. Nevertheless, we are looking back on a financial year with a successful operating business.

A high occupancy rate is essential to MEDICLIN's economic success. Therefore, we are particularly pleased about the occupancy trend seen in 2023. We achieved an occupancy rate in excess of 80 % in all of last year's quarters. The highest rate of 86.1% was reached in the third quarter, and the full year 2023 also showed an upwards trend compared with previous years. This performance has continued in the first weeks of 2024 and the occupancy is slowly reaching the levels achieved before the COVID-19 pandemic. With our average occupancy rate of 83.9 %, we generated Group sales of EUR 730.1 mill., representing an increase on the previous year of EUR 25.4 mill. or 3.6 %. This is particularly noteworthy as we received far lower benefits under the protective shield to manage the pandemic in 2023 than in the year before. Adjusted for these benefits, we would have actually achieved sales growth of EUR 35.7 mill. or 5.2 %, respectively. This sales development extended across all segments, with all three segments posting growth. We met the forecast for Group sales issued in our last Annual Report. The Group operating result of EUR 12.7 mill. showed a decline of EUR 6.8 mill. year-on-year, but this was due primarily to a one-off effect weighing on the result in the acute segment. Goodwill impairment, especially in connection with the sale of our cardiac centre in Coswig, had to be recognised at segment level for three facilities in the acute segment that reduced the operating result by a one-off amount totalling EUR 33.1 mill. Assuming that the occupancy rate will continue to rise, we expect that the Group operating result will be significantly higher again in 2024.

Besides the economic performance, I would like to mention additional projects and measures that we initiated in 2023 to secure the future viability of the Group. Our strategy includes the expansion of our range of services. Jointly, at all levels of the Group, we have in the meantime specified and advanced many of our ideas regarding the digitalisation and outpatientisation of services. Here, we can clearly build on the strength of the MEDICLIN business model: to provide interdisciplinary care to our patients and to closely link outpatient and inpatient treatment and services. To this end, we have launched the MEDICLIN HOME, MEDICLIN CAMPUS and MEDICLIN DIRECT projects. MEDICLIN HOME is our digital platform for therapy offerings. MEDICLIN CAMPUS is to ensure that patients receive seamless follow-up care after a hospital stay and enables patients in acute clinics to transfer smoothly to a rehabilitation clinic close at hand. MEDICLIN DIRECT, the third pillar, offers outpatient therapy and follow-up care close to the patients' homes. We devised a structured approach to expand our range of outpatient services before and after a hospital stay, thereby reacting to the increasing trend towards outpatientisation that has also reached the rehabilitation sector.

Furthermore, we started to reorganise the Group structure in 2023. The operating business in the acute and post-acute segments and the management and controlling functions used to be largely bundled under the roof of MediClin GmbH & Co. KG. The reorganisation will create a more fitting and transparent corporate structure and will redistribute and refocus the tasks and responsibilities among corporate headquarters and clinics. Through this reorganisation we intend to enhance our ability to react to changes and to create more leeway for innovation. At the same time, we expect a positive influence on our profitability. The current commercial directors will take on the role of managing directors and will thus receive more autonomy at their respective locations. The facilities that previously operated under the roof of MediClin GmbH & Co. KG will be hived off into a total of 26 independent companies. The reorganisation will be completed in 2024.

Furthermore, we disposed of MEDICLIN Herzzentrum Coswig. This step, too, was a consequence of our vision of becoming the leading rehabilitation provider in Germany. We are convinced that MEDICLIN Herzzentrum Coswig has excellent prospects under the new ownership. The contract was signed on 23 February 2024 and ownership of the clinic is to pass shortly. We want to focus more strongly on medical rehabilitation in the future. Our strategy therefore also provides for the takeover of other facilities whenever suitable opportunities arise.

Finally, I would like to mention the pending hospital reform. Meanwhile, a white paper has been published regarding the reform driven by the Federal Minister of Health, Prof. Karl Lauterbach. The reform is meant to address and implement the further developments our health-care system is in dire need of. The effects of the reform are not yet foreseeable for us as the actual measures under the reform are yet to be specified. Whereas the white paper mentions extensive measures for the acute sector, rehabilitation finds no mention at all. Synergies inherent in coordinated cross-sector care thus remain unused so far. We currently assume that MEDICLIN will not be directly affected by the reform as our core business concentrates on rehabilitation. However, in our opinion, this sector will also undergo significant changes: we expect that the need for rehabilitation will increase and that the corresponding treatments will be prescribed earlier in the convalescence process and we expect rising demand for therapeutic and also preventive care to cushion the gap that will emerge in the acute sector. This is why we have launched the aforementioned MEDICLIN HOME, MEDICLIN CAMPUS and MEDICLIN DIRECT projects to intensify our cooperation with hospitals and outpatient care providers. We will use the time until the reform actually becomes effective to get a strong foothold in the rehabilitation sector, which will also have to adapt to the changed overall care environment. According to the information currently available, the reform will not enter into effect before 1 January 2025.

**Dear Shareholders,**

Last year I promised you that we would do our utmost despite the challenging conditions to fulfil our care mandate and master the difficult environment. Jointly, we actually managed to achieve this. Furthermore, we have taken all necessary measures to be able to react more flexibly to changes in the future. We are actively adapting our range of services to remain on a par with sector trends and are strengthening the organisational structures of our Group. Together, these measures and projects will increase the efficiency and profitability of MEDICLIN in the future, which are important steps towards becoming the leading rehabilitation provider in Germany.

I would like to thank you for the trust you place in us and hope that you will continue to accompany us on our path.

Dr. Joachim Ramming

Chairman of the Management Board



**THOMAS PIEFKE**  
MANAGEMENT BOARD

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

**TINO FRITZ**  
CHIEF FINANCIAL OFFICER



# THE MEDICLIN SHARE

# The MEDICLIN share

## Stock markets close 2023 on a high in hope of interest rate turnaround

Despite the ongoing polycrisis, the DAX recorded a 19.6 % increase in 2023 and managed to recover the losses from the previous year. The uncertainties surrounding the Russian war against Ukraine, horror scenarios regarding the German energy supply and the still rather high inflation rate and the corresponding monetary policy of the ECB remain. After the DAX reached its annual low of about 14,600 points for the second time in October 2023, the market turned bullish expecting a pause in the interest rate development or even a reduction in the rate, catching up massively towards the end of the year. The inflation rate dropped to 2.3 % in November 2023, which is close to the ECB target rate of 2.0 %, and raised the attractiveness of stocks in light of monetary easing. The positive stock market development is also due to company profits that proved to be generally higher than anticipated.

Capital market performance in 2024 will largely depend on how the government and the market participants handle the polycrisis and its consequences. Some experts are optimistic with regard to the stock exchange in 2024, especially as the US and the eurozone are expected to start lowering interest rates.<sup>1</sup> The ifo Institute predicts 0.7% growth for the German economy in 2024, down from the previous forecast of 0.9 %. The Institute estimates the total inflation rate to be 2.2 % in 2024.<sup>2</sup> The German government expects price-adjusted GDP growth of 0.2 % in 2024.<sup>3</sup> On the whole, companies will continue to face a challenging environment with various crises in 2024, but the resilience that German companies have shown in the past and the expected interest rate cuts have nevertheless led to positive capital market sentiment in 2024.

## 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 2023 at a price of EUR 2.74, which was below the share price at the beginning of the year (EUR 3.40). The highest daily price was recorded on 16 January 2023 (EUR 3.64), while the lowest daily closing price of EUR 2.62 was repeatedly reached in November and December 2023.

DZ Bank AG and Solventis Beteiligungen GmbH conduct research coverage on the MEDICLIN share. Based on the preliminary figures for the 2023 financial year, their recommendations are "Hold" and "Buy".

<sup>1</sup> Source: WirtschaftsWoche journal of 12.12.2023, available at <https://www.wiwo.de/finanzen/boerse/zschabers-boersenblick-frohe-adventsbotschaft-fuer-2024/29551872.html>

<sup>2</sup> Source: Ifo Institute on 14.12.2023, available at <https://www.ifo.de/pressemitteilung/2023-12-14/ifo-institut-kuerzt-prognose-fuers-wachstum-2024-auf-09-prozent>

<sup>3</sup> Source: Annual Economic Report 2024 of 21.02.2024, available at <https://www.bmwk.de/Redaktion/DE/Publikationen/Wirtschaft/jahreswirtschaftsbericht-2024.html>

## 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.

## Share indicators

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

In € per share	2023	2022
Result undiluted/diluted	-0.23	0.20
Cash flow from operating activities	1.64	0.73
Carrying amount <sup>1</sup> as of 31.12.	4.12	4.40
Year-end price	2.74	3.60
Annual high	3.64	3.94
Annual low	2.54	3.00
Market capitalisation (year-end price) in millions of €	130.2	171.0
Number of shares in millions	47.5	47.5

<sup>1</sup> Equity less non-controlling interests

Source: Deutsche Börse AG; Xetra

# SUMMARISED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT

MediClin Aktiengesellschaft  
for the

**2023** 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. 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. 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-19 and long-COVID-19 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

The operating performance of the Group in the 2023 reporting year was impacted by the economic effects of the Russian war against Ukraine. The main effect was the significant price hike affecting the cost of materials and energy. 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 depression discount accounts for the quantity-related cost advantage (fixed cost depression).

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 Standard<sup>1</sup> of the Frankfurt stock exchange. The Group's subscribed capital amounts to EUR 47.5 mill. and is split up in 47,500,000 no-par-value bearer shares. MEDICLIN AG's main shareholders are Asklepios Kliniken GmbH & Co. KGaA, Hamburg, with 52.73 % and ERGO Group AG, Düsseldorf, with 35.00 %; 12.27 % of the shares are in free float.

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

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 under MEDICLIN Management 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
- MEDICLIN Management GmbH & Co. KG  
Company providing service functions to the operating facilities

As of 31 December 2023, MEDICLIN included 32 clinics, six nursing care facilities and ten medical care centres nationwide. Six of the 32 clinics are dedicated acute-care hospitals and 26 are post-acute (rehabilitation) clinics. 11 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 7,650 beds and 482 nursing places on the balance sheet date. On average, the Group employed 7,016 full-time employees in the 2023 financial year. On the balance sheet date on 31 December 2023, the Group had 9,613 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.	2023	2022
<b>Post-acute</b>		
Neurology	1,745	1,779
Psychosomatics	1,037	1,035
Orthopaedics	1,540	1,538
Internal medicine	186	229
Cardiology	423	423
Oncology	418	418
Geriatrics	370	425
Other	271	271
<b>Total</b>	<b>5,990</b>	<b>6,118</b>
<b>Acute</b>		
Neurology	364	384
Psychosomatics	266	266
Psychiatry	349	344
Surgery	203	203
Orthopaedics	99	99
Internal medicine	157	157
Other	222	262
<b>Total</b>	<b>1,660</b>	<b>1,715</b>
Nursing care	482	482
<b>Group</b>	<b>8,132</b>	<b>8,315</b>

The share of neurology, psychosomatics and psychiatry amounts to 49.2 % (previous year: 48.6 %) of total beds available at the end of the year (not including nursing care). Further focus areas are orthopaedics, oncology, cardiology and geriatrics.

## STAFF

6,878 of the 7,016 average full-time employees employed in 2023 (98.0 %) work in medical and non-medical services. On average, 72.6 % thereof were involved in medical services (previous year: 72.8 %), whereas 27.4 % worked in non-medical professions (previous year: 27.2 %). 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	2023	2022
Medical	825	849
Nursing care	2,330	2,291
Medical-technical	1,442	1,467
Functional	393	405
<b>Medical services</b>	<b>4,990</b>	<b>5,012</b>
Support functions	1,101	1,081
Technical	152	153
Administration	604	611
Other	31	32
<b>Non-medical services</b>	<b>1,888</b>	<b>1,877</b>

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

Shown in full-time employees	2023	2022
Post-acute	3,636	3,740
Acute	2,018	2,037
Other activities	1,362	1,248
Thereof nursing care business area	203	211
Thereof service business area (incl. administration)	1,159	1,037
<b>Total</b>	<b>7,016</b>	<b>7,025</b>

## 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. In addition, the Group also strives for external growth by tapping into suitable and promising indications and locations and medical facilities with sustainable earnings power.

## Future-oriented MEDICLIN projects

The healthcare sector is undergoing changes. On the one hand, treatment requirements are changing due to factors caused by demographics and our civilisation and, on the other hand, an extensive hospital reform driven by the Federal Minister of Health Prof. Karl Lauterbach is imminent. Based on the white paper that has been published, MEDICLIN assumes that more rehabilitation services will be required and that these will be offered at an earlier stage. It is thus likely that the need for therapeutic and preventive offerings will rise in order to close the resulting supply gap. The hospital reform is expected to entail a reduction in hospital beds and the establishment of outpatient structures. Certain treatments are set to shift to larger healthcare centres as the aim is to achieve a higher degree of concentration and specialisation in the acute sector. MEDICLIN believes the structural change to be an opportunity and has thus initiated forward-looking projects that will utilise the developments described above and secure the future viability of the Group. These MEDICLIN projects focus on outpatient care and digital offerings as well as treatments that seamlessly follow up on acute care.

### **MEDICLIN DIRECT**

MEDICLIN DIRECT is aimed at offering patients local outpatient therapy and follow-up care close to their homes. Here, our outpatients will benefit from our experience in rehabilitation and therapy and our expertise in various special fields. The services include physiotherapy, ergo therapy, preventive care and rehabilitation sports as well as outpatient rehabilitation. MEDICLIN DIRECT will also offer follow-up treatment after a stay in a rehabilitation facility or hospital. Patients will be able to make appointments while still in the hospital or facility, ensuring a seamless treatment chain without interruption.

### **MEDICLIN HOME**

MEDICLIN HOME is the platform for our digital therapy offerings. Patients are already introduced to our online therapy programme while still in the rehabilitation clinic. After their stay at the clinic, our apps help them to recover. We compile interactive exercises in accordance with the patients' therapy plan that they can then do at home. Our experienced teams of therapists are thus able to continue accompanying our patients in their homes – either personally or through the app. The range of services includes orthopaedic, neurological, pneumological and cardiac rehabilitation therapy. Patients with post-COVID-19 can also benefit from this digital follow-up care.

### **MEDICLIN CAMPUS**

MEDICLIN CAMPUS ensures seamless follow-up treatment after a hospital stay. Patients of our acute clinics can easily transfer to a rehabilitation facility by means of the MEDICLIN CAMPUS model. Integrated medical care at the sites of acute hospitals ensures that inpatient rehabilitation is close at hand. MEDICLIN CAMPUS relies on synergies, for instance by means of cross-disciplinary medical consultation, joint therapy offerings and in menu planning. The continuous care provided to patients ensures optimal rehabilitation and avoids relapses and new injuries. Against the backdrop of the pending hospital reform and the expected cut in hospital beds, MEDICLIN sees good opportunities in the MEDICLIN CAMPUS model for offering more inpatient rehabilitation services close to the acute facility at various hospital sites.

## 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 leverage<sup>1</sup> 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/](http://www.mediclin.de/en/investor-relations/facts-and-figures/).

### CONTINUOUS PLANNING MONITORING

Usually, Group business planning is carried out once a year at clinic level, in close coordination with the Group's controlling department (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.

<sup>1</sup> 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.

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 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 2023 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 commitment undertaken in the MEDICLIN Attitude Principles. MEDICLIN places great importance on a safe and fair work environment and on adhering to all human rights at all of its facilities and along the value chain. The Management Board has issued a declaration on human rights that is available at [www.mediclin.de/en/investor-relations/corporate-governance/](http://www.mediclin.de/en/investor-relations/corporate-governance/).

In order to be able to successfully implement tasks and measures for sustainable corporate development, they should 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. The strategy for sustainable management will in future be controlled centrally and jointly by Asklepios Kliniken GmbH & Co. KGaA, RHÖN-KLINIKUM AG and MEDICLIN. The same applies to defining performance indicators.

### Structure and responsibility

As regards the previous reporting of performance indicators, the Management Board continues as in previous years to use the key parameters MEDICLIN determined in the materiality analysis.

An interdisciplinary working group is in charge of coordinating and further developing the MEDICLIN Group's sustainability-related initiatives and activities. It informs the Group companies and the Management Board 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 for documenting the progress made.

The working group also 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 Section 315c in conjunction with Sections 289c to 289e German Commercial Code (HGB) and REGULATION (EU) 2020/852<sup>1</sup> OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 (hereinafter referred to as EU Taxonomy Regulation).

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, was commissioned to conduct a voluntary ISAE 3000 (Revised) audit with limited assurance of MEDICLIN AG's non-financial declaration for 2023.

This year's declaration was updated since the previous year and, as in the previous year, forms part of the summarised management report and Group management report. The following companies were newly included in consolidation in the year under review: MEDICLIN DIRECT GmbH, MediClin Psychiatrie Pflege Dienstleistungen GmbH, MediClin BAV GmbH, MEDICLIN Haustechnik GmbH, MediClin Management GmbH, MEDICLIN Management GmbH & Co. KG. As these companies did not carry out any business activities in 2023, they were not included in the data collation under the German Act for Strengthening the Disclosure of Non-Financial Company Information in Management

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

and Group Management Reports (Gesetz zur Stärkung der nichtfinanziellen Berichterstattung der Unternehmen in ihren Lage- und Konzernlageberichten – CSR-RUG), but they were included in the data collation for EU Taxonomy reporting.

### **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 were not applied as MEDICLIN is currently preparing for reporting under the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), respectively, that will be applicable from the 2024 reporting year onwards.

### **Due diligence process – materiality analysis**

In 2023 the working group decided not to have the individual departments carry out another extensive assessment of the materiality on the basis of the GRI Standards. It held a meeting to validate the previous material aspects and to pass the corresponding decisions. The main topics have not changed in 2023 versus the 2022 financial year. As required by the German Commercial Code (HGB), MEDICLIN presents the concepts it pursues as well as the main topics for the five non-financial aspects. The following topics are material for MEDICLIN in the 2023 reporting year:

- Social factors: Patient safety and patient satisfaction
- Employee matters: Employee health
- Environmental issues: Reduction of CO<sub>2</sub> emissions, waste (e.g. food) and water consumption
- Fighting against corruption and bribery: Attitude principles

No material issues were detected in the "respect for human rights" category, but we report on the general concept the Group pursues.

### **Material non-financial risks**

The working group did not identify any material non-financial risks in the fields of environmental issues, employee matters, social factors or respect for human rights in the reporting year that are highly probable to have a strong negative impact on the issues that were defined as being material. The risk inventories carried out by the Risk Management department did not come to any other result either (please refer to the Risk and opportunity report).

MEDICLIN established standardised processes for the main topics patient satisfaction (social factors) and staff health (employee matters) that are based on the experience and knowledge of an interdisciplinary team of physicians and central hygiene and quality management staff. The measures for the protection of patients, residents and employees apply across the entire Group.

The Compliance department of Asklepios Kliniken GmbH & Co. KGaA is responsible for human rights issues as well as the fight against corruption and bribery. An external service provider carried out a risk analysis for all suppliers with an annual sales volume of more than EUR 10,000, followed by an assessment on the basis of a scoring system. More than 1,500 suppliers were included in this assessment, which did not reveal any risks to be reported, neither at the level of the suppliers, nor in the more detailed analyses at the level of the purchasing group.

Any potential risks that could arise from the ongoing Russian war in Ukraine and the escalation of the Middle East crisis since the beginning of October 2023 only affect MEDICLIN's profitability from today's point of view. The effects on non-financial issues are only marginal. The economic consequences of the geopolitical and sector-specific environment in the 2023 financial year 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 2024 financial year. At present, the Group does not expect any negative or positive effects on any material non-financial issues in 2024.

## EU TAXONOMY REGULATION

### General

At present the EU Taxonomy 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, concerns 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 2.9 % of Group sales. To date, this economic activity is defined as "Residential care activities". This activity does not classify as an enabling activity within the meaning of Annex 2 of the Climate Act 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 adaptation plan) 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 Regulation<sup>1</sup> and classified the energy generation from both gas and nuclear power plants as potentially sustainable within the meaning of the first environmental objectives (climate change mitigation and climate change adaptation). Several criteria must be met in order for this to be applicable. Activities in the field of nuclear energy are not relevant at MEDICLIN. Activities in connection with the use of fossil gas refer to the operation of cogeneration units (CHP) at some clinic sites as is specified at the end of the Section on the EU Taxonomy Regulation in Template 1 Nuclear and fossil gas related activities.

In November 2023 the EU Commission issued two additional Delegated Regulations (effective on 1 January 2024) supplementing the Delegated Regulation on the climate change mitigation and climate change adaptation objectives that entered into force at the beginning of 2022.

<sup>1</sup> Commission Delegated Regulation (EU) 2022/1214 of 09.03.2022 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)

The first of the two Delegated Regulations<sup>1</sup> amends the aforementioned Regulation on the climate change mitigation and climate change adaptation objectives and defines new technical screening criteria, some of which supplement existing taxonomy-eligible economic activities, while others refer to completely new economic activities (that thus only become taxonomy-eligible with this amendment). The second Delegated Regulation<sup>2</sup> is the first to define technical screening criteria for economic activities regarding the four non-climate-related environmental objectives:

3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

### General approach

In the reporting year the Company conducted its first review in accordance with the Taxonomy Regulation (EU) 2020/852 to establish whether part of the turnover, capital expenditure and operating expenditure associated with MEDICLIN's economic activities classifies as taxonomy-eligible or taxonomy-aligned.

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.

### As a health care provider, MEDICLIN does not generate any taxonomy-eligible turnover

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 any of the six environmental objectives specified in the delegated acts on the environmental objectives and that the Group therefore does not generate any taxonomy-eligible turnover.

### Focus on CapEx and OpEx

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.

A list of potentially taxonomy-eligible activities was in 2023 allocated to environmental objective 1 and, to a limited extent, 2 and 4 and summarised accordingly. MEDICLIN makes a contribution to the first environmental objective Climate change mitigation (CCM). All of MEDICLIN's taxonomy-eligible activities serve this environmental objective. In terms of taxonomy eligibility, basically the same descriptions as for the first climate objective apply to the activities under environmental objective 2 Climate change adaptation (CCA) and, partly, Circular economy (CE). Therefore, the relevant activities with the same descriptions are also classified as taxonomy-eligible for environmental objectives CCA and CE. In the scope of its own business activities, MEDICLIN rates Climate change mitigation as the more relevant objective.

<sup>2</sup> Delegated Regulation (EU) No. 2023/2485 of 27.06.2023

<sup>3</sup> Delegated Regulation (EU) No. 2023/2486 of 21.11.2023

For the first time in reporting year 2023, the reporting included information on environmental objectives 3 to 6. Exemptions apply, according to which only taxonomy eligibility needs to be included in the reporting. Taxonomy alignment can be neglected for the time being.

The taxonomy-eligible activities identified in the impact analysis potentially contribute to the climate change mitigation objective. Taxonomy-eligible economic activities for the additional environmental objectives 3 to 6 were not identified.

Therefore, the following activities refer to Annex I of the delegated act on the climate change mitigation objective.

Group accounting and the construction, technology and purchasing departments of MEDICLIN reviewed the capital and maintenance expenditures in the year under review together with the sustainability working group 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.

The following taxonomy-eligible activities were identified. For the evaluation of their potential taxonomy alignment (environmental objectives 1 and 2), they were matched with the technical screening criteria, thereby also reviewing whether the minimum safeguards were met. Taxonomy alignment was not achieved as either the technical screening criteria of the respective activity were not met or it was not possible to demonstrate that they are met.

#### **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 2023 a new electric vehicle was leased. The vehicles meet the climate change mitigation requirements but not the DNSH requirements.

#### **7.1 Construction of new buildings**

The capital expenditure for the construction of new buildings at two sites was identified as being taxonomy-eligible and was matched with the technical screening criteria, thereby also reviewing whether the minimum safeguards were met. Taxonomy alignment was not yet reached as it was not possible to demonstrate that the technical screening criteria were met.

#### **7.2 Renovation of existing buildings**

The capital expenditure for renovating existing buildings at several sites was identified as being taxonomy-eligible and was matched with the technical screening criteria, thereby also reviewing whether the minimum safeguards were met. Taxonomy alignment was not yet reached as it was not possible to demonstrate that the technical screening criteria were met.

#### **7.3 Installation, maintenance and repair of energy efficiency 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.

#### 4.30 High-efficiency co-generation of power and heat/cool from fossil gaseous fuels

At some of its clinic locations, MEDICLIN operates co-generation units (CHP) to generate power and heat/cool with fossil gaseous fuels. These plants do not meet the technical screening criteria for contributing substantially to climate change mitigation. Maintenance and repairs for these plants is carried out in the scope of maintenance contracts.

### Result – calculation of key performance indicators (KPIs)

#### Turnover KPI

The Group generated turnover amounting to EUR 730.1 mill. in 2023. Please refer to the consolidated profit and loss account for the financial year from 1 January to 31 December 2023, line item 2 “Sales” on page 88 of the Annual Report 2023. For more details on the accounting policies for Group sales, please refer to page 109 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 39.8 mill. Without the additions under IFRS 16, capital expenditure amounts to EUR 38.8 mill. Please also refer to the segment report in the notes to the consolidated annual financial statements 2023, second-last line, last column on page 118.

The numerator for the taxonomy-eligible activities is EUR 11.5 mill., corresponding to a taxonomy-eligible share of 29.0 %. 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 EUR 0.0 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 taxonomy-eligible activities is EUR 3.7 mill., corresponding to a taxonomy-eligible share of 20.2 %. They 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 accounted for more than once.

Please refer to the following tables for the EU taxonomy KPIs:

## KEY FIGURES ON EU TAXONOMY

## Proportion of turnover from products or services associated with taxonomy-aligned economic activities

2023 financial year	2023					
	Code (2)	Sales (3)	Proportion of sales (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)
Economic activities (1)		in € m	%	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL
<b>A. Taxonomy-eligible activities</b>						
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>						
Sales of environmentally sustainable activities (taxonomy-aligned) (A.1)		0.0	0.0 %	0.0 %	0.0 %	0.0 %
of which enabling activities		0.0	0.0 %	0.0 %	0.0 %	0.0 %
of which transitional activities		0.0	0.0 %	0.0 %		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>						
Sales of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0.0	0.0 %	0.0 %	0.0 %	0.0 %
<b>A. Sales of taxonomy-eligible activities (A.1 + A.2)</b>		0.0	0.0 %	0.0 %	0.0 %	0.0 %
<b>B. Taxonomy-non-eligible activities</b>						
Sales of taxonomy-non-eligible activities		730.1	100.0 %			
<b>Total</b>		<b>730.1</b>	<b>100.0 %</b>			



### Proportion of CapEx from products or services associated with taxonomy-aligned economic activities

2023 financial year	2023					
Economic activities (1)	Code (2)	Capex (3) in € m	Proportion of CapEx (4) %	Climate change mitigation (5) Y, N, N/EL	Climate change adaptation (6) Y, N, N/EL	Water (7) Y, N, N/EL
<b>A. Taxonomy-eligible activities</b>						
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>						
<b>CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		0.0	0.0 %	0.0 %	0.0 %	0.0 %
<b>of which enabling activities</b>		0.0	0.0 %	0.0 %	0.0 %	0.0 %
<b>of which transitional activities</b>		0.0	0.0 %	0.0 %		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>						
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.8	1.9 %	EL	N/EL	N/EL
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	8.8	22.1 %	EL	EL	N/EL
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	0.5	1.4 %	EL	EL	N/EL
Installation, maintenance or repair of energy efficiency equipment	CCM 7.3	1.1	2.8 %	EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.3	0.8 %	EL	N/EL	N/EL
<b>CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		11.5	29.0 %	29.0 %	0.0 %	0.0 %
<b>A. CapEx of taxonomy-eligible activities (A.1 + A.2)</b>		11.5	29.0 %	29.0 %	0.0 %	0.0 %
<b>B. Taxonomy-non-eligible activities</b>						
<b>CapEx of taxonomy-non-eligible activities</b>		28.2	71.0 %			
<b>Total</b>		<b>39.8</b>	<b>100.0 %</b>			



### Proportion of OpEx from products or services associated with taxonomy-aligned economic activities

2023 financial year	2023					
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)
		in € m	%	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL
<b>A. Taxonomy-eligible activities</b>						
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>						
<b>OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		0.0	0.0 %	0.0 %	0.0 %	0.0 %
<b>of which enabling activities</b>		0.0	0.0 %	0.0 %	0.0 %	0.0 %
<b>of which transitional activities</b>		0.0	0.0 %	0.0 %		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>						
High-efficiency co-generation of power and heat/cool from fossil gaseous fuels	CCM 4.30	0.5	2.5 %	EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.5	2.7 %	EL	N/EL	N/EL
Installation, maintenance or repair of energy efficiency equipment	CCM 7.3	2.7	15.0 %	EL	N/EL	N/EL
<b>OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		3.7	20.2 %	0.0 %	0.0 %	0.0 %
<b>A. OpEx of taxonomy-eligible activities (A.1 + A.2)</b>		3.7	20.2 %	0.0 %	0.0 %	0.0 %
<b>B. Taxonomy-non-eligible activities</b>						
<b>OpEx of taxonomy-non-eligible activities</b>		14.5	79.8 %			
<b>Total</b>		<b>18.1</b>	<b>100.0 %</b>			



### Additional disclosure obligations in connection with nuclear energy and fossil gas

Following the amendments to 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, the following information referred to in Article 8 (6) and (7) must be disclosed in a template for each relevant key performance indicator (KPI).

#### Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	YES/NO
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Row	Fossil gas activities	YES/NO
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES <sup>1</sup>
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

<sup>1</sup> As the activity is only relevant with regard to OpEx in the year under review, only these templates are shown

**Template 4 Economic activities that are taxonomy-eligible, but not taxonomy-aligned (OpEx)**

Row	Economic activity	Amount	Percentage
1.	Amount and proportion of the activities in the denominator of the OpEx KPI that are taxonomy-eligible, but not taxonomy-aligned pursuant to section 4.26 of Annex I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a
2.	Amount and proportion of the activities in the denominator of the OpEx KPI that are taxonomy-eligible, but not taxonomy-aligned pursuant to section 4.27 of Annex I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a
3.	Amount and proportion of the activities in the denominator of the OpEx KPI that are taxonomy-eligible, but not taxonomy-aligned pursuant to section 4.28 of Annex I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a
4.	Amount and proportion of the activities in the denominator of the OpEx KPI that are taxonomy-eligible, but not taxonomy-aligned pursuant to section 4.29 of Annex I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a
5.	Amount and proportion of the activities in the denominator of the OpEx KPI that are taxonomy-eligible, but not taxonomy-aligned pursuant to section 4.30 of Annex I and II of Delegated Regulation (EU) 2021/2139	EUR 0.5 mill.	2.5 %
6.	Amount and proportion of the activities in the denominator of the OpEx KPI that are taxonomy-eligible, but not taxonomy-aligned pursuant to section 4.31 of Annex I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a
7.	<b>Amount and proportion of other economic activities in the OpEx denominator that are taxonomy-eligible, but not taxonomy-aligned and not listed in rows 1 to 6</b>	n/a	n/a
8.	<b>Total amount and proportion of economic activities in the OpEx denominator that are taxonomy-eligible, but not taxonomy-aligned</b>	EUR 0.5 mill.	2.5 %

**Template 5 Economic activities that are not taxonomy-eligible (OpEx)**

Row	Economic activity	Amount	Percentage
1.	Amount and proportion of the activities listed in row 1 of template 1 in the OpEx denominator that, pursuant to section 4.26 of Annex I and II of Delegated Regulation (EU) 2021/2139, are not taxonomy-eligible	n/a	n/a
2.	Amount and proportion of the activities listed in row 1 of template 1 in the OpEx denominator that, pursuant to section 4.27 of Annex I and II of Delegated Regulation (EU) 2021/2139, are not taxonomy-eligible	n/a.	n/a
3.	Amount and proportion of the activities listed in row 1 of template 1 in the OpEx denominator that, pursuant to section 4.28 of Annex I and II of Delegated Regulation (EU) 2021/2139, are not taxonomy-eligible	n/a	n/a.
4.	Amount and proportion of the activities listed in row 1 of template 1 in the OpEx denominator that, pursuant to section 4.29 of Annex I and II of Delegated Regulation (EU) 2021/2139, are not taxonomy-eligible	n/a	n/a
5.	Amount and proportion of the activities listed in row 1 of template 1 in the OpEx denominator that, pursuant to section 4.30 of Annex I and II of Delegated Regulation (EU) 2021/2139, are not taxonomy-eligible	n/a	n/a
6.	Amount and proportion of the activities listed in row 1 of template 1 in the OpEx denominator that, pursuant to section 4.31 of Annex I and II of Delegated Regulation (EU) 2021/2139, are not taxonomy-eligible	n/a	n/a
7.	<b>Amount and proportion of other economic activities in the OpEx denominator that are not taxonomy-eligible and not listed in rows 1 to 6</b>	EUR 14.5 mill.	79.8 %
8.	<b>Total amount and proportion of economic activities in the OpEx denominator that are not taxonomy-eligible</b>	EUR 14.5 mill.	79.8 %

## 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 for MEDICLIN. 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 continuously 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 effectiveness 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, MEDICLIN did not receive any survey findings from the coverage providers for 2020 and 2022 in the previous years and thus used the findings of the years 2018 and 2019 for its analysis. The current results of the DRV patient survey are now based on 2020 and 2021. The slight deterioration in patient satisfaction (from 71.34 to 68.94) since the previous year is attributable to the limitations to the medical, therapeutic and other services caused by the pandemic as is therefore not unexpected.

### **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 are available on the website of the transparency initiative by quality clinics ([www.qualitaetskliniken.de](http://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 REHAPORTAL of [qualitaetskliniken.de](http://qualitaetskliniken.de) is approximately 77% and, as such, almost at the prior-year level. In 2023 no recommendation rate was available for three of the total of 24 clinics listed in the portal or the recommendation rate failed to cover all of the medical indications on offer.

### **Catering – MediClin à la Carte**

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 of food and beverages 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 the wishes can be implemented directly on-site or whether additional measures have to be taken to address these issues. All in all, our principle of generating instant feedback has led to a constantly high patient 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, workplace health promotion and workplace integration management. 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. The goal of workplace health promotion is to improve working conditions across the Group. In order to achieve this goal, it is essential to involve the stakeholders, i.e. our employees, in the efforts. A survey on the general working conditions, work organisation, social work environment and etiquette is conducted with the external help of the AOK health insurance company. This survey will be gradually carried out across the entire Group. The findings will be used to derive workplace health promotion measures that will be implemented by the project organisation centrally and wherever they may be required with the help of AOK until June 2025. After this, the workplace health promotion measures are to be a fixture at all MEDICLIN facilities.

**EMPLOYEE SATISFACTION (EMPLOYEE MATTERS)**

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 143 seminars offered in 2023 (previous year: 170 seminars), 22 of which (previous year: 19 seminars) had to be cancelled. A total of 1,662 persons (previous year: 1,458 participants) attended the remaining 121 events (previous year: 151 events). The rise in the number of participants indicates that there is a great interest in the training measures offered by the MediClin Academy. The participants' satisfaction is reflected in the excellent reviews of the courses: the overall evaluation of all the seminars conducted in 2023 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 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. In particular, we aim to provide visualised answers to human resource-related issues of various professions, provide information on various occupations and raise the executive staff's awareness of their communication skills.

#### **REDUCTION OF CO<sub>2</sub> 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 our carbon footprint.

Given its status as a healthcare provider with a great number of facilities and the corresponding high energy consumption of more than ten gigawatt hours (GWh) per year, MEDICLIN will in future be obliged under the Energy Efficiency Act (EnEfG) to introduce an energy and environmental management system and to implement associated energy efficiency measures as deemed economically expedient. By the end of 2024, the energy management system within the Group will be realigned to meet ISO 50001.

#### **Project for reducing CO<sub>2</sub> emissions**

The Management Board decided in June 2023 to commission the sustainability working group to set up a task force consisting of employees from the building & technology department, Energie GmbH and a contact person from PATRIZIA to review what options the MEDICLIN Group has to reduce CO<sub>2</sub> emissions (scope 1 and 2) until the year 2030. At present, an extensive site-related energy consulting project that determines the required capital expenditure as well as the savings potential on the basis of an action plan has not yet been commissioned.

### Relevant factors for reducing CO<sub>2</sub> emissions

Three factors are essential at MEDICLIN for reducing CO<sub>2</sub> emissions: highly efficient in-house generation of electricity and heat, reducing the consumption and a mix of electricity from renewable energy sources.

MEDICLIN operated a total of 35 CHPs at 26 sites and four photovoltaic plants in the 2023 reporting year. Additionally, the Group has four external 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. However, the climatic conditions also continue to have a great impact on energy consumption – hot summers, very cold winters. The figures for CO<sub>2</sub> emissions of electricity procured through the grid in 2023 will not be available before September 2024. The calculation of CO<sub>2</sub> emissions was updated in the following table.

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

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

#### Energy procured

In kWh	2021	2022	2023
Electricity	19,525,569	20,721,376	n/a
Gas	116,096,115	99,255,891	n/a
Heating oil	1,456,260	1,374,800	n/a
District heat	8,372,396	7,337,164	n/a
<b>Total</b>	<b>145,450,340</b>	<b>128,689,231</b>	n/a

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

In tons	2021	2022	2023
Scope 1	23,845	20,421	n/a
Scope 2	5,596	6,674	n/a
<b>Total</b>	<b>29,440</b>	<b>27,095</b>	n/a

The reduction in CO<sub>2</sub> emissions in 2022 was mainly due to lower gas consumption.

### 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. also in view of sustainability issues.

### Sustainable management

For MEDICLIN sustainability means, among other factors, that transport legs are optimised and waste with regard to food and packaging is reduced.

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)<sup>1</sup> 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 recertification is valid until 2 November 2024. In 2023, 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.

## 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, which is why MEDICLIN is currently not investigating this option.

## AWARENESS ABOUT THE MEDICLIN ATTITUDE PRINCIPLES (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.

<sup>1</sup> 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

Fighting against corruption and bribery is a material part of MEDICLIN's compliance management. The MEDICLIN Attitude Principles newly developed in the course of 2023 and implemented in October to replace the Code of Conduct serve as guidance for the Management Board, the executive staff and employees for complying with the applicable legal requirements and as a mission statement for 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. Training in the field of compliance focused on the Attitude Principles and the general awareness of compliance-related issues, such as collaboration with the industry, in 2023.

### **Whistle-blower system**

MEDICLIN has a tool-based whistle-blower system. Every employee has the possibility to report violations against the law or policies or any other misconduct to the Company and is protected against repercussions. This information is passed on to the chief compliance officer confidentially for further investigation.

### **Complaints procedure under the German Supply Chain Due Diligence Act (LkSG)**

The German Supply Chain Due Diligence Act (LkSG) has been in force since 1 January 2023 and is initially applicable to companies with at least 3,000 employees. The Supply Chain Act obliges these companies to exercise due diligence in their supply chains in a manner that is appropriate to prevent human rights or environment-related risks and to establish measures to protect people and the environment. One of these measures is to establish a complaints procedure. Employees and third parties are to be enabled by this procedure to make confidential reports of potential human rights violations or the violation of environmental duties within MEDICLIN's supply chain. MEDICLIN has established the corresponding complaints procedure and made available an associated web page ([www.mediclin.de/compliance](http://www.mediclin.de/compliance)).

### **Point of contact in case of sexual harassment at work**

MEDICLIN takes a clear and firm stance against sexual harassment and assault at work. In order to protect its employees, MEDICLIN has since 1 June 2023 established a help desk for the victims of sexual harassment and assault at work. This help desk is made up of an equal number of male and female colleagues (two each) and complements the existing possibility of contacting either the works council or the responsible line manager. MEDICLIN pursues a zero tolerance approach and any reported incidents or indications are pursued in a determined and transparent manner.

### **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 2023 all the commercial directors received online training in small groups to make them aware of compliance issues and they were informed of all the main risk areas in this respect.

Additionally, several Web presentations to update the commercial directors about further developments of the compliance system were held. Providing training and raising awareness are ideal measures for promoting the preventive nature of compliance. This also applies to responding to compliance-related requests by employees 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 the further development of the compliance system. 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.

### **RESPECT FOR HUMAN RIGHTS**

As a healthcare provider, MEDICLIN attaches great importance to the respect for human rights. As laid down in the MEDICLIN Attitude Principles, human rights are part of the code of conduct that binds all employees. The Attitude Principles thus govern our behaviour amongst each other and towards our patients and their relatives, thereby supporting the highly important aspects of employee health and satisfaction as well as patient safety and satisfaction. Furthermore, in 2023 the Management Board issued a Declaration of Human Rights as is required by the German Supply Chain Due Diligence Act (LkSG).

# 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 adjust to the new requirements and undergo further developments.

### PENDING HOSPITAL REFORM

The requisite further development of the healthcare system is addressed by the hospital reform driven by the Federal Minister of Health, Prof. Karl Lauterbach. De-economisation, securing and enhancing the quality of treatment and reducing bureaucracy: these are the declared objectives of the upcoming hospital reform. The effects of the reform on the healthcare sector are not yet fully foreseeable as the specifics of the reform are yet to be finalised. It is not expected that the required legislation will be enacted in the near future. Instead, it is assumed that the reform will commence from 1 January 2025 onwards, the implementation lasting several years until 2029.<sup>1</sup> In the acute sector, it is to be assumed that hospital beds will be reduced while outpatient care will be expanded. Certain treatments are set to shift to larger healthcare centres as the aim is to achieve a higher degree of concentration and specialisation in the acute sector. The potential consequences of the reform on the rehabilitation sector are more difficult to predict as, first of all, rehabilitation only takes place after the acute care, but especially as it is not mentioned in the German government's white paper. With regard to post-acute care, MEDICLIN expects that rehabilitation treatments will be increased and will commence earlier within the treatment chain. MEDICLIN assumes that the demand for therapeutic and also preventive care will increase in order to cushion the resulting supply gap. Patients are set to be transferred earlier after their surgery. Therefore, it is expedient for post-acute care providers like MEDICLIN to intensify their cooperation with hospitals and outpatient services. MEDICLIN is thus developing new concepts in order to adapt to the new requirements. More information on the new MEDICLIN projects "MEDICLIN HOME", "MEDICLIN CAMPUS" and "MEDICLIN DIRECT" is provided in the section "Objectives and strategy".

### 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.

<sup>1</sup> Source: Ärzteblatt (German medical journal, volume 121, edition 3) of 9 February 2024 at <https://www.aerzteblatt.de/archiv/237309/Krankenhausreform-Ausdauer-benoetigt>

### Rehabilitation

Private institutions are the largest providers within the rehabilitation sector. According to the most recent figures by the Federal Statistical Office (for 2022)<sup>1</sup>, approximately 54.1% (589 of 1,089) of the facilities were privately owned. They provided about two-thirds of the bed capacity (106,876) and treated about two-thirds of all cases (more than 1.1 million cases). During the COVID-19 pandemic, the rehabilitation sector experienced a sharp downturn in cases. At the beginning of the pandemic this was caused by the request to keep beds available for emergencies. Since 2020 the number of cases increased again to 1,624,140 cases in 2021 and 1,739,246 in 2022, still falling short of the number of cases before the pandemic (1,993,585).

In 2023 MEDICLIN treated 73,721 patients (previous year: 70,688 patients) with an average length of stay of 25.9 days (previous year: 25.4 days) and an occupancy rate of 87.6 % (previous year: 80.5 %).

### Acute sector

According to the most recent statistics of the Federal Statistical Office, about 40 % of hospitals are privately owned, providing about 20 % of beds and treating about 18 % of the patients in the recent past. The average occupancy rate of the acute sector was approximately 69 %. Based on the most recent figures on available beds in Germany, MEDICLIN accounted for 1.8 % of the market of private hospital operators in 2022.<sup>2</sup>

34,235 inpatients (previous year: 34,128 inpatients) were treated in MEDICLIN's acute care hospitals in 2023. The occupancy rate stood at 72.4 % (previous year: 69.5 %).

### Nursing care sector

The nursing care sector is also expected to meet rising demand in the future. The number of persons in need of care in Germany, which amounted to about 5 million persons in 2021 according to the Federal Statistical Office, could rise to up to 6.3 million by 2035 and 7.6 million by 2055. It is not only expected that the number of persons requiring care, but also that their age will increase. In 2021, for instance, about 2.7 million persons, i.e. 55 % of all persons in need of care, were older than 80. By 2055 this figure could increase to 4.4 million persons and 65 % of all persons requiring care. As the age of the patients rises, the care requirements are also set to become more demanding. The latest statistics by the Federal Statistical Office state that about 84 % of the persons in need of care (approximately 4.2 million) are cared for at home. The remaining 16 %, approximately 800,000 persons, live in nursing care homes, 43 % of which are privately owned.<sup>3</sup> The average occupancy rate of MEDICLIN's six retirement homes was 85.4 % in 2023 (previous year: 80.8 %).

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

### GROUP RECORDS SALES AND EARNINGS GROWTH

In the 2023 financial year MEDICLIN generated Group sales of EUR 730.1 mill. (previous year: EUR 704.7 mill.) and a Group operating result of EUR 12.7 mill. (previous year: EUR 19.5 mill.). Group sales were thus within the guidance issued in the 2022 Annual Report for 2023 (Group sales between

<sup>1</sup> Source: Federal Statistical Office, 13.12.2023, at <https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Gesundheit/Vorsorgeeinrichtungen-Rehabilitationseinrichtungen/Tabellen/gd-vorsorge-reha-bl.html>

<sup>2</sup> Source: Federal Statistical Office, 13.12.2023, at <https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Gesundheit/Krankenhaeuser/Tabellen/gd-krankenhaeuser-jahre.html>

<sup>3</sup> Source: Federal Statistical Office, long-term care projection of 30.03.2023, available at [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/03/PD23\\_124\\_12.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/03/PD23_124_12.html)

+3.0 % and +4.0 %). The Group operating result of EUR 12.7 mill. was also within the forecast, last updated in January 2024 (EUR 10.0 to 15.0 mill.).

The upward trend in Group sales (EUR +25.4 mill. or +3.6 %) becomes even more apparent when looking at the figures without the benefits received under the protective shield to manage the pandemic. In the 2023 financial year Group sales included benefits under the protective shield in the amount of EUR 7.6 mill., down from EUR 18.0 mill. in 2022. Adjusted for the effect resulting from these benefits, the increase in Group sales would have amounted to EUR 35.7 mill. or 5.2 %.

The Group operating result of EUR 12.7 mill. was EUR 6.8 mill. below the previous year. The drop is owed to a one-off effect caused by goodwill impairment of three facilities in the acute segment that placed a burden of EUR 33.1 mill. on the Group operating result. The effect was caused primarily by the goodwill allocated to MEDICLIN Herzzentrum Coswig, which was recognised as held for sale in the consolidated financial statements 2023. The MEDICLIN Group received energy cost allowances amounting to EUR 15.4 mill. in financial year 2023, which had a positive impact on the result. In the previous year, these allowances had amounted to EUR 2.2 mill.

### POSITIVE SEGMENT PERFORMANCE

Sales in the post-acute segment of EUR 451.2 mill. were EUR 19.9 mill. or 4.6 % above the comparable prior-year period. Sales include payments under the protective shield to manage the COVID-19 pandemic in the amount of EUR 7.4 mill., which is below the figure in 2022 (EUR 11.7 mill.). The post-acute segment was also burdened in 2023 by the missing sales contribution of the closed clinic in Bad Peterstal (MEDICLIN Schlüsselbad Klinik). Adjusted for the two aforementioned effects in the two years that are being compared, the post-acute segment would have generated sales of EUR 443.8 mill. in 2023 (2022: EUR 413.9 mill.), corresponding to an increase of 7.2 %.

Sales in the acute segment of EUR 254.0 mill. increased by EUR 1.3 mill. or 0.5 % compared with the previous year's value. The sales of the medical care centres included in the acute segment's sales amounted to EUR 8.5 mill. in the 2023 financial year, compared to EUR 10.1 mill. in the previous year. Sales in the reporting year do not contain any benefits under the protective shield to manage the pandemic, which had amounted to EUR 5.2 mill. in the previous year. Sales in 2023 were also affected by a change in the scope of consolidation following the sale of Robert Janker Klinik and MVZ Bonn in April 2023. Adjusted for the two aforementioned effects in the two years that are being compared, the acute segment would have generated sales of EUR 249.9 mill. in 2023 (previous year: EUR 234.1 mill.), corresponding to an increase of 6.7 %.

The post-acute segment generated an operating result of EUR 52.7 mill. (previous year: EUR 21.2 mill.), corresponding to an increase of EUR 31.5 mill. or 148.1%. Lower depreciation of right-of-use assets due to the prematurely renewed rental contracts had a particularly positive influence here (down EUR 16.8 mill. on the previous year to EUR 23.8 mill. in 2023). Adjusting the operating result of the post-acute segment for the effects from benefits under the protective shield and the closing of the Bad Schlüsselbad clinic, the operating result would have amounted to EUR 48.3 mill. in 2023 (previous year: EUR 15.6 mill.), corresponding to an increase of EUR 32.7 mill. or 208.9%. In the 2023 financial year, MEDICLIN received energy cost allowances attributable to the post-acute segment amounting to EUR 8.4 mill., up from EUR 1.4 mill. in the previous year.

The acute segment generated an operating result of EUR –39.9 mill. (previous year: EUR –4.4 mill.). The segment's operating result was mainly affected by a one-off impairment loss on the goodwill of three facilities totalling EUR 33.1 mill. Furthermore, in the reporting year, the segment did not receive any benefits under the protective shield other than in the previous year (2022: EUR 5.2 mill.), which also had a negative effect. The change in the scope of consolidation, i.e. the sale of Robert Janker Klinik and MVZ Bonn, had a positive effect on the segment's operating result. Adjusted for the three aforementioned effects in the two years that are being compared, the acute segment would have generated an operating result of EUR –4.1 mill. in 2023 (previous year: EUR –8.2 mill.), corresponding to an increase of EUR 4.4 mill. in operating terms. In the 2023 financial year, MEDICLIN received energy cost allowances attributable to the acute segment amounting to EUR 6.8 mill., up from EUR 0.8 mill. in the previous year.

Sales in the nursing care business area, which is part of the other activities segment, rose to EUR 21.3 mill. in the year under review (previous year: EUR 18.7 mill.), while the operating result of the business area reached EUR 0.2 mill., up from EUR –1.0 mill. in the previous year. In the 2023 financial year, MEDICLIN received energy cost allowances attributable to the other activities segment amounting to EUR 0.3 mill. No energy cost allowances had been paid in the previous year.

### Segment sales and segment operating result

In millions of €	Sales			Operating result		
	2023	2022	Change in %	2023	2022	Change in %
Post-acute	451.2	431.2	+4.6	52.7	21.2	+148.1
Acute	254.0	252.7	+0.5	–39.9	–4.4	n/a
Other activities	24.9	20.8	+19.8	–0.1	2.7	–103.0
Post-acute like-for-like <sup>1</sup>	443.8	413.9	+7.2	48.3	15.6	+208.9
Acute like-for-like <sup>2</sup>	249.9	234.1	+6.7	–4.1	–8.4	+51.9

<sup>1</sup> Both years adjusted for benefits under the protective shield to manage the pandemic / the Bad Schüsselbad clinic that was closed in February 2023

<sup>2</sup> Both years adjusted for benefits under the protective shield to manage the pandemic / Robert Janker Klinik and MVZ Bonn which were sold in April 2023 / goodwill impairment of three facilities

### SOUND FINANCIAL STRUCTURE

In addition to cash and cash equivalents of EUR 115.3 mill. (previous year: EUR 88.0 mill.), the Group has access to credit lines in the amount of EUR 24.8 mill. The cash and cash equivalents figure already includes EUR 19.6 mill. in benefits under the protective shield to be paid back and EUR 18.1 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 operating cash flow, provided that sales growth is in line with the target.

The equity ratio was 22.3 % (31.12.2022: 22.8 %) while adjusted net financial debt amounted to EUR 17.2 mill. (31.12.2022: EUR 30.8 mill.) on the reporting date. As at 31 December 2023 the debt ratio was 0.3 x (31.12.2022: 0.4 x) of adjusted EBITDA, which is still clearly below the maximum target level of 3.5 x.

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

# 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 730.1 mill. in the 2023 financial year (previous year: EUR 704.7 mill.) were EUR 25.4 mill. or 3.6 % above the previous year's value. Group sales contain benefits under the protective shield totalling EUR 7.6 mill. (previous year: EUR 18.0 mill.). Adjusted for these benefits, sales increased by EUR 35.7 mill. or 5.2 %. Sales from outpatient healthcare services amounted to EUR 18.1 mill. (previous year: EUR 17.1 mill.) or 2.5 % of Group sales; EUR 8.1 mill. thereof (previous year: EUR 9.0 mill.) was generated by the medical care centres.

The MEDICLIN Group managed to achieve quarter-on-quarter sales growth in all of the quarters of 2023. The second quarter of 2023 was the one with the strongest sales (EUR 188.1 mill.) as was the case in the previous year (Q2 2022: EUR 181.1 mill.). The occupancy rate ranged between 82.1% and 86.1% over the quarters. MEDICLIN's Group operating result is EUR 12.7 mill. (previous year: EUR 19.5 mill.). The Group operating result turned clearly negative in the fourth quarter of 2023 (EUR -16.7 mill.) in the wake of goodwill impairments recognised for three facilities in the acute segment (one-off effect).

#### Group sales and Group operating result

In thousands of €	2023		2022	
	Group sales	Group EBIT	Group sales	Group EBIT
1st quarter	176.7	-1.7	174.2	-2.6
2nd quarter	188.1	13.0	181.1	9.2
3rd quarter	182.3	18.1	171.0	3.5
4th quarter	183.0	-16.7	178.4	9.4
<b>Year total</b>	<b>730.1</b>	<b>12.7</b>	<b>704.7</b>	<b>19.5</b>

#### Development of expenses

Raw materials and consumables used increased by EUR 4.6 mill. year-on-year to EUR 137.4 mill., which corresponds to an increase of 3.5 % (previous year: EUR 132.8 mill.). The major part of this cost increase is attributable to the higher occupancy levels and prices as well as additional expenses in connection with catering/cafeteria (EUR +2.7 mill. to EUR 20.5 mill.) and additional expenses for implants in the acute segment (EUR +1.7 mill. to EUR 17.9 mill.). The Group's cost of materials ratio thus amounts to 18.8 % (previous year: 18.8 %). Compared to the previous year, the Group's staff costs climbed by EUR 24.3 mill. to EUR 460.7 mill., corresponding to an increase of 5.6 %. The increase in staff costs was expected and is attributable to legal requirements as well as salary increases for the existing staff. The staff costs ratio climbed to 63.1 % (previous year: 61.9 %).

The Group's depreciation and amortisation expenses totalled EUR 86.0 mill. in the reporting year (previous year: EUR 71.4 mill.). Depreciation and amortisation includes EUR 27.4 mill. (previous year: EUR 44.8 mill.) in scheduled depreciation of right-of-use assets. The remeasurement of the rental contracts for 20 clinics prematurely renewed in the fourth quarter of 2022 under IFRS 16 had a positive effect. The depreciation of non-current assets amounted to EUR 64.4 mill., up from EUR 33.2 mill. in the previous year. Impairments on the goodwill of three facilities in the acute segment totalling EUR 33.1 mill. weighed on the depreciation and amortisation item. The depreciation and amortisation ratio (without depreciation of right-of-use assets) amounts to 8.0 % (previous year: 3.8 %).

Other operating expenses increased by EUR 7.7 mill. to EUR 70.0 mill. (previous year: EUR 62.3 mill.). EUR 2.9 mill. of the increase is attributable to costs in connection with IT/organisation, while EUR 1.0 mill. pertain to legal, consultancy and audit costs and EUR 0.4 mill. to travel costs. Expenses for rents and leases amounted to EUR 4.3 mill. (previous year: EUR 3.4 mill.).

### Expenses

	2023	2022	Change in %
Raw materials and consumables used in millions of €	137.4	132.8	+ 3.5
Cost of materials ratio in %	18.8	18.8	
Staff costs in millions of €	460.7	436.4	+ 5.6
Staff costs ratio in %	63.1	61.9	
Depreciation and amortisation in millions of €	86.0	71.4	+ 20.4
Other operating expenses in millions of €	70.0	62.3	+ 12.4

### Financial result and tax ratio

The financial result amounted to EUR –21.4 mill. at year-end (previous year: EUR –9.7 mill.), while interest and similar expenses stood at EUR 23.9 mill. (previous year: EUR 10.6 mill.). This includes interests for lease liabilities amounting to EUR 19.0 mill. (previous year: EUR 8.4 mill.). The increase in interests for lease liabilities is associated with the premature prolongation of the existing rental contracts.

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 2.0 mill. (previous year: EUR 0.1 mill.).

### Total consolidated result

In the 2023 financial year, the consolidated result attributable to shareholders of MEDICLIN AG was EUR –10.8 mill. (previous year: EUR 9.4 mill.) and the earnings per share resulting therefrom were EUR –0.23 (previous year: EUR 0.20).

### 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 %



	2023	2022
Public health insurance funds	63.8	65.1
Social security pension funds	27.9	26.5
Private health insurance companies	8.2	8.2
Other coverage providers	0.1	0.2

### FINANCIAL POSITION

MEDICLIN covers its capital requirements from operating cash flow, investment subsidies and a syndicated loan. The syndicated loan has a volume of EUR 90.0 mill. and consists of a bullet loan for EUR 50.0 mill. and a revolving working capital facility for EUR 40.0 mill. On 31 December 2023 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.

Non-current liabilities to banks, including the subsidised loan, amount to EUR 66.4 mill. (31.12.2022: EUR 67.5 mill.), while current liabilities to banks amount to EUR 27.0 mill. (31.12.2022: 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 115.3 mill. on the balance sheet date (31.12.2022: EUR 88.0 mill.). Future strains on liquidity will arise from the expected repayment of benefits received under the protective shield in the amount of EUR 19.6 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 18.1 mill. for building the new Hedon Klinik in Lingen.

On 31 December 2023 the Group had free credit lines amounting to EUR 24.8 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 2023, calculated on the basis of full-time employees, was 7,016 (previous year: 7,025 full-time employees). The number of full-time employees decreased by 9 full-time employees. compared to the previous year.

On 31 December 2023 the headcount was 9,613. The Group had 404 trainees on average in 2023 (previous year: 410 trainees). On the reporting date on 31 December 2023, the number of trainees amounted to 460.

## CAPITAL EXPENDITURE

Gross investments in non-current assets without investments associated with right-of-use assets under IFRS 16 totalled EUR 38.8 mill. in 2023 (previous year: EUR 28.5 mill.).

### Essential gross additions to non-current assets

In millions of €	2023	2022
Licences, concessions	3.2	2.0
Land, buildings	2.2	1.7
Technical equipment, IT	1.0	0.6
Operating and office equipment	12.7	9.5
Payments on account and assets under construction	19.7	14.7
<b>Total</b>	<b>38.8</b>	<b>28.5</b>

All in all, a gross amount of EUR 3.2 mill. (previous year: EUR 2.0 mill.) was invested in intangible assets.

Gross additions to property, plant and equipment before deduction of special items totalled EUR 36.6 mill. (previous year: EUR 118.8 mill.). EUR 1.0 mill. thereof are attributable to additions of right-of-use assets. Approximately EUR 16.7 mill. was used for the reconstruction and expansion of clinics. EUR 6.1 mill. thereof refer to the construction of the clinic for child and youth psychiatry at the MEDICLIN Müritzklinikum site in Röbel and EUR 4.6 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 5.0 mill., and EUR 3.9 mill. was invested in medical equipment including accessories.

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

## LIQUIDITY

The cash flow from operating activities rose by EUR 43.4 mill. year-on-year, from EUR 34.6 mill. to EUR 78.0 mill. All in all, MEDICLIN received EUR 10.3 mill. less in benefits under the protective shield to manage the COVID-19 pandemic than in the previous year, while EUR 7.1 mill. in benefits were repaid.

Capital expenditure for non-current assets was increased again in the 2023 financial year. A gross amount of EUR 3.2 mill. (previous year: EUR 1.6 mill.) was spent on intangible assets, while gross investments in property, plant and equipment totalled EUR 34.4 mill. (previous year: EUR 24.4 mill.). Investment subsidies received amounted to EUR 19.0 mill. (previous year: EUR 19.1 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 –9.5 mill. (previous year: EUR –6.2 mill.).

The cash flow from financing activities amounted to EUR –45.4 mill., following EUR –56.2 mill. in the previous year. The interest payments for lease liabilities amounted to EUR 19.0 mill., up from EUR 8.4 mill. in the previous year. Higher interest from lease liabilities under IFRS 16 are associated with the premature renewal of existing rental contracts for 20 clinics and the sharp increase in interest at the time the lease liabilities were revalued. The Group repaid loan liabilities amounting to approximately EUR 1.6 mill. in 2023 (previous year: EUR 1.9 mill.). No further loans were taken out. Other payments for interest amounted to EUR 2.8 mill. (previous year: EUR 1.7 mill.).

Cash and cash equivalents at the end of the period thus increased by EUR 23.1 mill. to EUR 115.3 mill.

### Consolidated cash flow statement (abridged)

In millions of €	January– December 2023	January– December 2022
Cash flow from operating activities	78.0	34.6
Cash flow from investing activities	–9.5	–6.2
Cash flow from financing activities	–45.4	–56.2
Cash flow for the period	23.1	–27.8
Cash and cash equivalents at the beginning of the period	92.2	120.0
Cash and cash equivalents at the end of the period	115.3	92.2

Future strains arise from the repayment of benefits received under the protective shield in the expected amount of EUR 19.6 mill. (as at 31.12.2023).

## NET ASSETS

The balance sheet total decreased by EUR 35.6 mill. or 3.9 % since the previous reporting date, from EUR 916.1 mill. to EUR 880.5 mill. The Group's non-current assets amounted to EUR 580.7 mill. as at 31 December 2023 (31.12.2022: EUR 654.1 mill.). The decline is attributable to scheduled depreciation of property, plant and equipment and right-of-use assets under IFRS 16 and on the goodwill impairment recognised for three facilities in the acute segment totalling EUR 33.1 mill. The Group's current assets amounted to EUR 299.8 mill. as at 31 December 2023 (31.12.2022: EUR 262.0 mill.). The increase is due primarily to an increase in cash and cash equivalents, which amounted to EUR 115.3 mill. at the

end of the reporting year (previous year: EUR 88.0 mill.). The Group's non-current liabilities declined by EUR 22.7 mill. to EUR 513.2 mill. as at 31 December 2023 (31.12.2022: EUR 535.9 mill.). Current liabilities, in turn, remained nearly unchanged and amounted to EUR 171.3 mil. (31.12.2022: EUR 170.8 mill.). MEDICLIN's equity stood at EUR 196.1 mill. as at 31 December 2023 (31.12.2022: EUR 209.3 mill.).

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 €	31.12.2023	In % of balance sheet total	31.12.2022	In % of balance sheet total
<b>Assets</b>				
Non-current assets	580.7	66.0	654.1	71.4
Current assets	299.8	34.0	262.0	28.6
	<b>880.5</b>	<b>100.0</b>	<b>916.1</b>	<b>100.0</b>
<b>Equity and liabilities</b>				
Equity	196.0	22.3	209.3	22.8
Non-current liabilities	513.2	58.3	535.9	58.5
Current liabilities	171.3	19.4	170.9	18.7
	<b>880.5</b>	<b>100.0</b>	<b>916.1</b>	<b>100.0</b>

## SEGMENT REPORTING

### Sales

The share of the post-acute segment in Group sales of EUR 730.1 mill. was 61.8 % (previous year: 61.2 %), while the share of the acute segment was 34.8 % (previous year: 35.9 %) and the nursing care business area contributed 2.9 % (previous year: 2.7 %).

Sales in the post-acute segment rose by EUR 19.9 mill. or 4.6 % to EUR 451.2 mill. Segment sales include EUR 7.4 mill. in benefits under the protective shield to manage the COVID-19 pandemic, (previous year: EUR 11.7 mill.).

Sales in the acute segment of EUR 254.0 mill. were EUR 1.3 mill. or 0.5 % higher than the previous year's value. Sales in the reporting year no longer include benefits under the protective shield (previous year: EUR 5.2 mill.).

The other activities and reconciliation segment recorded sales of EUR 24.9 mill. (previous year: EUR 20.8 mill.) in the 2023 financial year. The nursing care business area generated sales of EUR 21.3 mill. (previous year: EUR 18.7 mill.).

### Expense items

The expenses for raw materials and consumables used in the post-acute segment increased by EUR 5.0 mill. or 5.9 %, with purchased services (EUR +5.9 mill.) and catering (EUR +4.6 mill.) and maintenance cleaning (EUR +2.4 mill.) showing particularly pronounced increases due to the increased occupancy rate.

In the acute segment, raw materials and consumables used rose by EUR 4.2 mill. or 6.1 %. In this segment the expenses for raw materials rose by EUR 2.8 mill. while the cost of purchased services increased by EUR 1.4 mill.

Staff costs in the post-acute segment rose moderately by EUR 8.7 mill. or 3.8 %, respectively. In the acute segment, staff costs rose by EUR 5.6 mill. or 3.8 %, respectively.

In the post-acute segment, the average number of full-time employees in 2023 was 3,636 (previous year: 3,740 full-time employees), while the number of full-time employees in the acute segment was 2,018 (previous year: 2,037 full-time employees).

### Sales

In millions of €	2023	2022	Change in %
Post-acute	451.2	431.2	+ 4.6
Acute	254.0	252.7	+0.5
Other activities and reconciliation	24.9	20.8	+19.8
Thereof nursing care business area	21.3	18.7	+13.9
<b>Group</b>	<b>730.1</b>	<b>704.7</b>	<b>+3.6</b>

### Raw materials and consumables used

	2023	2022	Change in %
<b>Post-acute</b>			
Raw materials and consumables used in millions of €	90.6	85.5	+ 5.9
Cost of materials ratio in %	20.1	19.8	
<b>Acute</b>			
Raw materials and consumables used in millions of €	73.8	69.6	+ 6.1
Cost of materials ratio in %	29.1	27.5	

### Staff costs

	2023	2022	Change in %
<b>Post-acute</b>			
Staff costs in millions of €	238.8	230.0	+ 3.8
Staff costs ratio in %	52.9	53.3	
<b>Acute</b>			
Staff costs in millions of €	153.7	148.1	+ 3.8
Staff costs ratio in %	60.5	58.6	

### Segment results

The post-acute segment was able to improve its result to EUR 52.7 mill. (previous year: EUR 21.2 mill.). This includes a reduction in depreciation of right-of-use assets under IFRS 16 by EUR 16.8 mill. due to the premature renewal of the rental contracts for 20 clinics in October 2022. The result in the acute segment amounted to EUR –39.8 mill. (previous year: EUR –4.4 mill.). The result of the acute segment is impacted by goodwill impairments recognised for three facilities amounting to EUR 33.1 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 –0.1 mill., down from EUR 2.7 mill. in the previous year.

### Segment results

In millions of €	2023	2022
Post-acute	52.7	21.2
Acute	-39.9	-4.4
Other activities and reconciliation	-0.1	2.7
<b>Group</b>	<b>12.7</b>	<b>19.5</b>

### Annual average number of employees in the segments

Shown in full-time employees	2023	2022	Change
Post-acute	3,636	3,740	-104
Acute	2,018	2,037	-19
Other activities	1,362	1,248	+114
Thereof nursing care business area	203	211	-8
Thereof service business area (incl. administration)	1,159	1,037	+122
<b>Total</b>	<b>7,016</b>	<b>7,025</b>	<b>-9</b>

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

In %	Post-acute		Acute	
	2023	2022	2023	2022
Public health insurance funds	41.6	43.4	90.9	91.1
Social security pension funds	50.8	48.7	0.0	0.0
Private health insurance companies	7.5	7.8	9.0	8.7
Other coverage providers	0.1	0.1	0.1	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

### Capital expenditure

In 2023 a total of EUR 38.8 mill. (gross amount) was invested in non-current assets. Capital expenditure was distributed among the segments as follows:

In millions of €	2023	2022
Post-acute	22.0	16.5
Acute	14.0	9.6
Other activities and reconciliation	2.8	2.4
<b>Group</b>	<b>38.8</b>	<b>28.5</b>

On the reporting date of 31 December 2023 MEDICLIN AG has no material capital expenditure obligations.

# General report on economic position

## Good starting position for an uncertain environment in 2024

Despite the slight improvements, the macroeconomic environment was highly challenging for the healthcare sector in 2023. The end of gas supplies from Russia in the wake of the war in Ukraine led to hikes in energy prices and to a surge in the inflation rate. Both the energy prices and the inflation rate started sinking again in 2023. The labour market proved robust. The number of people employed rose by 0.7 % in 2023 and reached a historical high of about 46 million persons on average in 2023. 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 income available by private households also showed an upwards trend, increasing by 5.9 % in the reporting year. MEDICLIN welcomes the indications of an economic recovery. The development of the labour market, in particular, will have a positive effect on the business performance. 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.

The Management Board is satisfied with the occupancy rate within the Group, which is recovering towards the levels achieved before the COVID-19 pandemic (approximately 90 %). The occupancy rate exceeded 82 % in all of the four quarters of 2023, peaking in the third quarter at 86.1 %. The first few weeks of 2024 also indicate that demand is returning again to normal levels.

MEDICLIN's largest segment, the post-acute segment, has proven to be particularly robust, reaching sales growth of 4.6 % to EUR 451.2 mill. The post-acute segment achieved an operating result of EUR 52.7 mill.

A white paper was issued in 2023 with respect to the hospital reform the Federal Minister of Health, Prof. Karl Lauterbach, is pursuing. The white paper contains some significant information that will affect the acute sector, but no information on the rehabilitation sector. Based on the white paper that has been published, MEDICLIN assumes that more rehabilitation services will be required and that these will be offered at an earlier stage. It is thus likely that the need for therapeutic and preventive offerings will rise in order to close the resulting supply gap. The hospital reform is expected to entail a reduction in hospital beds and the establishment of outpatient structures. Certain treatments are set to shift to larger healthcare centres as the aim is to achieve a higher degree of concentration and specialisation in the acute sector. MEDICLIN believes the structural change to be an opportunity and has thus initiated forward-looking projects that will utilise the developments described above and secure the future viability of the Group. These MEDICLIN projects focus on outpatient care and digital offerings as well as treatments that seamlessly follow up on acute care. At present, it is assumed that the reforms will come into force no earlier than 1 January 2025 and that the implementation will last several years until 2029.

Despite the ongoing macroeconomic challenges and the geopolitical conflicts, the MEDICLIN Management Board expects the occupancy rate to remain high in 2024. The currently ongoing economic recovery underlines the Management Board's positive outlook for 2024. This assessment is, however, subject to the proviso that the economic development in Germany is not negatively impacted by an aggravation of the geopolitical conflicts in Ukraine and Israel.

# Forecast report

## German economy still weak

In a press release published by the German Federal Ministry for Economic Affairs and Climate Action (Bundesministerium für Wirtschaft und Klimaschutz – BMWK) in January 2024, the German government describes the macroeconomic situation as lastingly weak in the wake of previous crises. The press release further states that the economic performance is burdened by a significant loss in purchasing power following the massive hike in energy and food prices, the weak global economy, geopolitical crises and tightening monetary policies. After a decline in the gross domestic product of about 0.25 % compared to the previous quarter at year-end, the gross domestic product for the full year 2023 now stands at 0.3 % according to preliminary information provided by the Federal Statistical Office.

The energy price cap that applied from January 2023 onwards gave private households as well as small and medium-sized enterprises financial security and planning certainty. A similar relief measure was introduced for the industry in January 2023. The electricity price cap is another instrument in addition to the gas and heating price cap that helped to temporarily ease the high burden. According to 2024 federal budget planning, the energy price caps will be discontinued after 2023.

The labour market has proved robust. The number of people employed rose by 0.7 % in 2023 and reached a historical high of about 46 million persons on average in 2023. The income available by private households also showed an upwards trend, increasing by 5.9 % in the reporting year. Here, private households were supported by the opportunity to receive a tax-free inflation compensation premium. In order to counteract the loss of the private households' purchasing power, the German government also raised social benefit payments (housing benefit, citizens' benefit, increase in child benefit). These measures are to aid lower income groups in particular.

The German government assumes that the German gross domestic product will rise by 1.3 % in 2024, while the global gross domestic product is set to increase by 3.0 %. The forecast for the 2024 inflation rate in Germany is 2.6 %.

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

### NEW LEGAL REGULATIONS

The Federal Minister of Health, Professor Karl Lauterbach (SPD party) is planning to fundamentally restructure the hospital sector. The reform plans by the Federal Minister of Health are not yet final. So far, the government has only issued a white paper that provides for extensive changes to the billing at acute hospitals and no changes in the rehabilitation sector. The changes aimed at the acute sector mainly pertain to billing that is to be less dependent on case-based lump sums in the future. Further, the reform calls for increasing specialisation of hospitals.

It aims to fundamentally change the existing billing system, for example by allowing for so-called capacity budgets, meaning that hospitals will be paid for making certain capacity and services available.

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 specialised 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 is to improve the nursing situation at hospitals, including among others a new instrument for measuring staff requirements. The German Federal Parliament (Bundestag) already approved the corresponding bill in December 2022. The legislation is to improve the nursing situation in hospitals in the medium term. To this end, ideal staffing levels will be calculated and implemented at the individual wards by means of a staff allocation tool (PPR 2.0) that is being tested since January 2023. The staff allocation is to become binding for all facilities concerned, and deviations can be sanctioned from 2025 onwards.

The German Hospital Relief Act (KHPfLEG) will also provide paediatric and obstetric units with more financial support. The German Health Fund will allocate EUR 120 mill. from its liquidity reserve to the obstetric sector in each of 2023 and 2024. In total, about EUR 380 mill. of the liquidity reserve will be used in 2023 and 2024 to fund each of the obstetric and the paediatric sectors.

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 still not 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 2024 financial year.

## Outlook

### CONTINUOUSLY HIGH OCCUPANCY RATES AT THE BEGINNING OF 2024 SUPPORT POSITIVE OUTLOOK

MEDICLIN continues in 2024 to be 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. The occupancy rates exceeded 80 % in each of the quarters in financial year 2023. In the second and the third quarter the occupancy rates of 84.8 % and 86.1 % started to slowly approach the level in 2019, before the COVID-19 pandemic (more than 90 %). In the first few weeks of 2024 the occupancy rate continues to stand at a good level, exceeding the figures achieved in the first weeks of 2023, thereby confirming the positive 2024 outlook.

In terms of sales, MEDICLIN expects an increase of between 3 % and 5 % in Group sales. The expected sales increase is based on the assumption that the occupancy rate will return to the normal levels achieved before the COVID-19 pandemic. Earnings will be burdened by higher staff costs than in the previous year, adjustments to remuneration and increased staff recruitment costs in an environment that is marked by a shortage of skilled professionals. Furthermore, MEDICLIN also expects earnings to be burdened by higher costs of raw materials and consumables used caused by price increases.

Due to capital expenditure at individual sites as well as measures that are subject to capitalisation, MEDICLIN also expects the depreciation and amortisation expenses to increase moderately. This does not account for the one-off effect of goodwill impairment in 2023. Based on the expected development of the results of operation described above, the Management Board forecasts Group EBIT between EUR 38 mill. and EUR 46 mill. in 2024. The targets for financial year 2024 are based on the consolidation scopes as at 31 December 2023 and thus include MEDICLIN Herzzentrum Coswig. The facility was sold in February 2024, but the ownership has not yet passed to the new owners. These financial targets, however, are subject to the proviso that the German economy does not deteriorate substantially due to the lasting geopolitical crises.

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 Management Board assumes that the maximum net debt leverage at Group level of 3.5x of adjusted EBITDA will not be exceeded in the 2024 financial year. In financial year 2023 the net debt ratio stood at 0.3x and was thus below the maximum net debt ratio of 3.5x of adjusted EBITDA.

### Sales and sales development

	ACTUAL RESULTS 2023 financial year		Targets 2024 financial year			
	Sales in millions of €	2023 vs. 2022 in %		MIN in %		MAX in %
Group	730.1	+3.6	Sales growth of	+3.0	to	+5.0
Post-acute segment	451.2	+4.6	Sales growth of	+4.0	to	+6.0
Acute segment	254.0	+0.5	Sales growth of	+0.0	to	+1.0

### EBIT

	ACTUAL RESULTS 2023 financial year		Targets 2024 financial year			
	EBIT in millions of €	EBIT margin in %		MIN in millions of €		MAX in millions of €
Group	12.7	1.7	EBIT of	38.0	to	46.0

### EBIT margin

	ACTUAL RESULTS 2023 financial year		Targets 2024 financial year			
	EBIT in millions of €	EBIT margin in %		MIN in %		MIN in %
Post-acute segment	52.7	11.7	EBIT margin of	10.0	to	12.0
Post-acute segment	-39.9	n/a	EBIT margin of	0.0	to	1.0

### TARGET ACHIEVEMENT IN 2023 FINANCIAL YEAR

The 2022 Annual Report forecast sales growth between 3.0 % and 4.0 % and a Group operating result in the range between EUR 36.0 and 44.0 mill. for the Group in the 2023 financial year. With 3.6 % growth, Group sales were thus within the forecast range. Group EBIT of EUR 12.7 mill. was also within the forecast of EUR 10.0 mill. to 15.0 mill. that had been adjusted and published in January 2024 due to a one-off effect (goodwill impairment in the acute segment).

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

### REORGANISATION OF GROUP STRUCTURE HAS COMMENCED

MEDICLIN AG started in financial year 2023 to reorganise its group structure. Previously, the major part of the operating business in the acute and post-acute segments and the management and controlling functions were bundled under the roof of MediClin GmbH & Co. KG. The objective of the reorganisation is to create a more fitting and transparent corporate structure and to redistribute and refocus the tasks and responsibilities among corporate headquarters and clinics. The reorganisation will enhance the ability to react to changes and current developments and create more space for innovation. It will further strengthen the individual sites, promote future growth, improve profitability and generate additional income. The commercial directors will be given more autonomy and responsibility and will be made managing directors. In order to achieve this, corporate headquarters and the acute, post-acute and hybrid clinics that are currently operating under the roof of MediClin GmbH & Co. KG are hived off into a total of 26 individual companies. The reorganisation is supposed to be fully completed in the 2024 financial year.

### ANOTHER INCREASE IN CAPITAL EXPENDITURE EXPECTED IN 2024

Cash used for investments of EUR 37.6 mill. in gross terms was significantly higher in financial year 2023 than in the previous year (2022: EUR 26.1 mill.). In the current financial year, MEDICLIN expects capital expenditure to increase again to about EUR 45.3 mill.

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.

## 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.

The twice-yearly risk inventory and the corresponding training is carried out by the risk management department.

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

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

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

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

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

#### **RISK ASSESSMENT AND RISK CLASSIFICATION AT FACILITY/DEPARTMENT LEVEL**

The main aspects of every business-related risk are documented and assessed in the risk management software *copa.ris* by the respective risk owner. Together with the risk owner in central services, the local risk owner assesses the identified risks together with their potential damage and probability of occurrence.

Risks are assessed 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 (assessment of status quo) and planned measures (target assessment).

Four risk classes have been defined at Group and 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. The risk classes at Group level are as follows:

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

In 2023 there were no risks that were classified as existential at Group level.

### EVALUATION AND CLASSIFICATION OF OPPORTUNITIES

MEDICLIN also defined areas and classes for opportunities in line with the risk approach. The opportunity classes at Group level 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.

The following section deals with the risk and opportunity areas that could represent risks or opportunities for the Group.

### GROUP RISKS AND OPPORTUNITIES

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.

#### Infrastructure risks

The healthcare industry is affected by a severe shortage of skilled professionals as are 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 order to counteract the risks inherent in the shortage of skilled professionals and in order to reduce dependency on external medical staff, MEDICLIN relies on active human resource management and on positioning the Company as an attractive employer. This includes a wide range of further qualification and training opportunities and designing work places that fit the needs of our staff as well as flexible working hours.

By applying facility-specific remuneration models, MEDICLIN is able to influence the future development of staff costs and to adjust to local labour market conditions.

In the context of its active building, renovation and modernisation activities, MEDICLIN is exposed to various risks that could negatively affect earnings and net assets. This includes delays in construction and cost overruns. Subsidies carry the risk of non-compliant use of such subsidies.

MEDICLIN seeks to proactively control potential project risks by centrally managing construction projects, applying a standardised approach and by closely supervising the construction projects. This also includes monitoring suppliers to be able to take measures in case of price increases or delivery problems in the supply chain at an early stage.

The same approach is used with regard to contractors and maintenance providers that are tasked with ensuring operational safety.

A well-functioning IT infrastructure is an important factor for MEDICLIN's success. Risks may arise with regard to the availability and the security of IT systems and data. The rising complexity as well as a global surge in cyberattacks has intensified IT risks in recent years. In order to address these risks, MEDICLIN actively seeks to increase IT security. The main goals in this respect are to ensure patient safety, data privacy and protection as well as the effectiveness of treatments. Risk management in the field of IT and data protection is thus continuously further developed.

Relevant legal risks are identified, assessed and managed at individual unit level at MEDICLIN. It is not always possible to reliably predict the outcome of any pending legal proceedings, but MEDICLIN does not expect any material detrimental effects of pending legal disputes at present.

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.

### **Environment and sector risks**

As health insurance funds merge and social security pension funds (DRV Bund und Länder) increase their control over bed allocation, the dependency on individual coverage providers is also increasing. MEDICLIN advocates a heterogeneous referral and coverage provider structure to counter the risks inherent in this dependency.

The competitive environment and the associated risks for MEDICLIN differ depending on the location and the region. The Group follows a regional approach to be able to flexibly and promptly take appropriate measures to adjust to regional changes.

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.

### **Operating risks**

MEDICLIN is exposed to a general default risk. The Group counters this risk by defining central standards for the billing process and by applying active claims management.

The excellence of its treatment quality is a crucial factor for MEDICLIN, and the Group's structured internal quality management system ensures that the quality of treatment is constantly maximised. MEDICLIN relies on appropriate preventive systems, continuous further training of its employees and active risk provisioning to constantly improve patient safety and to minimise potential risks at an early stage.

Given the highly dynamic economic environment in many industries, MEDICLIN is exposed to risks associated with cost increases and supply chain bottlenecks. MEDICLIN is part of a major purchasing group, allowing MEDICLIN to benefit from collective negotiations and the associated favourable prices and supply conditions. It also provides for a high quality of master data and the information shared within the purchasing group helps to react promptly to any changes on the markets. Existing risks are thus reduced considerably.

### **Financial risks**

Due to the rigid legal framework, MEDICLIN faces risks in connection with payment budgets, delayed budget negotiations and any potential changes in budget legislation. Adequate provisions are set aside for risks resulting from the reviews by the Medical Service (MD reviews) that also cover retrospective risks from outpatientisation. Additional risks may result from statutory provisions or regulations leading to a drastic rise in expenses. This refers to the Nursing Staff Strengthening Act (Pflegerpersonal-Stärkungs-Gesetz – PpSG) and the Regulation on Nursing Staff Thresholds (Pflegerpersonaluntergrenzen-Verordnung – PpUGV).

The Group addresses these risks by providing the local units with the required support.

The Group is also generally exposed to risks in connection with the capital markets that could entail default, changes in interest rates and liquidity risks. These risks are controlled and monitored centrally to actively reduce capital market risks.

### **Strategic risks**

As a large private healthcare provider, it is of the utmost importance for MEDICLIN to be perceived as trustworthy by the general public. Corporate communications is responsible for maintaining and improving the Group's good reputation. MEDICLIN pursues an active and transparent communication policy whenever one-sided or even false reports are published.

The situation in the Middle East, the ongoing Ukraine conflict, additional potential for conflict in the Asian region and the emergence of potential new crises (e.g. new COVID-19 variants) could result in a polycrisis scenario. This may affect the international supply chains, and the resulting price increases and supply bottlenecks could further worsen the overall risk situation.

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.

### **Opportunities resulting from the sector environment 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.

**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 constant improvement of internal structures in the acute segment and demand-oriented capacity optimisation 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.

**Infrastructure opportunities**

The introduction and expansion of digital hospital information systems has a direct impact on operations and is therefore also of importance to MEDICLIN.

**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.

**Financial opportunities**

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

**Summary and outlook**

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. Risks that cannot be controlled are constantly monitored and analysed to enable MEDICLIN to promptly react to 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.

MEDICLIN's overall risk position has decreased compared to the previous year.

## RISKS AND OPPORTUNITIES WITH POTENTIAL EFFECTS ON THE FORECAST PERIOD

The following table shows material risks and opportunities that could lead to deviations from the Group's expected sales and earnings performance in the forecast period:

### Assessment of the main corporate risks and opportunities

Risk areas	Potential effects		Forecast
	Assessment 2023	Assessment 2024	
<b>Environment and sector risks</b>			
Political and regulatory risks	medium	low	decreasing
Risks resulting from dependencies (e.g. coverage providers)	low	medium	rising
<b>Strategic risks</b>			
Risks resulting from extraordinary events (e.g. pandemic)	medium	low	decreasing
<b>Financial risks</b>			
Financial risks	low	low	
<b>Operating risks</b>			
Billing and income risks	medium	medium	stable
Production risks	medium	low	decreasing
<b>Infrastructure risks</b>			
Risks in the field of information technology	medium	low	decreasing
Personnel risks	medium	very high	rising
Technical risks (e.g. failure of medical equipment)	medium	medium	stable
Risks arising from construction and operation of buildings	high	high	stable
<b>Opportunities areas</b>			
Opportunities areas	Potential effects		Forecast
	Assessment 2023	Assessment 2024	
Opportunities from sector environment & market	medium	medium	stable
Strategic opportunities	medium	medium	stable
Infrastructural opportunities	no assessment	low	rising
Operational opportunities	low	low	stable
Financial opportunities	low	no assessment	decreasing

The risk and opportunity assessment as well as the corresponding probability of occurrence and effects are accounted for in the forecast for the Group's sales and earnings performance in the 2024 financial year.

## EFFECTS OF THE CURRENT SITUATION ON THE RISK PORTFOLIO

In addition to the ongoing conflict in Ukraine and the situation in the Middle East, the escalation of conflict potential in the Asian region in combination with the macroeconomic situation and remaining effects of the pandemic could lead to a polycrisis scenario.

This could have a negative impact on the global economy and, consequently, on the risk portfolio of MEDICLIN AG. The risks include impairment of supply security, price hikes and an aggravation of the aforementioned risks.

The Group has taken measures to cushion the sharp increase 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.

To protect 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 infections 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.

At present it is not possible to accurately quantify the risks associated with the current situation. MEDICLIN closely monitors the developments to be able to react at an early stage and to minimise the potential negative impact on the Group's net assets, financial position and results of operations.

## 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 management board of a stock corporation has to take appropriate action, in particular by establishing a monitoring system, to provide for the early detection of developments that could jeopardise the going-concern status 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 accounting 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 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. Since the end of 2022, the budget/hospital financing department of Asklepios Kliniken GmbH & Co. KGaA, Hamburg, is in charge of medical billing.

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 required 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 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 and his heirs. 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 2023 financial year. MEDICLIN holds no treasury stock at present. According to a resolution passed at the Annual General Meeting on 24 September 2020, the Management Board was authorised to, subject to the consent of the Supervisory Board, increase the Company's subscribed capital once or in partial amounts by up to a total of EUR 23,750,000.00 by issuing new no-par shares against cash and/or contribution in kind (Authorised Capital 2020) until 23 September 2025. In general, shareholders have a subscription right, but the Management Board is authorised, subject to the consent of the Supervisory Board, to exclude the shareholders' subscription right. More details on the Authorised Capital 2020 are available in Article 4 (4) of the Articles of Incorporation. There are no material agreements that are contingent on a change in control following a takeover offer except for a termination option under a debt financing agreement. Apart from one member of the Management Board, the Company has not concluded any compensation agreements with members of the Management Board or employees.

### **Corporate Governance Declaration pursuant to 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](http://www.mediclin.de/corporate-governance).

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

“We declare that the Company received appropriate compensation for all legal transactions in the 2023 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. The Company received appropriate compensation for any measure that would have disadvantaged the Company.”

## 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 €	2023	2022
Sales	4,885	4,169
Other operating income	4,589	1,331
Total operating performance	9,474	5,500
Raw materials and consumables used	-728	0
Staff costs	-4,116	-3,855
Other operating expenses	-8,818	-3,200
Result before interest, taxes, depreciation and amortisation / EBITDA	-4,188	-1,555
Depreciation of fixed assets	-7	-4
Operating result / EBIT	-4,195	-1,559
Financial result	15,528	20,935
Income taxes	263	-10,974
Profit after tax	11,596	8,402
Other taxes	-2	-1
<b>Net loss/profit for the year</b>	<b>11,594</b>	<b>8,401</b>
Profit carried forward from the previous year	9,155	754
<b>Net profit</b>	<b>20,749</b>	<b>9,155</b>

MEDICLIN AG's sales increased to EUR 4.9 mill. in the year under review (previous year: EUR 4.2 mill.). Other operating income amounted to EUR 4.6 mill. in 2023 (previous year: EUR 1.3 mill.). In 2022, this item included income from the reversal of a provision for warranty claims in connection with the sale of a clinic in 2020 amounting to EUR 0.7 mill.

EUR 3.2 mill. derive from the sale of the entire limited partner share in Dr. Hoefler-Janker GmbH & Co. Klinik KG including the latter's shareholding in MVZ MEDICLIN Bonn GmbH. Another EUR 1.1 mill. is attributable to payments received from impaired loans to affiliated companies.

The increase in staff costs is due primarily to a one-off effect in the 2023 financial year. The former COO of MEDICLIN Aktiengesellschaft resigned from office as at 30 September 2023. From the time he resigned until termination of his employment contract on 31 March 2024 he is irrevocably freed from performing his work as a member of the Company's Management Board. The remuneration owed until the end of the contract of employment was suspended (EUR 0.3 mill.).

MEDICLIN AG's EBIT amounted to EUR –4.2 mill. in the year under review, down from EUR –1.6 mill. in 2022. This is mainly due to a hike in other operating expenses that were EUR 5.6 mill. higher in the reporting year.

Reported tax expenses include corporate tax on the result of the 2023 financial year amounting to EUR 4,964 thou. (previous year: EUR 2,650 thou.) and tax refunds for previous years amounting to EUR –3,155 thou. (previous year: deferred taxes of EUR 983 thou.).

The financial result amounts to EUR 15.5 mill. in the reporting year, down from EUR 20.9 mill. in 2022. Income from participations refers to an advance distribution of net profit 2023 of MediClin GmbH & Co. KG amounting to EUR 15.0 mill. (previous year: EUR 44.0 mill.). EUR 2.3 mill. (previous year: EUR 1.9 mill.) of interest and similar income totalling EUR 4.3 mill. (previous year: EUR 2.0 mill.) is attributable to interests for loans granted to affiliated companies. EUR 1.1 mill. pertain to interest income from bank credit balances (previous year: EUR 23 thou.). EUR 1.0 mill. to corporation tax refunds for 2010 to 2020.

EUR 0.3 mill. of the interest and similar expenses refers to interest expenses for a loan to an affiliated company (previous year: EUR 0.3 mill.). Interests under the syndicated loan amounted to EUR 3.3 mill. (previous year: EUR 0.9 mill.). Furthermore, expenses amounting to EUR 0.2 mill. were incurred for provisions in the financial year (previous year: EUR 0.5 mill.). These are primarily associated with the syndicated loan.

This is balanced by deferred tax income of EUR 2,072 thou. (previous year: deferred tax expenses of EUR 7,341 thou.) that is due mainly to the difference amounts between amounts recognised for MEDICLIN AG's investments and the tax-related capital accounts of the limited partnerships (EUR 2,165 thou.). The rest is caused by temporary differences resulting from general valuation allowances and staff cost provisions.

### Sales

In thousands of €	2023	2022
Sales from Group contribution	2,581	2,546
Sales from management services	2,172	1,500
Other sales	132	123
	<b>4,885</b>	<b>4,169</b>

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

### Other operating income

In thousands of €	2023	2022
Income from the release of provisions	230	1,091
Other income	4,359	240
	<b>4,589</b>	<b>1,331</b>

### Other operating expenses

In thousands of €	2023	2022
Auditing and consultancy costs	2,329	1,837
Other administrative expenses	419	651
Thereof remuneration of the Supervisory Board	277	312
Thereof costs of the Annual General Meeting	59	47
Thereof incidental costs of monetary transactions	83	258
Thereof staff recruitment costs	0	34
Advertising and public relations	297	320
Insurance costs	275	142
Other expenses	5,498	250
	<b>8,818</b>	<b>3,200</b>

The increase in other operating expenses is due primarily to the waiver of a loan amounting to EUR 4.6 mill. granted to Dr. Hoefler-Janker GmbH & Co. KG. in connection with its sale in the 2023 financial year. Furthermore, EUR 0.5 mill. was set aside as provisions for warranty claims in this context.

## Development of net assets and the financial position

The balance sheet total as shown in this balance sheet structured according to maturity has increased by EUR 14.5 mill. compared to the previous year's reporting date.

Net profit for the year took equity up by EUR 11.6 mill., and the equity ratio amounts to 74.4 %.

Net profit of EUR 11.6 mill. was up EUR 3.2 mill. on the previous year. This is due to tax income from offsetting.

### Balance sheet structure

In millions of €	31.12.2023	In % of balance sheet total	31.12.2022	In % of balance sheet total
<b>Assets</b>				
Non-current assets	284.6	66.2	289.0	69.6
Current assets	145.2	33.8	126.3	30.4
	<b>429.8</b>	<b>100.0</b>	<b>415.3</b>	<b>100.0</b>
<b>Equity and liabilities</b>				
Equity	319.9	74.4	308.3	74.2
Non-current liabilities	65.6	15.3	67.7	16.3
Current liabilities	44.3	10.3	39.3	9.5
	<b>429.8</b>	<b>100.0</b>	<b>415.3</b>	<b>100.0</b>

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

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

On average, the Company employed 8.6 persons during the year (previous year: 9.1 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 2023 financial year.

## **Outlook**

As in the previous years, the income structure of MEDICLIN AG in 2024 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 2023. Net profit in 2024 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 also approved by the Annual General Meeting on 26 May 2021 with a majority of 99.9 % of the capital represented at that meeting.

The Supervisory Board passed a new remuneration system for the Management Board in accordance with Section 87a (1) German Stock Corporation Act (AktG) which will be submitted to the Annual General Meeting for approval on 6 June 2024.

The remuneration system, the Articles of Incorporation that include the remuneration system for the Supervisory Board and the remuneration report for the 2023 financial year are available at [www.mediclin.de/corporate-governance](http://www.mediclin.de/corporate-governance).

### **Forward-looking statements**

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

# CONSOLIDATED FINANCIAL STATEMENTS

of MEDICLIN Aktiengesellschaft  
for the

2023 financial year



Please click here to download the  
Annual Financial Statements of MEDICLIN  
Aktiengesellschaft (German version)  
[www.mediclin.de/jahresabschluss2023](http://www.mediclin.de/jahresabschluss2023)

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# Consolidated balance sheet as of 31 December 2023

## ASSETS

In €	Note	31.12.2023	31.12.2022
<b>NON-CURRENT ASSETS</b>			
<b>Goodwill and other intangible assets</b>	(1)		
Concessions, licences		5,225,985	4,173,149
Goodwill		16,685,079	49,868,841
Payments on account		889,063	1,492,772
		<b>22,800,127</b>	<b>55,534,762</b>
<b>Property, plant and equipment</b>	(2)		
Land, land rights and buildings incl. buildings on third-party land		107,585,345	121,669,374
Right-of-use assets on land, land rights and buildings incl. buildings on third-party land		340,010,086	366,977,343
Technical equipment and machines		9,665,036	10,887,098
Operating and office equipment		29,899,393	29,791,750
Right-of-use assets on operating and office equipment		1,574,369	1,820,387
Payments on account and assets under construction		25,644,030	12,792,886
		<b>514,378,259</b>	<b>543,938,838</b>
<b>Financial assets</b>	(3)		
Investment in stock of subsidiaries		64,822	64,822
Reinsurance cover		714,093	720,713
Other financial investments		2,056	2,056
		<b>780,971</b>	<b>787,591</b>
<b>Other assets</b>	(4)		
Receivables pursuant to hospital financing law		31,686,130	43,355,330
		<b>31,686,130</b>	<b>43,355,330</b>
<b>Deferred tax assets</b>	(5)	<b>11,029,692</b>	<b>10,487,180</b>
		<b>580,675,179</b>	<b>654,103,701</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>	(6)	<b>7,296,364</b>	<b>8,869,473</b>
<b>Trade receivables</b>	(7)	<b>81,581,141</b>	<b>88,489,268</b>
<b>Current income tax claims</b>		<b>0</b>	<b>1,400,513</b>
<b>Other financial assets</b>			
Receivables pursuant to Hospital Compensation Act (KHEntgG) / Federal Directive on Nursing Care Rates (BPfIV)	(8)	44,216,650	37,952,706
Other current financial assets	(9)	14,878,855	10,266,898
		<b>59,095,505</b>	<b>48,219,604</b>
<b>Other assets</b>			
Prepaid expenses	(10)	2,508,503	1,462,951
Receivables pursuant to hospital financing law	(11)	12,712,001	11,911,941
		<b>15,220,504</b>	<b>13,374,892</b>
<b>Cash and cash equivalents</b>	(12)	<b>115,285,902</b>	<b>88,039,485</b>
<b>Assets held for sale</b>	(13)	<b>21,347,327</b>	<b>13,615,035</b>
		<b>299,826,743</b>	<b>262,008,270</b>
		<b>880,501,922</b>	<b>916,111,971</b>

## EQUITY AND LIABILITIES

In €	Note	31.12.2023	31.12.2022
<b>EQUITY</b>			
<b>Share of MEDICLIN Group</b>			
Subscribed capital	(14)	47,500,000	47,500,000
Capital reserve	(15)	129,391,829	129,391,829
Revenue reserve	(16)	35,393,431	37,906,157
Consolidated balance sheet result	(17)	–16,367,284	–5,591,162
		<b>195,917,976</b>	<b>209,206,824</b>
<b>Non-controlling interests</b>	(18)	<b>111,421</b>	<b>115,976</b>
		<b>196,029,397</b>	<b>209,322,800</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Financial liabilities</b>			
Liabilities to banks	(19)	66,418,822	67,542,434
		<b>66,418,822</b>	<b>67,542,434</b>
<b>Lease liabilities</b>	(20)	<b>362,443,444</b>	<b>384,947,721</b>
<b>Pensions and similar commitments</b>	(21)	<b>41,731,051</b>	<b>40,228,069</b>
<b>Other provisions</b>	(22)	<b>2,233,213</b>	<b>2,451,304</b>
<b>Other payables</b>			
Liabilities pursuant to hospital financing law	(23)	38,899,462	39,164,889
Miscellaneous payables	(24)	1,507,473	1,611,651
		<b>40,406,935</b>	<b>40,776,540</b>
		<b>513,233,465</b>	<b>535,946,068</b>
<b>CURRENT LIABILITIES</b>			
<b>Trade payables</b>		<b>12,626,311</b>	<b>14,495,203</b>
<b>Financial liabilities</b>			
Liabilities to banks	(25)	26,962,376	26,770,232
		<b>26,962,376</b>	<b>26,770,232</b>
<b>Lease liabilities</b>	(26)	<b>23,999,770</b>	<b>23,410,612</b>
<b>Other provisions</b>	(27)	<b>12,338,610</b>	<b>12,605,537</b>
<b>Current income tax liabilities</b>	(28)	<b>3,540,964</b>	<b>0</b>
<b>Other financial liabilities</b>			
Liabilities pursuant to Hospital Compensation Act (KHEntgG) / Federal Directive on Nursing Care Rates (BPfIV)	(29)	9,224,395	4,664,881
Miscellaneous financial liabilities	(30)	7,799,064	5,356,688
		<b>17,023,459</b>	<b>10,021,569</b>
<b>Other payables</b>			
Liabilities pursuant to hospital financing law	(31)	25,253,809	27,805,814
Miscellaneous payables	(32)	43,277,851	53,189,317
		<b>68,531,660</b>	<b>80,995,131</b>
<b>Liabilities in connection with assets held for sale</b>	(33)	<b>6,215,910</b>	<b>2,544,819</b>
		<b>171,239,060</b>	<b>170,843,103</b>
		<b>880,501,922</b>	<b>916,111,971</b>

## Consolidated profit and loss account for the financial year from 1 January to 31 December 2023

In €	Note	Jan. – Dec. 2023	Previous year
Sales	(34)	730,071,048	704,696,718
Other operating income	(35)	36,675,386	17,627,823
<b>Total operating performance</b>		<b>766,746,434</b>	<b>722,324,541</b>
Raw materials and consumables used	(36)		
a) Cost of raw materials and supplies		–81,098,227	–76,060,854
b) Cost of purchased services		–56,282,857	–56,716,510
		<b>–137,381,084</b>	<b>–132,777,364</b>
Staff costs	(37)		
a) Wages and salaries		–388,051,625	–368,871,369
b) Social security, pensions and retirement		–72,552,208	–67,456,802
		<b>–460,603,833</b>	<b>–436,328,171</b>
Other operating expenses	(38)	–70,034,499	–62,295,241
<b>Result before interest, taxes, depreciation and amortisation / EBITDA</b>		<b>98,727,018</b>	<b>90,923,765</b>
Depreciation and amortisation	(39)	–86,005,243	–71,404,145
<b>Operating result / EBIT</b>		<b>12,721,775</b>	<b>19,519,620</b>
Financial result	(40)		
a) Income from participations		0	0
b) Interest and similar income		2,538,243	880,670
c) Interest and similar expenses		–23,948,875	–10,623,259
		<b>–21,410,632</b>	<b>–9,742,589</b>
<b>Result before tax</b>		<b>–8,688,857</b>	<b>9,777,031</b>
Taxes on income	(41)	–2,035,123	–58,063
<b>Total consolidated result</b>		<b>–10,723,980</b>	<b>9,718,968</b>
Thereof attributable to shareholders of MEDICLIN AG		–10,776,122	9,440,631
Thereof attributable to non-controlling interests		52,142	278,337
<b>Total consolidated result attributable to shareholders of MEDICLIN AG per share</b>	(42)		
Undiluted		–0.23	0.20
Diluted		–0.23	0.20

## Consolidated statement of comprehensive income for the financial year from 1 January to 31 December 2023

In €	Note	Jan. – Dec. 2023	Previous year
<b>Total consolidated result</b>		<b>-10,723,980</b>	<b>9,718,968</b>
<b>Other comprehensive income</b>	(43)		
Revaluation from defined benefit plans and similar obligations		-3,052,478	19,697,462
Taxes on income		483,055	-3,117,123
<b>Additions to value adjustments that are not reconciled to the total consolidated result</b>		<b>-2,569,423</b>	<b>16,580,339</b>
Thereof attributable to shareholders of MEDICLIN AG		-2,512,726	16,487,773
Thereof attributable to non-controlling interests		-56,697	92,566
<b>Additions to value adjustments that are reconciled to the total consolidated result</b>		<b>0</b>	<b>0</b>
<b>Group comprehensive income</b>		<b>-13,293,403</b>	<b>26,299,307</b>
Thereof attributable to shareholders of MEDICLIN AG		-13,288,848	25,928,404
Thereof attributable to non-controlling interests		-4,555	370,903

# Consolidated cash flow statement

In €	Jan. – Dec. 2023	Previous year
<b>Total consolidated result</b>	<b>-10,723,980</b>	<b>9,718,968</b>
Result of finance activities	21,410,632	9,742,589
Result of income taxes	2,035,123	58,063
<b>Operating result (EBIT)</b>	<b>12,721,775</b>	<b>19,519,620</b>
Depreciation of fixed asset items	86,005,243	71,404,145
<b>Result before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>98,727,018</b>	<b>90,923,765</b>
Change in non-current provisions	-3,033,300	-2,062,510
Change in current provisions	1,309,707	-1,121,373
Result from the disposal of fixed asset items	-47,522	-240,925
Result from other non-cash items	-723,461	-4,023,717
Changes in other current assets	-20,993,104	-27,355,508
Changes in other non-current liabilities	8,078	-384,112
Changes in other current liabilities	-2,602,159	-18,571,842
Payments received from interest	2,530,587	718,009
Income taxes paid	2,825,478	-3,242,290
<b>Cash flow from operating activities</b>	<b>78,001,322</b>	<b>34,639,497</b>
<b>Payments received from the disposal of fixed assets</b>	<b>469,649</b>	<b>673,695</b>
From the disposal of property, plant and equipment	469,649	673,695
<b>Payments received from investment subsidies</b>	<b>18,989,393</b>	<b>19,144,444</b>
<b>Cash used for investments</b>	<b>-37,618,381</b>	<b>-26,060,685</b>
For intangible assets	-3,157,562	-1,648,017
For property, plant and equipment	-34,418,675	-24,370,581
For financial assets	-42,144	-42,087
<b>Proceeds from divestments</b>	<b>8,648,295</b>	<b>0</b>
<b>Cash flow from investing activities</b>	<b>-9,511,044</b>	<b>-6,242,546</b>
Repayment of lease liabilities	-22,043,818	-44,229,382
Repayment of financial liabilities	-1,606,186	-1,873,654
Interest payments for lease liabilities	-19,043,453	-8,359,608
Other interest payments	-2,785,610	-1,709,208
<b>Cash flow from financing activities</b>	<b>-45,479,067</b>	<b>-56,171,852</b>
<b>Cash flow for the period</b>	<b>23,011,211</b>	<b>-27,774,901</b>
Cash and cash equivalents at the beginning of the period	92,277,469	120,052,370
<b>Cash and cash equivalents at the end of the period</b>	<b>115,288,680</b>	<b>92,277,469</b>

The cash and cash equivalents at the end of the period differ from the balance sheet item Cash and cash equivalents (difference of EUR 2,778; previous year: EUR 4,237,984) and encompass mainly cash in hand and current bank balances. The difference in the reporting year arose in connection with the adjustments to meet IFRS 5. The liabilities and assets held for sale of MEDICLIN Herzzentrum Coswig and the medical care centre in Dessau were reclassified accordingly in the balance sheet (as at: 31.12.2023). The difference compared to the previous year's reporting date is associated with adjustments to meet IFRS 5 accounting. The liabilities and assets held for sale of Dr. Hofer-Janker GmbH & Co. Klinik KG and MVZ MEDICLIN Bonn GmbH were reclassified accordingly in the balance sheet (as at: 31.12.2022).

## Statement of changes in equity

In €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares of 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
<b>Group comprehensive income</b>	<b>-</b>	<b>-</b>	<b>16,487,773</b>	<b>9,440,631</b>	<b>25,928,404</b>	<b>370,903</b>	<b>26,299,307</b>
<b>As of 31.12.2022</b>	<b>47,500,000</b>	<b>129,391,829</b>	<b>37,906,157</b>	<b>-5,591,162</b>	<b>209,206,824</b>	<b>115,976</b>	<b>209,322,800</b>
In € <sup>^</sup>	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares of MEDICLIN Group	Non-controlling interests	Total equity
As of 01.01.2023	47,500,000	129,391,829	37,906,157	-5,591,162	209,206,824	115,976	209,322,800
Total consolidated result	-	-	-	-10,776,122	-10,776,122	52,142	-10,723,980
Other comprehensive income	-	-	-2,512,726	-	-2,512,726	-56,697	-2,569,423
<b>Group comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-2,512,726</b>	<b>-10,776,122</b>	<b>-13,288,848</b>	<b>-4,555</b>	<b>-13,293,403</b>
<b>As of 31.12.2023</b>	<b>47,500,000</b>	<b>129,391,829</b>	<b>35,393,431</b>	<b>-16,367,284</b>	<b>195,917,976</b>	<b>111,421</b>	<b>196,029,397</b>

# Notes

## Basic information

### General

MEDICLIN Aktiengesellschaft (MEDICLIN AG) is active as a nationwide hospital operator. With 32 clinics, six nursing care facilities and ten medical care centres in 11 German federal states, the MEDICLIN Group (MEDICLIN) has an overall capacity of 8,132 beds/nursing care places as at 31 December 2023. 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 and, following his demise on 25 February 2024, his heirs.

The present notes were prepared for the consolidated financial statements of MEDICLIN AG for the 2023 financial year. On 25 March 2024 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 2023 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. Within the individual components of the consolidated financial statements, as well as for data specified in the notes, rounding differences may result due to figures with decimal places. 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 2023. From today's point of view, these standards have no practical relevance for financial year 2023 or subsequent years or any material effects on the consolidated financial statements of MEDICLIN AG.

Standard	Effective for financial years beginning on or after (EU)	Adopted on	Published in the Official Journal (EU) on
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 Income Taxes: 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

Apart from "International Tax Reform – Pillar Two Model Rules" (Amendments to IAS 12 Income Taxes), the contents of the other amendments were already explained in the Annual Report for 2022 under "Official publications by the EU Commission that are not yet binding". We therefore refer to the previous year's Annual Report rather than repeating this information here.

The International Accounting Standard Board (IASB) issued "International Tax Reform – Pillar Two Model Rules" (Amendments to IAS 12 Income Taxes) in the Official Journal of the EU dated 9 November 2023. This amendment renders the amendments to IAS 12 Income Taxes issued by the IASB on 23 May 2023 effective. These amendments to IAS 12 allow for a temporary exemption from deferred tax accounting while the global minimum tax system (OECD Pillar Two Model Rules) is being implemented. The minimum taxation rules provide for a coordinated system ensuring that multinational enterprises with annual revenues of EUR 750,0 mill. or more pay, in each of the jurisdictions in which they operate, a minimum tax rate of 15,0 % on the income generated in such jurisdiction (please refer to Council Directive (EU) 2022/2523 of 14.12.2022). The member states are required to implement this Directive into national law by the end of 2023 so that the minimum taxation system will be applicable to financial year commencing after 31 December 2023. Given the complexity of this project and the related accounting, the International Accounting Standards Board (IASB) issued temporary mandatory exemptions regarding deferred tax accounting (IAS 12 no. 4A, 88A, 88B-88D). The temporary exemption applies immediately after the amendment was issued by the IASB and retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. This means that the disclosure requirements apply to financial years commencing on or after 1 January 2023. The disclosure requirements do not apply to interim reports for periods ending on or before 31 December 2023. MEDICLIN is not subject to this global minimum taxation as it is not a multinational enterprise and the Group's consolidated annual revenues were below EUR 750,0 mill. in each of the last four years. Therefore, the exemptions introduced in the amendments to IAS 12 have no relevance for MEDICLIN.

## Amended 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
IFRS 16 Leases: Lease Liability in a Sale and Leaseback	01.01.2024	20.11.2023	21.11.2023
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01.01.2024	19.12.2023	20.12.2023

The amendment to IFRS 16 Leases: Lease Liability in a Sale and Leaseback clarifies how a seller-lessee subsequently measures sale and leaseback transactions that classify as a lease. This serves primarily to standardise the subsequent measurement of lease liabilities to prevent any inappropriate recognition of gains. The changes have no effects on MEDICLIN's results of operation.

The amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current are to clarify the criteria for classifying a liability as either current or non-current. The amendments to IAS 1 issued on 23 January 2020 provided for first-time adoption in financial years commencing on or after 1 January 2022. On 15 July 2020 the IASB deferred the date of mandatory first-time adoption to 1 January 2023. In the amendment Non-current Liabilities with Covenants issued on 31 October 2022, the IASB defers the date of mandatory first-time adoption of the amendments further to 1 January 2024. These amendments 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.

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

The following standards have already been issued by the IASB but not yet implemented into EU law.

Standard	Adopted on
Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows / IFRS 7 Financial Instruments: Disclosures)	25.05.2023
Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)	15.08.2023

On 25 May 2023 the International Accounting Standards Board (IASB) issued Supplier Finance Arrangements (Amendments to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments). The amendments refer to disclosure requirements in connection with supplier finance arrangements, supplementing the requirements already defined in the IFRS Standards. The amendments must be applied to financial years beginning on or after 1 January 2024. For MEDICLIN, these amendments will at the most entail more extensive disclosure requirements.

On 15 August 2023 the IASB issued Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates). The amendment provides guidance on how to determine the exchange rate when there is a long-term lack of exchangeability as IAS 21 did not include explicit requirements in this respect. The amendments must be applied to financial years beginning on or after 1 January 2025. The amendments are of no relevance to MEDICLIN.

## Legal provisions adopted into German law in financial year 2023

On 22 June 2023 the Act to Implement Directive (EU) 2021/2101 as regards disclosure of income tax information by certain undertakings and branches and to amend the consumer dispute resolution act and the compulsory insurance act (Income Tax Information Reporting Implementation Act, German Federal Law Gazette (BGBl.) I no. 154 of 21 June 2023) came into force. This act serves in particular to implement the requirements under Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 to amend the EU Accounting Directive on country-by-country reporting into national law. For this purpose, the new Sections 342 to 342p were added to the German Commercial Code (HGB). The required income tax information report is to increase transparency regarding the income tax information of multinational enterprises and corporations with high revenues. Previously, multinational corporations were only obliged under the non-public country-by-country reporting to submit an annual country-related report with detailed information on sales, income taxes, etc. to the German Federal Central Tax Office. The new provisions on income tax reporting are effective for income tax information reports in financial years commencing after 21 June 2024. Thus, enterprises with financial years equalling the calendar year must prepare and disclose their first income tax information report in 2026 for the 2025 calendar year. MEDICLIN AG is not subject to these extended reporting requirements as the Group is not subject to the application conditions set forth in Sections 342 ff. German Commercial Code (HGB).

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

On 27 June 2023 the EU Commission approved Delegated Regulation (EU) 2023/2485 (act amending the climate act) and Delegated Regulation (EU) 2023/2486 (climate act), supplementing Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment. These Delegated Regulations were published in the Official Journal of the European Union on 21 November 2023, entering into force 20 days later. Thus, the reporting duties under the delegated acts enter into effect on 1 January 2024 as envisaged (for the 2023 reporting year) and must be implemented by the companies concerned, whereby they are only required to make disclosures on the taxonomy eligibility of the newly determined economic activities in the first year (2024 reporting on the 2023 financial year).

On 16 December 2022, the Corporate Sustainability Reporting Directive (CSRD) was published in the Official Journal of the European Union. The Annual Report 2022 contains extensive information thereon in the same section, which is why we refer to the Annual Report 2022 rather than repeating the information herein. The CSRD provides for the European Commission to adopt the European Sustainability Reporting Standards (ESRS) that will standardise sustainability information and increase comparability of the data. The ESRS are devised by the European Financial Reporting Advisory Group (EFRAG) on behalf of the EU Commission and are based on existing sets of rules like GRI (Global Reporting Initiative) and TCFD (Task Force on Climate-Related Financial Disclosures). On 31 July 2023 the EU Commission published the first 12 ESRS, i.e. two cross-cutting standards and ten specific standards for environmental, social and governance topics, in Delegated Regulation (EU) 2023/2772. The ESRS are based on the double materiality principle, assessing how sustainability issues impact an enterprise's business (outside-in perspective) and how the latter impacts people and the environment (inside-out perspective).

As this act is a Regulation, it will apply directly and immediately in all the EU member states without requiring implementation into national law. The Delegated Regulation, and thus the ESRS, apply from 1 January 2024 to financial years commencing on or after 1 January 2024. The sustainability reporting is provided in a separate section of the management report. The disclosures must be structured according to the European Single Electronic Format (ESEF). Delegated Regulation (EU) 2023/2772 was published in the Official Journal of the EU on 22 December 2023. It is as yet impossible to estimate the cost that will be incurred by MEDICLIN in implementing this act.

On 17 October 2023 the EU Commission adopted Delegated Directive (EU) 2023/2775 as regards the adjustments of the size criteria for micro, small, medium-sized and large undertakings or groups. This Directive amending the EU Accounting Directive lifts the previous thresholds. The Directive also gives the member states the option to allow their enterprises to apply the new threshold early to financial years commencing on or after 1 January 2023. It was not yet clear whether Germany will exercise this option when the Annual Report was being prepared. Otherwise the new thresholds must be first applied to financial years commencing on or after 1 January 2024. The Delegated Regulation was published in the Official Journal of the EU on 21 December 2023. The amending Directive must be implemented into national law within 12 months of entering into force. The higher thresholds have no impact on MEDICLIN AG's consolidated financial statements.

## 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 (CGUs), 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 parent company of MEDICLIN is the listed company MEDICLIN AG, Offenburg. 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 AG 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 AG, all subsidiaries where MEDICLIN holds the majority of capital in addition to the aforementioned economic control. One exception is Müritz-Klinikum Service GmbH i. L., which was not consolidated because it is immaterial. It was measured at fair value. In 2022 it was decided 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 2023, meaning that its term now ends on 31 December 2024.

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

## Changes in consolidation scopes

By a shareholder agreement dated 20 March 2023, MEDICLIN AG as the sole shareholder founded MediClin BAV GmbH, with registered office in Offenburg. The company's ordinary capital amounts to EUR 25,000.00 and was paid up in cash. The purpose of this company is to support employees and former employees of enterprises that are part of the MEDICLIN as well as their relatives on one occasion or on an ongoing basis by assuming and then implementing and fulfilling existing pension commitments. Employees within this meaning include persons who have an employment agreement with a MEDICLIN company, while former employees within this meaning are persons who had an employment agreement with a MEDICLIN company in the past that has ended, for instance after reaching the statutory retirement age or for other reasons. The company belongs to the service business area. By force of the spin-off agreement between Dr. Hoefler-Janker GmbH & Co. Klinik KG, Bonn, and MediClin BAV GmbH of 27 April 2023, the pension commitments of Dr. Hoefler-Janker GmbH & Co. Klinik KG towards former employees as well as the funds for covering these pension commitments were transferred to MediClin BAV GmbH in the course of the spin-off to an existing entity, effective on 1 April 2023 (spin-off date).

By a shareholder agreement dated 16 August 2023, MEDICLIN AG as the sole shareholder founded MEDICLIN DIRECT GmbH, with registered office in Offenburg. The company's ordinary capital amounts to EUR 25,000.00 and was paid up in cash. The company's primary objects are to establish and operate facilities for outpatient rehabilitation, outpatient

therapy (in particular physiotherapy, ergotherapy, speech therapy, podiatry, nutrition therapy, workplace health management) and outpatient preventive care that serve to treat diseases or to help patients maintain or improve their health. The company belongs to the post-acute segment. It was not yet operational in the 2023 reporting year.

By a shareholder agreement dated 16 August 2023, MEDICLIN AG as the sole shareholder founded MEDICLIN Haus-technik GmbH, with registered office in Offenburg. The company's ordinary capital amounts to EUR 25,000.00 and was paid up in cash. The company's primary objects are to render services in the fields of servicing, maintenance and repairs of technical building installations, the maintenance of outside planted and paved areas and building maintenance services. The company belongs to the service business area. It was not yet operational in the 2023 reporting year.

By a shareholder agreement dated 18 August 2023, MEDICLIN AG as the sole shareholder founded MediClin Management Geschäftsführung GmbH, with registered office in Offenburg. The company's ordinary capital amounts to EUR 25,000.00 and was paid up in cash. The company's primary objects are to operate, develop and manage health facilities for inpatient and outpatient care (e.g. hospitals, nursing care and integration assistance facilities, rehabilitation clinics, psychiatric and psychosomatic facilities as well as forensic hospitals) including the associated training centres and ancillary businesses as well as providing training and further qualification measures and rendering all services required in connection with operating, developing and managing healthcare facilities to third parties (including affiliated companies). The company belongs to the service business area.

MEDICLIN Management GmbH & Co. KG was founded by a shareholder agreement dated 28 August 2023. The company's registered office is in Offenburg and its fixed capital, which is entered in the commercial register as the liability limit of the sole limited partner MEDICLIN AG, amounts to EUR 25,000.00. The personally liable partner (general partner) without any capital contribution is MediClin Management Geschäftsführung GmbH, Offenburg. The contribution to be made by the limited partner to cover the company's capital was paid up in cash. The objects of the company are to render management and administrative services and other services of all kinds, in particular to MEDICLIN AG and its affiliated companies, associated companies and other companies, enterprises and facilities.

In January 2023 MEDICLIN AG sold its entire limited partner shares in Dr. Hoefler-Janker GmbH & Co. Klinik KG including the latter's shareholding in MVZ MediClin Bonn GmbH to Mercurius Health. The companies passed to the new owner at the end of April 2023. The companies belonged to the acute segment. The effects of the deconsolidation on the balance sheet and financial position are as follows:

In €	30.04.2023
Non-current assets	4,978,639
Current assets	4,897,935
Cash and cash equivalents	851,704
<b>Assets sold</b>	<b>10,728,278</b>
Non-current liabilities	145,101
Current liabilities	3,123,667
<b>Liabilities sold</b>	<b>3,268,768</b>
Net assets sold	7,459,510
Transaction expenses	500,000
Disposal proceeds	9,500,000
<b>Income from disposal of subsidiary</b>	<b>1,540,490</b>
<b>Outflow of cash and cash equivalents in connection with the sale</b>	<b>-851,704</b>

## Affiliated companies

In addition to the Group companies, Müritz-Klinikum Service GmbH i. L., Waren, also belongs to the affiliated companies. Since MEDICLIN 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
	31.12.2023	31.12.2022	
MEDICLIN Aktiengesellschaft, Offenburg			
Dr. Hoefer-Janker GmbH & Co. Klinik KG, Bonn	0.000 <sup>4</sup>	100.000	–
Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem GmbH & Co. KG, Essen	100.000 <sup>2</sup>	100.000 <sup>2</sup>	yes
Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem Verwaltungs-Gesellschaft mit beschränkter Haftung, Essen	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
Herzzentrum Lahr/Baden GmbH & Co. KG, Offenburg	94.800 <sup>3</sup>	94.800 <sup>3</sup>	yes
KB Krankenhausbeteiligungsgesellschaft mbH & Co. KG, Essen	100.000	100.000	yes
KB Krankenhausbeteiligungsverwaltungsgesellschaft mbH, Essen	100.000	100.000	no
Kraichgau-Klinik Aktiengesellschaft, Bad Rappenau	94.800	94.800	no
Kraichgau-Klinik Bad Rappenau GmbH & Co. KG, Offenburg	94.800 <sup>3</sup>	94.800 <sup>3</sup>	yes
MC Kliniken Geschäftsführungs-GmbH, Offenburg	94.800 <sup>3</sup>	94.800 <sup>3</sup>	no
MC Service GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin à la Carte GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	yes
MediClin BAV GmbH, Offenburg	100.000 <sup>2</sup>	0.000 <sup>2</sup>	no
MediClin Betriebs GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MEDICLIN DIRECT GmbH, Offenburg	100.000 <sup>2</sup>	0.000 <sup>2</sup>	no
MediClin Energie GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin Fachklinik Rhein / Ruhr Therapie & Pflege GmbH, Essen	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin Geschäftsführungs-GmbH, Offenburg	100.000	100.000	no
MediClin GmbH & Co. KG, Offenburg	100.000	100.000	yes
MEDICLIN Haustechnik GmbH, Offenburg	100.000 <sup>2</sup>	0.000 <sup>2</sup>	no
MediClin Immobilien Verwaltung GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin Management Geschäftsführung GmbH, Offenburg	100.000	0.000	no
MEDICLIN Management GmbH & Co. KG, Offenburg	100.000	0.000	yes
MediClin Medizinisches Versorgungszentrum GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	yes
MediClin Pflege GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	yes
MediClin Psychiatrie Pflege Dienstleistungen GmbH, Offenburg	100.000	100.000	no
MediClin Rehabilitationsforschung gGmbH, Offenburg	100.000	100.000 <sup>2</sup>	no
MediClin Therapie GmbH, Offenburg	100.000 <sup>2</sup>	100.000 <sup>2</sup>	no
MediClin-IT GmbH, Offenburg	100.000 <sup>1</sup>	100.000 <sup>1</sup>	yes
MVZ MediClin Bonn GmbH, Bonn	0.000 <sup>4</sup>	100.000 <sup>2</sup>	–
Rehabilitationszentrum Gernsbach/Schwarzwald GmbH & Co. KG, Offenburg	94.800 <sup>3</sup>	94.800 <sup>3</sup>	yes

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

<sup>2</sup> Indirect participation

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

<sup>4</sup> Sold

Companies not included in the consolidated financial statements in €	Results		Total equity		Percentage of shares held	
	2022	2021	2022	2021	2022	2021
Müritz-Klinikum Service GmbH i. L., Waren <sup>1</sup>	113,172.45	146,030.27	466,488.23	353,315.78	51.000	51.000 <sup>2</sup>

<sup>1</sup> 2023 annual financial statements not yet available

<sup>2</sup> Indirect participation

## Accounting and valuation principles

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

To the extent that, as a result of specific regulations of the Hospital Accounting Rules (Krankenhausbuchführungsverordnung – KHBV), receivables, liabilities and special or compensating items of consolidated subsidiaries are to be reported in conformity with the hospital financing law (Krankenhausfinanzierungsgesetz – 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 whenever indications exist of a possible decline in value (impairment indicator) at other points in time. 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). At MEDICLIN, 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 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 13.72–13.80)).

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  $\leq 12$  months) directly as an expense. Leases for low-value assets (IFRS 16.5(b) in conjunction with IFRS 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 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 MEDICLIN 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.

In 2022, 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. 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 lease agreements 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 2023 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 2023. 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.

MEDICLIN 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 to 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 general 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 KHEntgG and the BpflV 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 services. Sales resulting from rendering 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 KHEntgG or BpflV 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 creditworthiness 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.

## 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 3.2 % to 3.7 % lowers the present value of the defined benefit obligation (DBO) by EUR 2.8 mill., or 6.2 %. A reduction in the discount rate by 0.5 percentage points from 3.2 % to 2.7 %, in turn, increases the DBO by EUR 3.1 mill., or 6.9 %. However, following deduction of deferred taxes, these changes would be reflected in other comprehensive income.

In order to determine whether the goodwill of a certain 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 MEDICLIN 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.

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 rose by EUR 43.4 mill. year-on-year, from EUR 34.6 mill. to EUR 78.0 mill. In the previous year repayments of benefits received under the protective shield to manage the pandemic amounting to approximately EUR 19.0 mill. had weighed on the cash flow from operating activities. Future burdens will result from benefits received under the protective shield because, as of 31 December 2023, approximately EUR 19.6 mill. will presumably have to be repaid in 2024 (31.12.2022: EUR 26.6 mill.).

Capital expenditure for non-current assets was increased again in the 2023 financial year. A gross amount of EUR 3.2 mill. (previous year: EUR 1.6 mill.) was spent on intangible assets, while gross investments in property, plant and equipment totalled EUR 34.4 mill. (previous year: EUR 24.4 mill.). Investment subsidies received amounted to EUR 19.0 mill. (previous year: EUR 19.1 mill.). The investment subsidies received refer primarily to MEDICLIN Seepark Klinik, MEDICLIN Hedon Klinik, MEDICLIN Müritzklinikum, MEDICLIN Herzzentrum Coswig, MEDICLIN Krankenhaus Plau am See and MEDICLIN Herzzentrum Lahr. Given the disposal of a specialist clinic and the associated medical care centre, the cash flow from investing activities was only EUR 3.3 mill. above the prior-year value despite the marked increase in capital expenditure. This results in a cash flow from investing activities totalling EUR –9.5 mill. (previous year: EUR –6.2 mill.).

The cash flow from financing activities amounted to EUR –45.5 mill., following EUR –56.2 mill. in the previous year. The interest payments for lease liabilities amounted to EUR 19.0 mill., up from EUR 8.4 mill. in the previous year, while the repayments of lease liabilities went down by EUR 22.2 mill. Below the line, these two effects resulting from the clinic rental contracts renegotiated in 2022 led to a significant drop in the cash flow from financing activities. The Group repaid loan liabilities amounting to approximately EUR 1.6 mill. in 2023 (previous year: EUR 1.9 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 2.8 mill. (previous year: EUR 1.7 mill.). This was attributable to higher cost of capital.

Cash and cash equivalents at the end of the period thus increased by EUR 23.0 mill. to EUR 115.3 mill.

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

In thousands of €	As of 01.01.2023	Cash items	Non-cash items		As of 31.12.2023
			Interest accrual	Other changes	
Current liabilities to banks	26,770	-1,606	675	1,123	26,962
Non-current liabilities to banks	67,542	0	0	-1,123	66,419
Current lease liabilities	23,411	-21,915	0	22,504	24,000
Non-current lease liabilities	384,948	0	0	-22,504	362,443
Current other financial liabilities	42	0	0	0	42
Non-current other financial liabilities	0	0	0	0	0
	<b>502,713</b>	<b>-23,521</b>	<b>675</b>	<b>0</b>	<b>479,867</b>

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
	<b>440,002</b>	<b>-54,463</b>	<b>5</b>	<b>117,169</b>	<b>502,713</b>

## Segment reporting

The reportable operating segments of MEDICLIN 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 MEDICLIN. 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.

The service business area generated total sales of EUR 82.8 mill., EUR 1.4 mill. of which refer to intra-Group sales (previous year: EUR 74.1 mill., EUR 1.4 mill. of which are intra-Group sales). EBIT amounts to EUR 8.2 mill. (previous year: EUR 5.3 mill.). Assets amount to EUR 42.8 mill. (previous year: EUR 44.7 mill.), while liabilities amount to EUR 60.7 mill. (previous year: EUR 59.8 mill.).

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 Management GmbH & Co. KG, MediClin Management Geschäftsführung 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, MediClin Psychiatrie Pflege Dienstleistungen GmbH, MEDICLIN Haustechnik GmbH as well as MediClin BAV GmbH.

As the management holding company, MEDICLIN AG 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 IFRS 8.34 Information about major customers, an entity is required to disclose information on the degree of dependency on major customers. As MEDICLIN 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 41.6 % (previous year: 43.4 %) of the demand for services in the post-acute segment, while the social security pension funds make up 50.8 % (previous year: 48.7 %) of the demand for services in this segment. In the acute segment, 90.9 % (previous year: 91.1 %) of the services demanded are attributable to the public health insurance funds.

## Sectoral segmenting

In millions of €	January–December 2023					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
<b>Sales</b>	<b>451.2</b>	<b>254.0</b>	<b>102.6</b>	<b>807.8</b>	<b>-77.7</b>	<b>730.1</b>
Total sales	458.7	255.5	104.1	<b>818.3</b>	0.0	<b>818.3</b>
Internal sales	-7.5	-1.5	-1.5	<b>-10.5</b>	-77.7	<b>-88.2</b>
Raw materials and consumables used	-90.6	-73.8	-42.2	<b>-206.6</b>	69.2	<b>-137.4</b>
Staff costs	-238.8	-153.7	-65.1	<b>-457.6</b>	-3.0	<b>-460.6</b>
Other operating expenses	-52.5	-37.9	-11.7	<b>-102.1</b>	32.1	<b>-70.0</b>
<b>Segment result</b>	<b>52.7</b>	<b>-39.9</b>	<b>8.4</b>	<b>21.2</b>	<b>-8.5</b>	<b>12.7</b>
Thereof non-cash items:						
Scheduled depreciation/write-ups	-38.3	-15.1	-5.3	<b>-58.7</b>	0.0	<b>-58.7</b>
Thereof depreciation from right-of-use assets (IFRS 16)	-23.8	-2.3	-1.3	<b>-27.4</b>	0.0	<b>-27.4</b>
Non-scheduled depreciation/write-ups	0.0	-33.1	0.0	<b>-33.1</b>	0.0	<b>-33.1</b>
Release of special items	1.0	4.8	0.0	<b>5.8</b>	0.0	<b>5.8</b>
Allowances	-0.4	-1.2	0.0	<b>-1.6</b>	0.0	<b>-1.6</b>
Allocation of provisions/liabilities	11.9	8.1	7.0	<b>27.0</b>	7.2	<b>34.2</b>
Reversal of provisions/liabilities	-1.0	-0.8	-0.3	<b>-2.1</b>	-0.2	<b>-2.3</b>
Financial revenues	0.7	0.0	1.3	<b>2.0</b>	0.5	<b>2.5</b>
Financial costs	-21.3	-3.1	-1.8	<b>-26.2</b>	2.3	<b>-23.9</b>
Thereof financial costs from lease liabilities	-18.7	-0.3	0.0	<b>-19.0</b>	0.0	<b>-19.0</b>
<b>Financial result</b>	<b>-20.6</b>	<b>-3.1</b>	<b>-0.5</b>	<b>-24.2</b>	<b>2.8</b>	<b>-21.4</b>
<b>Taxes on income</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-1.8</b>	<b>-2.1</b>
<b>Assets</b>	<b>537.0</b>	<b>142.3</b>	<b>46.2</b>	<b>725.5</b>	<b>155.0</b>	<b>880.5</b>
<b>Liabilities</b>	<b>455.2</b>	<b>58.2</b>	<b>65.9</b>	<b>579.3</b>	<b>105.2</b>	<b>684.5</b>
Gross capital expenditure	22.4	14.3	3.1	<b>39.8</b>	0.0	<b>39.8</b>
Gross capital expenditure excl. IFRS 16	22.0	14.0	2.8	<b>38.8</b>	0.0	<b>38.8</b>

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

# Notes to the consolidated balance sheet

## Non-current assets

### (1) GOODWILL AND OTHER INTANGIBLE ASSETS

In thousands of €	Concessions, licences	Goodwill	Payments on account	Total	Assets held for sale
Acquisition costs as at 01.01.2022	36,277	74,678	1,249	<b>112,204</b>	2,060
Additions	1,105	0	394	<b>1,499</b>	0
Reclassifications	99	0	-99	<b>0</b>	0
Disposals	-1	0	-51	<b>-52</b>	0
<b>Acquisition costs as at 31.12.2022</b>	<b>37,480</b>	<b>74,678</b>	<b>1,493</b>	<b>113,651</b>	<b>2,060</b>
Cumulated depreciation as at 01.01.2022	30,457	24,809	0	<b>55,266</b>	2,044
Scheduled depreciation	2,854	0	0	<b>2,854</b>	0
Reclassifications	-3	0	0	<b>-3</b>	3
Disposals	-1	0	0	<b>-1</b>	0
<b>Cumulated depreciation as at 31.12.2022</b>	<b>33,307</b>	<b>24,809</b>	<b>0</b>	<b>58,116</b>	<b>2,047</b>
<b>Balance sheet value 31.12.2022</b>	<b>4,173</b>	<b>49,869</b>	<b>1,493</b>	<b>55,535</b>	<b>13</b>
Acquisition costs as at 01.01.2023	37,480	74,678	1,493	<b>113,651</b>	2,060
Additions	3,186	0	364	<b>3,550</b>	0
Reclassifications	-1,457	-635	-968	<b>-3,060</b>	3,060
Disposals	-23	-55	0	<b>-78</b>	0
Disposal of previously fully consolidated companies	0	0	0	<b>0</b>	-2,060
<b>Acquisition costs as at 31.12.2023</b>	<b>39,186</b>	<b>73,988</b>	<b>889</b>	<b>114,063</b>	<b>3,060</b>
Cumulated depreciation as at 01.01.2023	33,307	24,809	0	<b>58,116</b>	2,047
Scheduled depreciation	2,871	0	0	<b>2,871</b>	0
Non-scheduled depreciation	0	33,129	0	<b>33,129</b>	0
Reclassifications	-2,201	-635	0	<b>-2,836</b>	2,836
Disposals	-16	0	0	<b>-16</b>	0
Disposal of previously fully consolidated companies	0	0	0	<b>0</b>	-2,048
<b>Cumulated depreciation as at 31.12.2023</b>	<b>33,960</b>	<b>57,303</b>	<b>0</b>	<b>91,263</b>	<b>2,836</b>
<b>Balance sheet value 31.12.2023</b>	<b>5,226</b>	<b>16,685</b>	<b>889</b>	<b>22,800</b>	<b>224</b>

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

Of the goodwill disclosed, a total of EUR 13.7 mill. (previous year: EUR 45.0 mill.) refers to differences from capital consolidation.

The goodwill is attributable to four CGUs (previous year: seven CGUs) and refers entirely to the acute segment. The medical care centres are recorded together with the CGUs.

Goodwill amounted to EUR 16.7 mill. on 31 December 2023 (31.12.2022: EUR 49.9 mill.). The carrying amounts of the CGUs totalled EUR 80.3 mill. (31.12.2022: EUR 154.6 mill.). This breaks down to CGU as follows:

In millions of €	Interest rate before tax	Goodwill	in %	Carrying amount	in %
CGU location 2	7.37 %	7.8	46.9	20.8	25.8
CGU location 4	7.40 %	6.5	39.0	44.5	55.5
CGU location 5	7.40 %	2.2	13.1	2.1	2.7
Others	–	0.2	1.0	12.9	16.0
		<b>16.7</b>	<b>100.0</b>	<b>80.3</b>	<b>100.0</b>

The goodwill of the CGUs at the locations 3 (EUR 7.6 mill.) and 6 (EUR 1.8 mill.) was written off in full. The goodwill of the CGU at location 1 amounting to EUR 23.7 mill. was also written off in full. A need for impairments amounting to EUR 22.2 mill. was identified in the impairment test, whereas another impairment of EUR 1.5 mill. was determined in the fair value measurement pursuant to IFRS 5 Reclassification of assets and liabilities held for sale. Goodwill impairments thus totalled EUR 33.2 mill.

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 amounted to 7.05 % (previous year: 6.97 %) 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 2023 financial year, the cost of capital amounts to 6.24 % after tax (previous year: 5.63 %). 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 38.55/61.45. 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. The following assumptions were used to determine the value in use:

In %	2023 Pre-IFRS 16	2023 IFRS 16	2022 Pre-IFRS 16	2022 IFRS 16
Risk-free interest rate	2.50	2.50	1.50	1.50
Market risk premium	7.00	7.00	7.50	7.50
Beta coefficient (on the basis of a peer-group analysis)	1.01	1.02	1.13	1.13
Growth discount to the perpetuity	0.25	0.25	0.25	0.25
Borrowing costs (before taxes)	4.88	4.88	2.78	2.78
Tax shield	0.77	0.77	0.44	0.44
Capital structure (equity /borrowed capital) (on the basis of a peer-group analysis)	53.94/46.05	38.55/61.45	60.77/39.23	43.11/56.89

In millions of €			Change in discount rate		
			3.00 %	4.00 %	5.00 %
Change in EBIT	0.00 %	CGU location 2	0.0	0.0	0.8
<b>Change in EBIT</b>	<b>0.00 %</b>	<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>
Change in EBIT	-10.00 %	CGU location 2	0.0	1.1	3.3
Change in EBIT	-10.00 %	CGU location 4	0.0	0.0	3.1
<b>Change in EBIT</b>	<b>-10.00 %</b>	<b>Total</b>	<b>0.0</b>	<b>1.1</b>	<b>6.4</b>
Change in EBIT	-20.00 %	CGU location 2	1.4	3.8	5.8
Change in EBIT	-20.00 %	CGU location 4	0.0	4.3	8.2
<b>Change in EBIT</b>	<b>-20.00 %</b>	<b>Total</b>	<b>1.4</b>	<b>8.2</b>	<b>14.0</b>
Change in EBIT	-30.00 %	CGU location 2	4.5	6.5	8.3
Change in EBIT	-30.00 %	CGU location 4	5.7	9.9	13.2
<b>Change in EBIT</b>	<b>-30.00 %</b>	<b>Total</b>	<b>10.2</b>	<b>16.4</b>	<b>21.5</b>

In the context of the impairment test, an additional sensitivity analysis was conducted for the locations, which primarily examined the effects of changes in the underlying EBIT (-10,0 %; -20,0 %; -30,0 %) and the discount rate (+3.0 %; +4.0 %; +5.0 %).

The analysis revealed a need for write-downs totalling a maximum of EUR 21.5 mill. within the context of the parameter changes, which corresponds to 26.7 % of the carrying amount.

CGU location 2 has the lowest headroom of EUR 19.8 mill. with material goodwill of EUR 7.8 mill. At the same time, this is also the CGU with the highest goodwill. Given stable EBIT and an interest increase by 4.7 %, this CGU would for the first time be confronted 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.

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 01.01.2022	298,517	460,175	37,156
Additions	1,673	91,366	541
Reclassifications	1,394	0	88
Disposals	-105	-7,931	-234
<b>Acquisition and manufacturing costs as at 31.12.2022</b>	<b>301,479</b>	<b>543,610</b>	<b>37,551</b>
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
<b>Cumulated depreciation as at 31.12.2022</b>	<b>179,810</b>	<b>176,633</b>	<b>26,664</b>
<b>Balance sheet value 31.12.2022</b>	<b>121,669</b>	<b>366,977</b>	<b>10,887</b>
Acquisition and manufacturing costs as at 01.01.2023	301,479	543,610	37,551
Additions	1,977	0	765
Reclassifications	-20,160	-779	-1,169
Disposals	-70	0	-267
Disposal of previously fully consolidated companies	0	0	0
<b>Acquisition and manufacturing costs as at 31.12.2023</b>	<b>283,226</b>	<b>542,831</b>	<b>36,880</b>
Cumulated depreciation as at 01.01.2023	179,810	176,633	26,664
Scheduled depreciation	11,315	26,241	1,814
Non-scheduled depreciation	601	0	0
Reclassifications	-16,069	-53	-1,046
Disposals	-16	0	-217
Disposal of previously fully consolidated companies	0	0	0
<b>Cumulated depreciation as at 31.12.2023</b>	<b>175,641</b>	<b>202,821</b>	<b>27,215</b>
<b>Balance sheet value 31.12.2023</b>	<b>107,585</b>	<b>340,010</b>	<b>9,665</b>

	Operating and office equipment	Right-of-use assets on operating and office equipment	Payments on account and assets under construction	Total	Assets held for sale
	178,513	5,088	7,330	<b>986,779</b>	24,536
	6,683	966	7,408	<b>108,637</b>	0
	379	0	-1,941	<b>-80</b>	80
	-3,056	-818	-4	<b>-12,148</b>	-64
	<b>182,519</b>	<b>5,236</b>	<b>12,793</b>	<b>1,083,188</b>	<b>24,552</b>
	146,062	2,727	0	<b>478,519</b>	19,348
	9,641	1,331	0	<b>68,550</b>	0
	-117	-6	0	<b>-531</b>	531
	-2,860	-636	0	<b>-7,289</b>	-48
	<b>152,726</b>	<b>3,416</b>	<b>0</b>	<b>539,249</b>	<b>19,831</b>
	<b>29,793</b>	<b>1,820</b>	<b>12,793</b>	<b>543,939</b>	<b>4,721</b>
	182,519	5,236	12,793	<b>1,083,188</b>	24,552
	9,368	990	14,935	<b>28,035</b>	473
	-7,619	-87	-2,090	<b>-31,904</b>	31,432
	-3,102	-1,010	0	<b>-4,449</b>	0
	0	0	0	<b>0</b>	-25,024
	<b>181,166</b>	<b>5,129</b>	<b>25,645</b>	<b>1,074,870</b>	<b>31,433</b>
	152,726	3,416	0	<b>539,249</b>	19,831
	8,896	1,138	0	<b>49,404</b>	264
	0	0	0	<b>601</b>	0
	-7,370	-60	0	<b>-24,598</b>	24,334
	-2,985	-939	-6	<b>-4,163</b>	0
	0	0	0	<b>0</b>	-20,094
	<b>151,267</b>	<b>3,555</b>	<b>-6</b>	<b>560,493</b>	<b>24,335</b>
	<b>29,899</b>	<b>1,574</b>	<b>25,644</b>	<b>514,377</b>	<b>7,098</b>

Gross additions to property, plant and equipment before deduction of special items totalled EUR 36.6 mill. in the 2023 financial year (previous year: EUR 118.8 mill.). EUR 1.0 mill. thereof are attributable to additions of right-of-use assets (previous year: EUR 92.3 mill.). EUR 90.0 mill. of the high gross additions in the previous year pertained to the clinic real estate. EUR 6.3 mill. referred 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 2023 financial year:

In thousands of €	Clinic real estate	Other real estate	Vehicles	Other operating and office equipment	Total
Opening balance	358,801	8,177	1,169	651	368,798
Additions in 2023	0	0	774	216	990
Disposals/corrections of depreciation 2023	0	0	-71	0	-71
Depreciation in 2023	-24,078	-2,164	-798	-338	-27,378
Reclassification IFRS 5	0	-726	-4	-25	-755
<b>Residual book values as at 31.12.2023</b>	<b>334,723</b>	<b>5,287</b>	<b>1,070</b>	<b>504</b>	<b>341,584</b>

Approximately EUR 16.7 mill. was used for the reconstruction and expansion of clinics. EUR 6.1 mill. thereof refers to the construction of the clinic for child and youth psychiatry at the MEDICLIN Müritz-Klinikum site in Röbel and EUR 4.6 mill. to the construction of a psychosomatic clinic at the MEDICLIN Seepark Klinik site in Bad Bodenteich. Capital expenditure for IT infrastructure amounted to almost EUR 5.0 mill. and nearly EUR 3.9 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 53.6 mill. (previous year: EUR 54.0 mill.). The additions of subsidised assets amount to EUR 8.1 mill. (previous year: EUR 10.7 mill.). Depreciation and amortisation was reduced by deducting subsidies totalling EUR 5.8 mill. (previous year: EUR 6.6 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 714 thou. (previous year: EUR 721 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 i. L. (EUR 13 thou.) and Kur und Tourismus GmbH Bad Peterstal-Griesbach (EUR 6 thou.).

### (4 + 11) RECEIVABLES PURSUANT TO HOSPITAL FINANCING LAW (KHG)

In thousands of €	Non-current	Current	Total 31.12.2023	Non-current	Current	Total 31.12.2022
Individual subsidies	31,686	10,321	42,007	43,355	11,892	55,247
Lump-sum subsidies	0	2,391	2,391	0	20	20
<b>Receivables pursuant to KHG</b>	<b>31,686</b>	<b>12,712</b>	<b>44,398</b>	<b>43,355</b>	<b>11,912</b>	<b>55,267</b>

The receivables pursuant to hospital financing law (Krankenhausfinanzierungsgesetz – KHG) totalling EUR 44.4 mill. on the balance sheet date 31 December 2023 (previous year: EUR 55.3 mill.) mainly refer to the subsidies for the construction of new clinics at three locations. EUR 19.3 mill. thereof (previous year: EUR 21.4 mill.) pertains 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 9.1 mill. (previous year: EUR 16.7 mill.) refers to subsidies for a new clinic for child and youth psychiatry at MEDICLIN Müritz-Klinikum in Röbel granted by the federal state of Mecklenburg-Vorpommern. Another amount of EUR 4.3 mill. (previous year: EUR 11.6 mill.) pertains to subsidies for a new building at the location of MEDICLIN Seepark Klinik in Bad Bodenteich. EUR 1.0 mill. (previous year: EUR 1.1 mill.) refers to benefits under Section 26 f Hospital Financing Act (KHG). The individual subsidies also include funds under Section 14a German Hospital Future Act (KHZG) (EUR 9.3 mill.; previous year: EUR 7.9 mill.).

## (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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<b>Deferred tax assets</b>				
Lease liabilities	386,443	408,358	61,155	64,623
Pension obligations	36,614	35,336	5,794	5,592
Provision for additional rent payments	–	–	–	–
Tax loss carried forward	4,971	16,198	787	2,563
Anniversary obligations/provisions for partial retirement	671	603	106	95
Others	8,180	8,948	1,294	1,416
			<b>69,136</b>	<b>74,289</b>
<b>Deferred tax liabilities</b>				
Right-of-use asset (IFRS 16)	341,584	368,798	54,056	58,362
Intangible assets	17,883	19,501	2,830	3,086
Property, plant and equipment	7,627	14,129	1,207	2,236
Others	87	746	14	118
			<b>58,107</b>	<b>63,802</b>
<b>Balance sheet recognition</b>			<b>11,029</b>	<b>10,487</b>

The Others item includes EUR 534 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 0.5 mill. will be realised within one year and another EUR 0.3 mill. in the following four years. For loss carryforwards amounting to EUR 21.2 mill. (previous year: EUR 8.5 mill.), no deferred tax assets were recognised. Given their loss-making history, the deferred taxes of two companies for loss carryforwards amounting to EUR 1.7 mill. were reversed.

## 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 €	31.12.2023	31.12.2022
Medical supplies	5,456	6,696
Operating supplies	1,609	1,910
Administrative supplies	231	263
	<b>7,296</b>	<b>8,869</b>

### (7) TRADE RECEIVABLES

In thousands of €	31.12.2023	31.12.2022
Receivables	85,356	92,061
Allowances	-3,775	-3,572
<b>Disclosure</b>	<b>81,581</b>	<b>88,489</b>
Receivables not yet invoiced	44,562	43,814
Invoiced trade receivables	37,019	44,675

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. An impairment matrix as per IFRS 9 is used (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 2023. 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 2023. 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 22.4 mill. (previous year: EUR 19.7 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 MD<sup>1</sup> and bad debts, for which specific bad debt allowances have been made) and identified default risk (impairment matrix)**

In thousands of €	31.12.2023	Not yet due	Less than 30 days	Between 31 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
Receivables from public health and pension insurance institutions	29,266	21,254	5,127	583	530	826	946	0
Default risk in %		0.04	0.04	0.04	0.04	0.04	0.04	0
<b>Expected default losses</b>	<b>-11</b>	<b>-9</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other trade receivables	4,126	2,490	944	167	99	204	223	0
Default risk in %		0.16	0.49	2.20	2.00	25.00	50.00	0
<b>Expected default losses</b>	<b>-178</b>	<b>-4</b>	<b>-5</b>	<b>-4</b>	<b>-2</b>	<b>-51</b>	<b>-112</b>	<b>0</b>
Trade receivables (without MD and specific bad debt allowances)	33,392	23,743	6,071	750	629	1,030	1,169	0
<b>Total expected default losses</b>	<b>-189</b>	<b>-13</b>	<b>-7</b>	<b>-4</b>	<b>-2</b>	<b>-51</b>	<b>-112</b>	<b>0</b>
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
<b>Expected default losses</b>	<b>-7</b>	<b>-6</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other trade receivables	2,882	2,111	376	196	25	103	71	0
Default risk in %		0.25	1.10	2.78	15.32 <sup>2</sup>	25.00 <sup>2</sup>	50.00 <sup>2</sup>	0
<b>Expected default losses</b>	<b>-93</b>	<b>-5</b>	<b>-5</b>	<b>-6</b>	<b>-5</b>	<b>-28</b>	<b>-44</b>	<b>0</b>
Trade receivables (without MD and specific bad debt allowances)	37,038	28,110	6,141	1,017	263	938	569	0
<b>Total expected default losses</b>	<b>-100</b>	<b>-11</b>	<b>-6</b>	<b>-6</b>	<b>-5</b>	<b>-28</b>	<b>-44</b>	<b>0</b>

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

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

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

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

In thousands of €	31.12.2023	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	1,935	0	0	0	0	0	0	1,935
Other trade receivables	1,651	0	0	5	26	42	121	1,457
<b>Specific bad debt allowances</b>	<b>-3,586</b>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>-26</b>	<b>-42</b>	<b>-121</b>	<b>-3,392</b>
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
<b>Specific bad debt allowances</b>	<b>-2,924</b>	<b>0</b>	<b>0</b>	<b>-6</b>	<b>-19</b>	<b>-32</b>	<b>-110</b>	<b>-2,757</b>

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

The valuation adjustments of trade receivables developed as follows:

In thousands of €	2023	2022
<b>Allowances as of 01.01.</b>	<b>3,572</b>	<b>2,894</b>
Additions to allowances	311	1,079
Consumption	-108	-
Reversal	-	-401
<b>Allowances as of 31.12.</b>	<b>3,775</b>	<b>3,572</b>

The balance from expenses resulting from allowances and/or the full write-off of receivables and income from allowances and/or the recovery of written-off receivables resulted in expenses totalling EUR 1.6 mill. during the 2023 financial year (previous year: expenses totalling EUR 1.7 mill.).

In thousands of €	2023	2022
Expenses for bad debt allowances/full write-off of receivables	-1,809	-2,277
Recoveries of bad debt allowances/written-off receivables	213	626
	<b>-1,596</b>	<b>-1,651</b>

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

In thousands of €	31.12.2023	31.12.2022
Receivables	44,217	37,953

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.

### (9) OTHER CURRENT FINANCIAL ASSETS

In thousands of €	31.12.2023	31.12.2022
Receivables	14,879	10,267

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. The receivables include a compensation claim of EUR 6.8 mill. towards Asklepios Kliniken GmbH & Co. KGaA pursuant to Section 311 (2) Sentence 2 German Stock Corporation Act (AktG) for MEDICLIN AG's waiver of energy cost allowances. In the year under review, Asklepios Kliniken GmbH & Co. KGaA made an arrangement with MEDICLIN AG agreeing that, for the greater good of the Asklepios Group, MEDICLIN would waive its claim to public energy cost allowances outside of Section 26 f Hospital Financing Act (KHG). According to this arrangement, no allowances for energy costs are to be received or applied for, and any allowances already received or applied for shall be paid back or refused. In return, Asklepios Kliniken GmbH & Co. KGaA committed to compensate MEDICLIN AG and its subsidiaries for the resulting disadvantages.

### (10) PREPAID EXPENSES

This item refers to prepaid expenses including insurance accruals.

### (12) 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 2023. 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.

### (13 + 33) ASSETS HELD FOR SALE AND LIABILITIES IN COMBINATION WITH ASSETS HELD FOR SALE

MEDICLIN Herzzentrum Coswig and MEDICLIN MVZ Dessau are to be sold by way of asset deals in 2024. In the scope of making adjustments to meet IFRS 5 requirements, assets and liabilities held for sale (disposal group) referring to the branches of MediClin GmbH & Co. KG and MediClin Medizinisches Versorgungszentrum GmbH that are intended for sale were reclassified accordingly in the balance sheet. Both facilities belong to the acute segment. Before reclassification, the fair value was written down by a total of EUR 24.1 mill.

**Assets held for sale as of 31 December 2023**

In thousands of €	Carrying amounts Herzzentrum Coswig	Carrying amounts MVZ Dessau	Total carrying amounts
<b>Non-current assets</b>			
Intangible assets	222	2	224
Property, plant and equipment incl. right-of-use assets	7,038	59	7,097
Deferred tax	5	0	5
	<b>7,265</b>	<b>61</b>	<b>7,326</b>
<b>Current assets</b>			
Inventories	1,376	0	1,376
Trade receivables	2,177	66	2,243
Other financial assets	10,336	4	10,340
Other assets	58	1	59
Cash and cash equivalents	3	0	3
	<b>13,950</b>	<b>71</b>	<b>14,021</b>
<b>Total assets held for sale</b>			<b>21,347</b>

**Liabilities in connection with assets held for sale as of 31 December 2023**

In thousands of €	Carrying amounts Herzzentrum Coswig	Carrying amounts MVZ Dessau	Total carrying amounts
<b>Non-current liabilities</b>			
Lease liabilities	767	0	767
Other provisions	53	0	53
Other payables	80	0	80
	<b>900</b>	<b>0</b>	<b>900</b>
<b>Current liabilities</b>			
Trade payables	822	12	834
Lease liabilities	21	0	21
Other provisions	1,390	0	1,390
Other financial liabilities	1,646	1	1,647
Other payables	1,393	31	1,424
	<b>5,272</b>	<b>44</b>	<b>5,316</b>
<b>Total liabilities in connection with assets held for sale</b>			<b>6,216</b>

## Information on financial instruments

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

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

Value adjustments to cash and cash equivalents due to impairment were conducted on the basis of the corresponding bank ratings and the associated default risk. The amount thus determined is EUR 98 thou. (previous year: EUR 44 thou.) and therefore considered 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. 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 66.4 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		2023	2022
Amortised cost (assets)	1,503	–	–1,651	–	–148	–1,607
Amortised cost (liabilities)	–3,316	–	–	–	–3,316	–968
At fair value through profit or loss	–	–	–	–	0	–
	<b>–1,813</b>	<b>0</b>	<b>–1,651</b>	<b>0</b>	<b>–3,464</b>	<b>–2,575</b>

### Financial instruments by category in accordance with IFRS 9

In thousands of €	Category in accordance with IFRS 9	Level	31.12.2023	
			Carrying amount	Fair value
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in stock of subsidiaries	at fair value through profit or loss	3	65	65
Other financial investments	at amortised cost	–	2	–
<b>Current assets</b>				
Trade receivables	at amortised cost	–	81,581	–
Receivables pursuant to Hospital Compensation Act/ Federal Directive on Nursing Care Rates	at amortised cost	–	44,217	–
Other current financial assets	at amortised cost	–	14,879	–
Cash and cash equivalents	at amortised cost	–	115,286	–
<b>EQUITY AND LIABILITIES</b>				
<b>Non-current liabilities</b>				
Liabilities to banks	at amortised cost	–	66,419	62,125
Lease liabilities	n/a	–	362,443	–
<b>Current liabilities</b>				
Trade payables	at amortised cost	–	12,626	–
Liabilities to banks	at amortised cost	–	26,962	–
Lease liabilities	n/a	–	24,000	–
Liabilities pursuant to Hospital Compensation Act/ Federal Directive on Nursing Care Rates	at amortised cost	–	9,224	–
Miscellaneous financial liabilities	at amortised cost	–	7,799	–
<b>AGGREGATED BY CATEGORY IN ACCORDANCE WITH IFRS 9</b>				
<b>Financial assets</b>	<b>Total</b>	<b>at amortised cost</b>	<b>255,965</b>	<b>–</b>
<b>Financial assets</b>	<b>Total</b>	<b>at fair value through profit or loss</b>	<b>65</b>	<b>65</b>
<b>Financial liabilities</b>	<b>Total</b>	<b>at amortised cost</b>	<b>123,031</b>	<b>62,151</b>

In thousands of €	Category in accordance with IFRS 9	Level	31.12.2022	
			Carrying amount	Fair value
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in stock of subsidiaries	at fair value through profit or loss	3	65	65
Other financial investments	at amortised cost	–	2	–
<b>Current assets</b>				
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	–
<b>EQUITY AND LIABILITIES</b>				
<b>Non-current liabilities</b>				
Liabilities to banks	at amortised cost	–	67,542	62,238
Lease liabilities	n/a	–	384,948	–
<b>Current liabilities</b>				
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	–
<b>AGGREGATED BY CATEGORY IN ACCORDANCE WITH IFRS 9</b>				
<b>Financial assets</b>	<b>Total</b>	<b>at amortised cost</b>	<b>224,750</b>	<b>–</b>
<b>Financial assets</b>	<b>Total</b>	<b>at fair value through profit or loss</b>	<b>65</b>	<b>65</b>
<b>Financial liabilities</b>	<b>Total</b>	<b>at amortised cost</b>	<b>118,829</b>	<b>62,238</b>

## Equity

### CAPITAL MANAGEMENT

The primary objective of the capital management of MEDICLIN is to ensure that the Group's ability to pay back its debts and its financial substance are preserved in future, and that the capital structure continues to adequately meet the business risk. MEDICLIN AG 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 note (19+25) Liabilities to banks). 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 €	31.12.2023	31.12.2022
Equity	196,029	209,323
Non-current liabilities	513,233	535,946
Current liabilities incl. tax liabilities	171,239	170,843
Balance sheet total	880,502	916,112
Net financial debt	-21,905	6,273
Equity ratio in %	22.3	22.8
Debt ratio in %	77.7	77.2

Remeasurements from the calculation of pension obligations pursuant to IAS 19 Employee Benefits in the amount of EUR -3.1 mill. that are recognised directly in equity and the total consolidated result in the amount of EUR -10.7 mill. reduced equity by EUR 13.3 mill. The return on equity after tax is -5.5 % (previous year: +4.6 %).

The balance sheet total decreased by EUR 35.6 mill. or 3.9 % since the previous reporting date. This was caused by several factors.

Goodwill saw a strong decrease amounting to EUR 33.2 mill. as extensive value adjustments were carried out in the scope of the annual impairment test. Non-current receivables pursuant to hospital financing law also experienced a strong decline of EUR 11.7 mill. as the construction work on the subsidised construction of three new clinics progressed.

Along with scheduled depreciation, the right-of-use assets on the assets side of the balance sheet were reduced by EUR 27.2 mill., while the corresponding lease liabilities on the other side of the balance sheet were reduced by EUR 21.9 mill.

The obligations to repay benefits received under the protective shield to manage the pandemic shrank by EUR 7.1 mill. compared to the previous year, while liabilities pursuant to hospital financing law decreased by EUR 2.8 mill. More detailed information is provided in the notes to the respective balance sheet items.

#### (14) SUBSCRIBED CAPITAL

In thousands of €	31.12.2023	31.12.2022
Subscribed capital	47,500	47,500

The subscribed capital (capital stock) of the parent company, MEDICLIN AG 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.

#### (15) CAPITAL RESERVE

In thousands of €	31.12.2023	31.12.2022
Capital reserve pursuant to Sec. 272 (2) No. 1 HGB and Sec. 150 AktG	127,708	127,708
Reserve pursuant to IFRS 2	48	48
Gains from the sale of treasury stock	1,636	1,636
	<b>129,392</b>	<b>129,392</b>

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

#### (16) REVENUE RESERVE

The consolidated revenue reserve is structured as follows:

In thousands of €	31.12.2023	31.12.2022
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	-15,805	-13,292
Transfer to revenue reserve	51,165	51,165
	<b>35,393</b>	<b>37,906</b>

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

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.

## (17) CONSOLIDATED BALANCE SHEET RESULT

The consolidated balance sheet result is structured as follows:

In thousands of €	2023	2022
Loss carryforward	-5,591	-15,032
Result attributable to shareholders of MEDICLIN AG	-10,776	9,441
	<b>-16,367</b>	<b>-5,591</b>

## (18) 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 2023 (31.12.2023: 5.199 % / 31.12.2022: 5.199 %). In the consolidated statement of comprehensive income, the result is recorded as a prorated figure in the item Comprehensive income – thereof attributable to the non-controlling interests.

## Liabilities

### (19 + 25) 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 31.12.2023	Non-current	Current	Total 31.12.2022
Syndicated loan	49,969	25,668	75,637	49,935	24,976	74,911
Other bank loans	1,045	587	1,632	1,670	1,098	2,768
Subsidised investment loan	15,405	707	16,112	15,937	696	16,633
	<b>66,419</b>	<b>26,962</b>	<b>93,381</b>	<b>67,542</b>	<b>26,770</b>	<b>94,312</b>

### SYNDICATED LOAN

In 2019 the Group agreed on a syndicated loan totalling EUR 90.0 mill. with a consortium of banks. The loan agreement consists of two facilities (A, B). Facility A is a EUR 50.0 mill. bullet loan and Facility B was granted as a revolving facility of up to EUR 40.0 mill.

Since 29 November 2019 EUR 50.0 mill. of Facility A and a partial amount of EUR 25.0 mill. of Facility B have been drawn. Given its short-term nature, Facility B is shown in current liabilities (please refer also to note (26) Liabilities to banks). Moreover, the contract includes 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 option has not been used as yet.

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 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 35.0 % of the respective margin. Furthermore, a utilisation fee is charged for Facility B depending on the amount drawn. A total of EUR 3.3 mill. (previous year: EUR 1.0 mill.) in interest, including utilisation fee for Facility B, was charged for the syndicated loan in the 2023 financial year. This corresponds to an average annual interest rate of 4.5 % p.a. (previous year: 1.3 % p.a.). Assuming the loan utilisation remains stable, the effective interest rate for a 7-year term is 3.2 % 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 €	2023	Total	1 year or less	1 to 5 years	More than 5 years
Interest		11,350	3,903	7,447	0
Repayment/additions (-) <sup>1</sup>		75,637	25,668	49,969	0
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 (-) <sup>1</sup>		74,911	24,976	49,935	0

<sup>1</sup> The loan is initially recognised at fair value less transaction costs. In order to ensure that the repayment amount is shown at the end of the loan term, the 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 prorated write-up.

Future interest payments are forecast on the basis of the last interest rates applied. The higher interest was caused by the increase in refinancing rates by the European Central Bank (ECB) which had a direct effect on the EURIBOR. After the ECB had raised the base rate on four occasions by a total of 250 percentage points in the second half of 2022, the base rate was lifted once again in the 2023 financial year by 200 percentage points with the base rate amounting to 4.5 % at the close of 2023 and the beginning of 2024, which is the highest level since September 2001. Therefore the mean value of the calculated 6-month EURIBOR surged from -0.523 % in 2021 to +0.681 % in 2022 and +3.694 % in 2023. To what extent this trend will continue is as yet unclear. The financial markets currently assume that the ECB's increase in the base rate has reached its peak and that the rate will be lowered moderately in the second half of 2024. However, the ECB's interest rate policy depends strongly on the development of the inflation rate in relation to the 2,0 % target.

The following sensitivity analysis showing the effects of different interest rate scenarios on the financial result therefore covers a maximum range of +/- 100 percentage points:

In thousands of €	Basis points	Financial result
Change in 6-month EURIBOR	+100	-531
Change in 6-month EURIBOR	+75	-398
Change in 6-month EURIBOR	+50	-265
Change in 6-month EURIBOR	+25	-133
Change in 6-month EURIBOR	+10	-53
Change in 6-month EURIBOR	-10	+53
Change in 6-month EURIBOR	-25	+133
Change in 6-month EURIBOR	-50	+265
Change in 6-month EURIBOR	-75	+398
Change in 6-month EURIBOR	-100	+531

### OTHER BANK LOANS

Of the other bank loans, one loan of EUR 1.6 mill. (previous year: two loans totalling EUR 2.8 mill.) is secured through real property liens (carrying amounts: EUR 8.6 mill.; previous year: EUR 13.6 mill. for two loans). One loan was paid back in the course of the year. Now only one loan with an average interest rate of 1.2 % p.a. (previous year: two loans with 1.2 % p.a.) remains.

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

In thousands of €	2023	Total	1 year or less	1 to 5 years	More than 5 years
Interest		26	16	10	0
Repayment		1,632	587	1,045	0
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

### 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 1.0 mill. 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 ((see also note (4) Non-current receivables pursuant to hospital financing law or note (11) 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 €	2023	Total	1 year or less	1 to 5 years	More than 5 years
Interest		3,414	337	1,190	1,887
Repayment		16,113	707	2,986	12,419
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

### (20+ 26) LEASE LIABILITIES

The 20 rented clinics have a material effect on the net assets, financial position and results of MEDICLIN. They account for nearly 98.0 % of the capitalised right-of-use assets. Of these 20 clinic properties, 19 are attributable to the post-acute segment and one to the acute segment. In addition, the Group has long-term leases for additional real estate, vehicles and other operating and office equipment. The rental contracts for 17 locations have a remaining term of 14 years, while the contract for one location has a term of 24 years and two further locations have a rental term of 3 years. The parties agreed on an option to unilaterally prolong the fixed rental term once by five years. The contracts provide for an annual adjustment of rents in accordance with changes in the German consumer pricing index (up to a maximum of 2.0 % p.a.). In addition the lessee will bear the cost of the commercial administration of the rented real estate amounting to 1.0 % 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 incremental borrowing rate as per IFRS 16.26 was used. At the time of the remeasurement in 2022, the incremental borrowing rate amounted to 4.073 % (residual term of 4 years), 4.889 % (residual term of 15 years) and 4.982 % (residual term of 25 years) for the real estate.

The decline in total cash outflow for leases (IFRS 16.53(g)) is due to the rental contracts renegotiated 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 2023 financial year these lease payments amounted to EUR 2.0 mill. (previous year: EUR 1.5 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 2023 financial year these lease payments amounted to EUR 0.7 mill. (previous year: EUR 0.8 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 will be exercised.

Lease liabilities are as follows on 31 December 2023:

In thousands of €	Non-current	Current	Total 31.12.2023	Non-current	Current	Total 31.12.2022
Clinic real estate	358,258	21,149	379,407	377,868	20,305	398,173
Other real estate	3,357	2,087	5,444	6,194	2,162	8,356
Vehicles	546	537	1,083	530	642	1,172
Other movables	282	227	509	355	300	655
	<b>362,443</b>	<b>24,000</b>	<b>386,443</b>	<b>384,947</b>	<b>23,409</b>	<b>408,356</b>

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

In thousands of €	31.12.2023	31.12.2022
Due in 1 year or less	24,000	23,409
Due in 1 to 5 years	86,916	87,154
Due in more than 5 years	275,528	297,794
	<b>386,444</b>	<b>408,357</b>

The minimum lease obligations are due as follows:

In thousands of €	31.12.2023	31.12.2022
Due in 1 year or less	39,086	40,881
Due in 1 to 5 years	148,420	153,667
Due in more than 5 years	355,556	391,157
	<b>543,062</b>	<b>585,705</b>

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 €	31.12.2023	31.12.2022
Clinic real estate	37,648	48,973
Other real estate	2,278	2,288
Vehicles	817	943
Other movables	347	401
	<b>41,090</b>	<b>52,605</b>

## (21) PENSIONS AND SIMILAR COMMITMENTS

In thousands of €	31.12.2023	31.12.2022
Mitarbeiterunterstützungskasse der Vereinigten Klinikbetriebe (MAUK) and three individual commitments (previous year: three)	33,714	31,860
Kraichgau-Klinik Group	7,847	8,167
	41,561	40,027
MediClin Unterstützungskasse (MUK)	170	201
	<b>41,731</b>	<b>40,228</b>

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

assets are classified as plan assets. In the year under review, the pension obligations for 24 pensioners and the pension entitlements of 21 departed employees were transferred from MAUK to an external pension fund. A total amount of EUR 1.3 mill. was paid for this and added to the cover assets of the pension fund. This amount secures the prospective cover provisions for benefit obligations that are already being paid out as pensions as well as benefit obligations that are not yet vested. As such, the bases of calculation for this pension plan are fully financed at the time of the commitment. The benefits under the pension fund refer to a life-long annuity or one-time payment when the required age is reached.

## 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, which means that no new benefit obligations will be added. This also includes the pension obligations transferred from MAUK to the external pension fund and four (previous year: three) individual benefit commitments. The number of persons covered by these plans who are entitled to or in receipt of benefits developed as follows:

	31.12.2023	31.12.2022
Active employees	854	930
Departed employees with vested rights	771	790
Pensioners	1,117	1,054
	<b>2,742</b>	<b>2,774</b>

In the year under review, the share of persons entitled to pensions amounts to 59.3 % (previous year: 62.0 %) and the share of recipients of pensions to 40.7 % (previous year: 38.0 %).

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 2023 amounted to EUR 12.1 mill. (31.12.2022: EUR 12.2 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 with account only taken of the employee's years of service until the invalidity event. The age limit for employees who commenced employment on or before 31 December 1994 is 60 years for women and 65 years for men. For employees who commenced employment after 31 December 1994, the age limit is 65 years for women and for men. Since August 1997 no new beneficiaries have been added to this scheme.

In addition, an individual benefit commitment exists to a former executive staff member of Kraichgau-Klinik AG.

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 2023	MAUK 2022	Kraichgau- Klinik Group 2023	Kraichgau- Klinik Group 2022
Discount rate	3.20	3.60	3.20	3.60
Salary trend <sup>1</sup>	–	–	2.50	2.50
Pension trend	1.00	1.00	2.00	2.00

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

No salary trend has been determined for MAUK, as the pension amount is fixed, based on the eligible service years and average working week, and not based on salary-related criteria. Pursuant to Section 16 (3) 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 10.0 % was assumed when calculating the expense for 2024 and 7.0 % for 2023 with regard to Kraichgau-Klinik Group and the individual benefit commitments. From 2025 onwards, a figure of 2.0 % p.a. will be applied again. For the biometric calculations, the mortality tables of Klaus Heubeck (Richttafel 2018 G) were used.

A discount rate of 3.20 % (previous year: 3.60 %) 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 (3.20 %)	+3,089	+1,504	-1,427	-2,782	-6,000
Salary trend <sup>1</sup> (2.50 %)	-7	-4	+4	+8	-
Pension trend (1.00 or 2.00 %)	-387	-197	+204	+416	-

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

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

As noted above, the MAUK pension is not based on salary and takes into account a fixed pension trend of 1.00 %, 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 4.1 mill. increase (previous year: EUR 3.7 mill.) in pension obligations.

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

The expense is broken down into the components service cost, net interest and rereasurement. In the profit and loss account, the service cost is recognised under staff costs and the net interest in the financial result. Remeasurement is directly recognised in equity and in other comprehensive income. Valuation changes to be accounted for in other comprehensive income result from experience-based 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 41.6 mill. (previous year: EUR 40.0 mill.) with plan assets of EUR 3.0 mill. (previous year: EUR 1.7 mill.). The increase in plan assets and the employer contributions is nearly exclusively attributable to the transfer of pension obligations to an external pension fund and the associated one-off payment into the fund's cover assets. The following table on the recognition of the net liability in the balance sheet reveals an asset surplus of EUR 355 thou. resulting from the transfer of the pension obligations to the external pension fund. The present value of the obligation (DBO) amounts to EUR 960 thou., while the plan assets amount to EUR 1,315 thou.

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

In thousands of €	31.12.2023	31.12.2022
<b>Development of recognition in the balance sheet</b>		
Present value of the DBO	44,549	41,752
Fair value of plan assets	-2,988	-1,726
<b>Net defined benefit liability at the end of the financial year</b>	<b>41,561</b>	<b>40,026</b>
Thereof pension obligations	41,913	0
Thereof pension assets (-)	-355	0
<b>Reconciliation of the net liability</b>		
Net defined benefit liability at the end of the preceding financial year	40,026	61,035
Service cost	23	59
Net interest expense on the reported net liability	1,409	541
Remeasurements recognised in other comprehensive income	3,297	-19,853
Employer contributions	-2,568	-1,200
Benefits paid directly by the employer	-626	-556
<b>Net defined benefit liability at the end of the financial year</b>	<b>41,561</b>	<b>40,026</b>

The present value of the DBO showed the following development:

In thousands of €	31.12.2023	31.12.2022
DBO at the end of the preceding financial year	41,752	62,746
Current service cost	23	59
Interest expense on DBO	1,470	557
Actuarial gain (-)/loss (+) due to experience-based adjustment to the obligation	7	-178
Actuarial gain (-)/loss (+) due to change in financial assumptions	3,177	-19,672
Benefits paid from plan assets	-1,254	-1,204
Benefits paid directly by the employer	-626	-556
Past service costs	0	0
<b>Pension obligations at the end of the financial year</b>	<b>44,549</b>	<b>41,752</b>

Breakdown of pension obligations by participants in the pension scheme:

In thousands of €	31.12.2023	31.12.2022
Active employees	10,991	11,135
Departed employees with vested rights	10,056	9,471
Pensioners	23,502	21,146
<b>Pension obligations at the end of the financial year</b>	<b>44,549</b>	<b>41,752</b>

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

In thousands of €	31.12.2023	31.12.2022
Fair value of plan assets at the end of the preceding financial year	1,726	1,711
Income from plan assets calculated with the discount rate	62	16
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	-114	3
Employer contributions	2,568	1,200
Benefits	-1,254	-1,204
<b>Fair value of plan assets at the end of the financial year</b>	<b>2,988</b>	<b>1,726</b>

EUR 1.3 mill. of the employer contributions refer to additions to the pension fund's cover assets.

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

In %	31.12.2023	31.12.2022
Bond funds		
With generally mixed maturities	4.5	7.7
With generally short-term maturities	3.1	5.4
Fixed interest securities	5.0	8.7
Cash and cash equivalents	32.0	57.9
Pension fund's cover assets	44.0	-
Reinsurance policies	11.4	20.3
	<b>100.0</b>	<b>100.0</b>

Save for the reinsurances and the cover assets of the pension fund, the plan assets all refer 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. The pension fund's cover assets are measured at fair value. 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 4.7 mill. (previous year: income of EUR -19.3 mill.), of which EUR 1.4 mill. (previous year: EUR 0.6 mill.) is recognised through profit and loss and EUR 3.3 mill. (previous year: EUR -19.9 mill.) is recognised in other comprehensive income. The decrease in the discount rate over the previous year (2023: -0.4 percentage points; 2022: +2.7 percentage points) led to an actuarial loss of EUR 3.2 mill. in other comprehensive income in the year under review (previous year: actuarial gain of EUR -19.9 mill.).

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

In thousands of €	2023	2022
<b>Consolidated profit and loss account</b>		
Current service cost	23	59
Past service costs due to plan amendments	0	0
Net interest expense (/income) on the reported net defined benefit liabilities (/assets)	1,409	541
<b>Pension costs, recognised in consolidated profit and loss account</b>	<b>1,432</b>	<b>600</b>
<b>Other comprehensive income</b>		
Actuarial gain (-)/loss (+) due to experience-based adjustment to the obligation	6	-178
Actuarial gain (-)/loss (+) due to change in actuarial assumptions (on the obligation side)	3,177	-19,672
<b>Actuarial gain (-) / loss (+) accrued in the course of the financial year</b>	<b>3,183</b>	<b>-19,850</b>
Amount by which the actual income of the plan assets in the current financial year exceeds / falls short of the income calculated with the discount rate	114	-3
<b>Remeasurements recognised in other comprehensive income</b>	<b>3,297</b>	<b>-19,853</b>
<b>Total pension costs</b>	<b>4,729</b>	<b>-19,253</b>

The expected benefits for the coming year are forecast at EUR 1.9 mill., while the current service expenses for the expected pension obligations are estimated at EUR 0.01 mill. and net interest expense at EUR 1.3 mill.

For the year 2024 employer contributions to the plan assets are expected at EUR 1.1 mill., benefits paid directly by the employer at EUR 0.6 mill. and benefits to be paid from the plan assets at EUR 1.3 mill.

The following benefit payments are forecast for the coming years:

In thousands of €	
Expected benefit payments for the year 2024	1,935
Expected benefit payments for the year 2025	2,035
Expected benefit payments for the year 2026	2,158
Expected benefit payments for the year 2027	2,216
Expected benefit payments for the year 2028	2,275
Expected benefit payments for the years 2029 to 2033	11,861

The mean Macaulay duration of the entire pension portfolio is 15.0 years (previous year: 15.0 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 (2023: EUR 257.08; 2022: EUR 253.28) 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 long-lasting low-interest period on the capital markets, it became 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 3.2 % (previous year: 3.6 %), while a figure of 2.10 % p.a. was used to show the insurance company's overall interest burden (previous year: 2.35 % p.a.). Further, the calculation is based on the assumption that the share of persons entitled to benefits that will receive ongoing pension payments rather than a one-off payment will continue to amount to approximately 5 %. The assumption regarding the total interest of the reinsurance company and the assumption for the current pension benefits are reviewed every year and adjusted whenever required.

The guaranteed interest rate under the reinsurance cover is:

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

The underinsurance resulting from these calculations amounts to EUR 170 thou. (previous year: EUR 201 thou.), while the reinsurance cover has an asset value of EUR 16.5 mill. (previous year: EUR 16.3 mill.), meaning that underinsurance is 1.0 % (previous year: 1.2 %) of the reinsurance value.

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

In thousands of €	31.12.2023	31.12.2022
<b>Development of recognition in the balance sheet</b>		
Present value of the DBO	16,645	16,501
Fair value of plan assets	-16,475	-16,300
<b>Net defined benefit liability at the end of the financial year</b>	<b>170</b>	<b>201</b>
Net defined benefit liability at the end of the preceding financial year	201	301
Service cost	1,005	755
Net interest income on the reported net liability	-11	-1
Remeasurements recognised in other comprehensive income	-244	155
Employer contributions	-768	-1,002
Benefits paid directly by the employer	-13	-7
<b>Carrying amount: net defined benefit liability at the end of the financial year</b>	<b>170</b>	<b>201</b>

EUR 16,526 thou. (previous year: EUR 16,345 thou.) of the present value of the defined benefit obligations pertains to active employees, EUR 13 thou. (previous year: EUR 12 thou.) to departed employees with vested rights and EUR 105 thou. (previous year: EUR 144 thou.) to pensioners.

The net liability breaks down to beneficiaries as follows:

	31.12.2023	31.12.2022
Active employees	51	45
Departed employees with vested rights	13	12
Pensioners	105	144
<b>Net defined benefit liability at the end of the financial year</b>	<b>169</b>	<b>201</b>

The present value of the DBO showed the following development:

In thousands of €	31.12.2023	31.12.2022
DBO at the end of the preceding financial year	16,501	16,339
Current service cost	1,005	755
Interest expense on DBO	583	144
Actuarial gain (-)/loss (+) due to experience-based adjustment to the obligation	-669	-8
Actuarial gain (-)/loss (+) due to change in financial assumptions	12	-132
Benefits paid from plan assets	-774	-591
Benefits paid directly by the employer	-13	-6
<b>Pension obligations at the end of the financial year</b>	<b>16,645</b>	<b>16,501</b>

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

In thousands of €	31.12.2023	31.12.2022
Fair value of plan assets at the end of the preceding financial year	16,300	16,038
Income from plan assets calculated with the discount rate	594	145
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	-413	-294
Employer contributions	768	1,002
Benefits	-774	-591
<b>Fair value of plan assets at the end of the financial year</b>	<b>16,475</b>	<b>16,300</b>

99.0 % of the pension obligation (previous year: 98.8 %) is covered by the fair value of plan assets.

The total pension cost of this pension commitment amounts to EUR 749 thou. (previous year: EUR 909 thou.), of which EUR 993 thou. (previous year: EUR 754 thou.) is recognised through profit and loss and income of EUR -244 thou. (previous year: expense of EUR 155 thou.) is recognised in other comprehensive income.

The pension cost developed as follows:

In thousands of €	2023	2022
<b>Consolidated profit and loss account</b>		
Current service cost	1,005	755
Net interest expense (/income) on the reported net defined benefit liabilities (/assets)	-11	-1
<b>Pension costs, recognised in consolidated profit and loss account</b>	<b>994</b>	<b>754</b>
<b>Other comprehensive income</b>		
Actuarial gain (-)/loss (+) due to experience-based adjustment to the obligation	-669	-8
Actuarial gain (-)/loss (+) due to change in actuarial assumptions (on the obligation side)	11	-132
<b>Actuarial gain (-) / loss (+) accrued in the course of the financial year</b>	<b>-658</b>	<b>-140</b>
Amount by which the actual income of the plan assets in the current financial year exceeds / falls short of the income calculated with the discount rate	413	295
<b>Remeasurements recognised in other comprehensive income</b>	<b>-245</b>	<b>155</b>
<b>Total pension costs</b>	<b>749</b>	<b>909</b>

The expected benefits for the coming year are forecast at EUR 787 thou., while the current service expenses for the expected pension obligations are estimated at EUR 770 thou. and net interest expense at EUR 520 thou.

For the year 2024 employer contributions to the plan assets are expected to amount to EUR 768 thou., benefits to be paid from the plan assets to EUR 774 thou. and income from plan assets to EUR 527 thou.

The following benefit payments are forecast for the coming years:

In thousands of €	
Expected benefit payments for the year 2024	13
Expected benefit payments for the year 2025	16
Expected benefit payments for the year 2026	16
Expected benefit payments for the year 2027	17
Expected benefit payments for the year 2028	17
Expected benefit payments for the years 2029 to 2033	84

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 26.7 mill. in 2023 (2022: EUR 24.8 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 earning 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. The recapitalisation fee (3.5 %) and the pay-as-you-go contribution (4.25 of salaries subject to such contributions) remained unchanged in the 2023 financial year. The financing rate will remain unchanged in 2024. 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 2024 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 earning 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 unchanged at 5.07 %. In order to finance the entitlements and deferred benefits incurred before 1 January 2002, ZVK Hannover charges an unchanged 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 2024. EUR 0.1 mill. (previous year: EUR 0.1 mill.) was spent on this in the reporting year and the contributions for 2024 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 UVMK. 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 UVMK in the 2023 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 2024 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 is 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 265 thou. in the 2023 financial year (previous year: EUR 241 thou.). In total, 708 KlinikRente contracts were concluded since the new pension scheme came into force (until 31.12.2021: 570).

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 amount to EUR 25.9 mill. (previous year: EUR 23.9 mill.) in the year under review.

## (22) OTHER PROVISIONS

In thousands of €	31.12.2023	31.12.2022
Provisions for renewal of lease agreements	174	174
Provisions for archival storage	1,563	1,615
Provisions for insurance	496	662
	<b>2,233</b>	<b>2,451</b>

The provision for the renewal of lease agreements relates to future reinstatement costs in connection with the lease of the MEDICLIN medical care centre in Leipzig. The provisions for archival storage cover accrued costs for external archiving pursuant to the legal obligation to retain business records. The provisions for insurances are related to the risks under liability insurance (KSA Kommunaler Schadensausgleich) for one hospital.

It is not anticipated that the provisions for the renewal of lease agreements recognised as of 31 December 2023 will be consumed in the coming year. It is assumed that the provisions for insurances will be used annually for another ten years.

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

In thousands of €	As of 01.01.2023	Additions	Interest	Consumption	Reversal	As of 31.12.2023
Provisions for renewal of lease agreements	174	0	0	0	0	174
Provisions for archival storage	1,615	109	0	160	1	1,563
Provisions for insurance	662	0	-6	108	52	496
	<b>2,451</b>	<b>109</b>	<b>-6</b>	<b>268</b>	<b>53</b>	<b>2,233</b>

## (23 + 31) LIABILITIES PURSUANT TO HOSPITAL FINANCING LAW (KHG)

In thousands of €	Non-current	Current	Total 31.12.2023	Non-current	Current	Total 31.12.2022
<b>Subsidy liabilities pursuant to KHG</b>						
Thereof individual subsidies	38,899	18,538	57,137	39,165	21,679	60,844
Thereof lump-sum subsidies	0	6,716	6,716	0	6,127	6,127
	<b>38,899</b>	<b>25,254</b>	<b>64,153</b>	<b>39,165</b>	<b>27,806</b>	<b>66,971</b>

The liabilities pursuant to hospital financing law totalling EUR 64.2 mill. on the balance sheet date 31 December 2023 (31.12.2022: EUR 67.0 mill.) mainly refer to subsidies for the construction of new clinics at three locations. EUR 21.9 mill. thereof (previous year: EUR 22.2 mill.) pertain to a new clinic for neurology, neurointensive care and neurophysiology at the location of MEDICLIN Hedon Klinik in Lingen, which is receiving subsidies totalling EUR 20.0 mill. from the federal state of Niedersachsen. EUR 19.5 mill. (previous year: EUR 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. Another EUR 5.7 mill. (previous year: EUR 11.0 mill.) pertain to subsidies for a new building at the location of MEDICLIN Seepark Klinik in Bad Bodenteich. Further, the item includes subsidies under Section 14 a German Hospital Future Act (KHZG) amounting to EUR 10.8 mill. (previous year: EUR 9.1 mill.) and fixed subsidies pursuant to state law provisions on hospital financing that were not yet used in accordance with their designated purpose.

## (24) MISCELLANEOUS PAYABLES

In thousands of €	31.12.2023	31.12.2022
Anniversary obligations	1,507	1,612

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 3.20 % (previous year: 3.81%). 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 (3.20 %)	+44	+22	-21	-42

Of the provisions for anniversary obligations, an estimated EUR 218 thou. will be used in the 2024 financial year, and EUR 1,289 thou. in the subsequent years. The interest component totalled EUR 56 thou. in the 2023 reporting year (previous year: EUR 14 thou.).

## (27) OTHER PROVISIONS

In thousands of €	31.12.2023	31.12.2022
Provisions for billing risks/reimbursements	7,410	7,964
Provisions for Supervisory Board	39	-
Remaining provisions	4,890	4,641
	<b>12,339</b>	<b>12,605</b>

The provisions for billing risks refer to the review of rendered hospital services by the Medical Service (Medizinischer Dienst – MD) pursuant to Section 275 Book V of the German Social Security Code V (SGB V). If the MD determines during this review that services rendered were not invoiced correctly, the invoice is adjusted. In principle, there is a claim to remuneration for all treatments. However, following review by the MD, such remuneration may be partly reclaimed. 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 01.01.2023	Additions	Consumption	Reversal	As of 31.12.2023
Provisions for billing risks/reimbursements	7,964	875	1,429	0	7,410
Provisions for Supervisory Board	0	39	0	0	39
Remaining provisions	4,641	1,260	895	116	4,890
	<b>12,605</b>	<b>2,174</b>	<b>2,324</b>	<b>116</b>	<b>12,339</b>

## (28) CURRENT INCOME TAX LIABILITIES

As of the balance sheet date on 31 December 2023 the current income tax liabilities amount to EUR 3.5 mill., as opposed to current income tax claims of EUR 1.4 mill. on the previous year's reporting date.

## (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 €	31.12.2023	31.12.2022
Cost of annual financial statements	1,870	1,504
Other procurement of materials	325	395
Legal and consultancy costs	111	279
Liabilities from third-party funds	105	301
Liabilities to health insurance funds and other public coverage providers	57	86
Charges and fees	129	90
Liabilities from doctors' invoices	841	527
Energy and water supply	3,018	909
Accounts receivable	566	11
Miscellaneous	777	1,254
	<b>7,799</b>	<b>5,356</b>

## (32) MISCELLANEOUS PAYABLES

In thousands of €	31.12.2023	31.12.2022
Staff costs	17,488	21,326
Benefits under the protective shield to manage the pandemic	19,553	26,603
Payroll tax to be paid	4,759	4,703
Value added tax to be paid	195	233
Payments received	148	201
Deferred income	1,135	123
	<b>43,278</b>	<b>53,189</b>

Miscellaneous payables from staff costs mainly consist of the following:

In thousands of €	31.12.2023	31.12.2022
Vacation and flexitime entitlements	7,678	7,381
Profit-sharing bonus payments	4,617	5,169
Wage supplements	2,445	2,457
Bonus payments	644	649
Severance payments	642	3,784
Contributions to statutory accident insurance and prevention	998	804
Other staff costs	463	1,082
	<b>17,488</b>	<b>21,326</b>

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 €	2023	2022
Post-acute	353.9	322.1
Acute	302.8	302.3
Nursing care	21.2	17.6
Benefits under the protective shield to manage the pandemic	7.6	18.0
Other sales	44.6	44.7
<b>Sales</b>	<b>730.1</b>	<b>704.7</b>

Sales of EUR 730.1 mill. in the 2023 financial year were EUR 25.4 mill. or 3.6 % higher than in the previous year. Adjusted for benefits received under the protective shield to manage the pandemic and adjusted for divestments, sales increased by EUR 50.7 mill. or 7.6 % on the comparative period.

Other sales include revenues from outpatient services, which total EUR 18.1 mill. (previous year: EUR 17.1 mill.). Furthermore, in addition to service revenues, other sales include revenues from the sale of pharmacy merchandise totalling EUR 5.3 mill. (previous year: EUR 5.2 mill.), from optional services totalling EUR 6.8 mill. (previous year: EUR 6.3 mill.), from private accommodation totalling EUR 2.8 mill. (previous year: EUR 2.3 mill.), from cafeterias, kiosks and meals totalling EUR 5.9 mill. (previous year: EUR 4.4 mill.) and for rapid COVID-19 testing amounting to EUR 1.8 mill. (previous year: EUR 5.4 mill.).

## (35) OTHER OPERATING INCOME

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

In millions of €	2023	2022
Subsidies	3.3	1.8
Own work capitalised	1.9	0.0
Rental income	1.1	1.0
Services to staff	0.7	0.7
Payments under the national training fund for the nursing profession	5.9	4.4
Other sales	23.8	9.7
<b>Other operating income</b>	<b>36.7</b>	<b>17.6</b>

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 2023 this amounts to EUR 2.3 mill. (previous year: EUR 4.9 mill.). Own work capitalised includes construction and architectural services.

The largest individual item within other income refers to energy allowances of EUR 13.9 mill. (previous year: EUR 2.1 mill.). Payments under the national training fund for the nursing profession (Ausbildungsfonds) amount to EUR 5.9 mill. (previous year: EUR 4.4 mill.).

**(36) RAW MATERIALS AND CONSUMABLES USED**

Raw materials and consumables used rose more strongly than sales by a total of EUR 4.6 mill. to EUR 137.4 mill. (previous year: EUR 132.8 mill.). Due to the shortage of skilled professionals, the cost of external staff rose by EUR 7.6 mill. from EUR 7.0 mill. to EUR 14.6 mill. The expenses for implants rose by EUR 1.7 mill. due to the number of treatments carried out. The higher occupancy rate, but also the higher prices, took expenses for catering up by EUR 2.7 mill. Energy expenses dropped by EUR 3.4 mill. as the energy prices relaxed. Expenses for laboratory tests decreased by EUR 3.6 mill., especially as the cost of rapid COVID-19 testing went down. As a subsidiary of MEDICLIN took charge of maintenance cleaning, the corresponding expenses for maintenance cleaning within the cost of purchased services item were reduced by EUR 2.1 mill. The cost of materials ratio of 18.8 % is at the previous year's level (previous year: 18.8 %).

In millions of €	2023	2022
Operating supplies	24.2	21.0
Medical supplies	57.5	55.3
Other raw materials and supplies incl. price deductions/bonuses/cash discounts	-0.5	-0.3
<b>Raw materials and supplies</b>	<b>81.1</b>	<b>76.1</b>
Energy/water/sewage	19.1	22.3
Third-party housekeeping and facility services	8.5	10.2
External medical services	11.2	14.9
Other third-party services	2.9	2.5
External medical staff	14.6	7.0
<b>Purchased services</b>	<b>56.3</b>	<b>56.7</b>
<b>Raw materials and consumables used</b>	<b>137.4</b>	<b>132.8</b>

**(37) STAFF COSTS**

Staff costs of EUR 460.6 mill. were 5.6 % higher than in the previous year (previous year: EUR 436.3 mill.). The staff costs ratio for the 2023 financial year was 63.1 % (previous year: 61.9 %).

In millions of €	2023	2022
Wages and salaries	388	368.9
Social security, pensions and retirement	72.6	67.4
Thereof pension costs	2.2	1.5
<b>Staff costs</b>	<b>460.6</b>	<b>436.3</b>

Pension expenses incurred in addition to those for statutory pension insurance, including contribution payments to external pensions facilities, totalled EUR 2.2 mill. (previous year: EUR 1.5 mill.). They concern the following:

In thousands of €	2023	2022
Contributions to		
Defined benefit plans	1,319	591
Defined contribution plans	847	866
Other pension-related expenses	58	65
	<b>2,224</b>	<b>1,522</b>

EUR 1,016 thou. of the expenses for defined benefit plans (previous year: EUR 810 thou.) is attributable to MUK e.V., while EUR 303 thou. (previous year: EUR 41 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 the pension provisions for the financial year, the interest portion accounts for approximately 98.4 % (previous year: 90.1 %) 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 55 thou. (previous year: EUR 62 thou.) of the other pension-related expenses are payments to the insolvency insurance.

### (38) OTHER OPERATING EXPENSES

Other operating expenses increased by EUR 7.7 mill. to EUR 70.0 mill. (previous year: EUR 62.3 mill.). The largest item within other miscellaneous expenses is the training levy to support the training of geriatric nurses (Ausbildungszuschlag) of EUR 7.2 mill. (previous year: EUR 5.9 mill.). The expenses for short-term rents and leases that are not recognised applying IFRS 16 amount to EUR 2.0 mill. (previous year: EUR 1.5 mill.) on the reporting date 31 December 2023.

Low-value rents and leases that are long-term but not recognised applying IFRS 16 incurred expenses amounting to EUR 0.7 mill. (previous year: EUR 0.8 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 €	2023	2022
IT and organisation	9.8	6.8
Office supplies	1.3	1.2
Telephone costs	0.7	0.8
Fleet, car costs	0.6	0.7
Rents and leases	4.3	3.4
Mail /freight /courier costs	1.0	1.0
Maintenance and repairs	18.1	18.1
Insurance costs	4.1	4.3
Legal and consultancy costs	6.0	5.0
Travel expenses	1.4	1.0
Contributions, fees, levies	2.3	2.2
Advertising and public relations	2.3	2.2
Other administrative expenses	3.9	5.5
Other miscellaneous expenses	14.2	10.1
<b>Other operating expenses</b>	<b>70.0</b>	<b>62.3</b>

### (39) DEPRECIATION AND AMORTISATION

In the 2023 financial year depreciation and amortisation totals EUR 86.0 mill. (previous year: EUR 71.4 mill.). EUR 27.4 mill. thereof (previous year: EUR 44.8 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 in November 2022 and the sharp increase in interest at the time of remeasurement (incremental borrowing rate). An additional gross amount of EUR 36.0 mill. (previous year: EUR 2.9 mill.) was spent on intangible assets. The marked increase

was caused as the goodwill of three CGUs was written off following the goodwill impairment test (EUR 31.6 mill.) as well as by additional fair value impairments due to an intended asset deal (EUR 1.5 mill.). More detailed explanations are available in the section on goodwill impairment testing under note (1) Goodwill and other intangible assets and Assets held for sale and liabilities in combination with assets held for sale under note (13+33). EUR 22.6 mill. (previous year: EUR 23.7 mill.) is attributable to property, plant and equipment.

#### (40) FINANCIAL RESULT

The financial result is structured as follows:

In thousands of €	2023	2022
Interest and similar income	2,538	881
Interest and similar expenses	-23,949	-10,623
<b>Financial result</b>	<b>-21,411</b>	<b>-9,742</b>

#### Interest and similar income

In thousands of €	2023	2022
Interest income from receivables	43	50
Interest deposit banks	1,503	24
Interest from compounding	8	163
Other interest-related income	984	644
<b>Interest and similar income</b>	<b>2,538</b>	<b>881</b>

Along with increased market interest rates, the banks have returned to paying interests on cash and cash equivalents and sight deposits. EUR 980 thou. of the other interest-related income refers to corporate tax refunds for 2010 until 2014 and 2017 until 2020 (in the previous year: corporate tax refunds for 2008 until 2012 and for 2015: EUR 643 thou.).

#### Interest and similar expenses

In thousands of €	2023	2022
Interest on loans	3,315	967
Interest on pension provision	1,397	540
Interest from lease liabilities (IFRS 16)	19,044	8,360
Other interest-related expenses	192	756
<b>Interest and similar expenses</b>	<b>23,949</b>	<b>10,623</b>

Loan interests pertain nearly exclusively to a syndicated loan. Please refer to the notes on liabilities to banks (note (19+25) Lease liabilities). Higher interests from lease liabilities under IFRS 16 are associated with the sharp increase in interest at the time the lease liabilities were revalued (incremental borrowing rate) in November 2022. Other interest-related expenses in the previous year pertained primarily to EUR 0.4 mill. in commitment fees for undrawn lines of credit that expired in November 2022. 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 €	2023	2022
Actual taxes on income	2,100	3,005
Deferred taxes on income	-65	-2,947
	<b>2,035</b>	<b>58</b>

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

In thousands of €	2023	2022
Consolidated result before tax	-8,689	9,777
Resultant calculational tax charge (15.825 %)	-1,375	1,547
Tax effect on profit/loss from		
profits that can be offset against tax losses carried forward	0	-671
income tax expenses from previous years	-3,259	-396
Goodwill impairment	5,458	0
non-capitalisable losses in the financial year	-399	0
valuation differences between the tax and the consolidated balance sheet	0	-331
revision of capitalised losses of previous years	1,675	0
trade tax expenses in the financial year	-70	-121
non-deductible expenses	22	23
others	-17	7
<b>Actual tax expense</b>	<b>2,035</b>	<b>58</b>

**(42) TOTAL CONSOLIDATED RESULT PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF MEDICLIN AG**

The undiluted earnings per share are calculated by dividing the profit or loss attributable to equity holders by the average number of shares outstanding during the financial year, with the exception of any treasury stock held by the Company. New shares were issued neither in the current nor in the previous year. Earnings per share are thus not diluted.

	2023	2022
Result after tax attributable to shareholders of MEDICLIN AG in thousands of €	-10,776	9,441
Average number of shares outstanding in thousands	47,500	47,500
Undiluted earnings per share in €	-0.23	0.20

**(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	2023	2022	Change
Medical	825	849	-24
Nursing care	2,330	2,291	+39
Medical-technical	1,442	1,467	-25
Functional	393	405	-12
<b>Medical services</b>	<b>4,990</b>	<b>5,012</b>	<b>+22</b>
Support functions	1,101	1,081	+20
Technical	152	153	-1
Administration	604	611	-7
Other	31	32	-1
<b>Non-medical services</b>	<b>1,888</b>	<b>1,877</b>	<b>+11</b>
	<b>6,878</b>	<b>6,889</b>	<b>-11</b>

### Contingencies and other financial obligations

As of 31 December 2023 the contractual obligations in connection with the acquisition of property, plant and equipment amounted to approximately EU 1.1 mill. (previous year: approximately EUR 7.7 mill.). There were no other significant contingencies or financial obligations as of the cut-off date.

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 covering the receivables of the associations of statutory health insurance physicians and health insurance funds to be paid by 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 2023, such guarantee being valid for the subsequent year (letter of comfort).

## 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 to 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 98 thou.; previous year: EUR 44 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, MEDICLIN 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.

## Lines of credit

As described in note (19+25) Liabilities to banks, the syndicate loan agreement includes a credit line not yet utilised amounting to EUR 15 mill. (Facility B). Furthermore, it provides for an option to increase the line by a maximum of EUR 20.0 mill., which is as yet unused. The Group can make up to 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. Furthermore, the Group has an agreement with another bank pertaining to unused credit lines amounting to EUR 9.75 mill.

## Supervisory Board in the 2023 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

Managing Director of Broermann Health & Heritage Hotels GmbH, Königstein im Taunus (since 01.05.2023)

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

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
- Universitätsklinikum Gießen Marburg GmbH, Gießen

### **Hans Hilpert**<sup>1</sup> (Vice Chairman), Bexbach-Oberbexbach

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

### **Michael Bock**, Leverkusen

Managing Director of REALKAPITAL Vermögensmanagement GmbH, Leverkusen

Supervisory Board mandates in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- TTL Beteiligungs- und Grundbesitz-AG, München
- Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main (since November 2023)

### **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, Zürich (CH) (until April 2023)

Vice President of the Administrative Board of Alsia & Partners AG, Zürich (CH) (since April 2023)

Member of the Administrative Board of Business Tools AG, Zürich (CH), (since 03.04.2023)

Supervisory Board mandates in comparable domestic and foreign bodies:

Member of the Supervisory Board of

- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale

### **Walburga Erichsmeier**<sup>1</sup>, Blomberg

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

<sup>1</sup> Employee representative on the Supervisory Board

**Kai Hankeln**, Bad Bramstedt

Chief Executive Officer (CEO) of Asklepios Kliniken Group

Chairman of the Management Board of Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Managing Director of Asklepios Kliniken Management GmbH, Falkenstein im Taunus

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. Krause**<sup>1</sup>, Bad Münden

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

**Thomas Müller**<sup>1</sup>, Neunkirchen

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

Vice Chairman of Arbeitskammer des Saarlandes

**Elke Schwan**<sup>1</sup>, Bad Soden-Salmünster

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

**Frauke Schwedt**<sup>1</sup>, Hamburg

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

**Daniela Sternberg-Kinzel**<sup>1</sup>, Karlshagen

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, München

- Universitätsklinikum Gießen Marburg GmbH, Gießen

- RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt an der Saale

<sup>1</sup> Employee representative on the Supervisory Board

**Matthias H. Werner**<sup>1</sup>, Biberach (Baden)

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

**Cornelia Wolf**, Immenstaad

REVISION Audit Consultants, Business Consultancy

## Supervisory Board Committees

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. med. Sigrid R.-M. Krause

### 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

### 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

**Thomas Piefke**, Chief Operating Officer (COO), with business address in Offenburg (since 01.10.2023)

**Dr. York Dhein**, Chief Operating Officer (COO), with business address in Offenburg (until 30.09.2023)

<sup>1</sup> Employee representative on the Supervisory Board

## Management remuneration

Total remuneration granted to the Management Board in the period under review for active board membership totalled EUR 1,997 thou. (previous year: EUR 1,830 thou.). It is comprised of amounts due in the short term (fixed remuneration) in the amount of EUR 1,234 thou. (previous year: EUR 1,195 thou. ) and a one-year variable remuneration component in the amount of EUR 663 thou. (previous year: EUR 635 thou.). The remuneration due in the short term includes ancillary benefits amounting to EUR 101 thou. (previous year: EUR 95 thou.) that refer to payments in kind for the provision of company cars and employer contributions to health and nursing care insurance and, in individual cases, pension contributions. Other remuneration due in the long term (variable remuneration component for several years) is only incurred when the respective contract of employment comes to an end. The former COO resigned from the Management Board of MEDICLIN Aktiengesellschaft, effective as of 30 September 2023. From the time he resigned until termination he is irrevocably freed from performing his work as a member of the Company's Management Board. The remuneration owed until the end of the contract of employment amounting to EUR 0.3 mill. was suspended.

The total remuneration for the Supervisory Board in the reporting year totals EUR 240 thou. (previous year: EUR 248 thou.). This breaks down as follows:

In thousands of €	2023	2022
Basic remuneration	175	175
Attendance fees	45	54
Committee work remuneration	20	19
	<b>240</b>	<b>248</b>

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 2023 financial year, as in 2022, 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 2023 will be presented to the Annual General Meeting of MEDICLIN Aktiengesellschaft for approval in 2024 (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 Board and the Supervisory Board of MEDICLIN AG and its majority shareholder, Asklepios Kliniken GmbH & Co. KGaA, Hamburg.

In the 2023 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 Officers Dr. York Dhein (until 30.09.2023) and Mr. Thomas Piefke (since 01.10.2023).

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 2023 financial year. Their various functions and tasks are listed in the "Supervisory Board in the 2023 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 or, following his demise on 25 February 2024, his heirs, 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.

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.

In addition to business relationships with fully consolidated companies included in the consolidated financial statements, there is a relationship with another company of MEDICLIN AG which, in line with the materiality principle, is not included in the consolidated financial statements of MEDICLIN AG. This company is a local service enterprise, which was hived off to outsource specific services such as catering, cleaning and administration tasks. The company was dissolved as at 31 December 2023. At the beginning of 2023, only final payments resulting from the 2022 December billing were received.

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 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 note (21) Pensions and similar commitments.

## Business relations to related parties amount to the following:

In millions of €	2023	2022
<b>Income</b>		
Reimbursement of energy cost allowances	6.8	0.0
Sales from post-acute, acute and nursing care services	3.2	2.7
Real estate management income	0.0	0.5
Pension payments of MAUK	1.2	1.2
Sales from service contracts	1.5	1.1
<b>Expenses</b>		
Lease expenses	36.6	47.1
Administrative costs (previous year: real estate management costs)	0.4	0.9
Insurance premiums	2.1	1.4
Service contracts	2.6	4.8
Remuneration for key management personnel	3.2	2.7
Payments to MAUK	1.2	1.2
IT services	3.1	1.9
<b>In millions of €</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Receivables</b>		
Energy cost allowance repayment claim	6.8	0.0
Repayment claim from preliminary financing of clinic expansion and building measures	0.8	0.1
Receivables from post-acute, acute and nursing care services	0.3	0.3
Receivables from service contracts	0.3	0.0
<b>Liabilities</b>		
Service contracts	0.1	0.5
IT services	0.1	0.1
Provisions for insurance premiums	0.3	0.3
Provisions for remuneration for key management personnel	0.9	1.6

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

The reimbursement of energy cost allowances refers to a compensation claim towards Asklepios Kliniken GmbH & Co. KGaA pursuant to Section 311 (2) Sentence 2 German Stock Corporation Act (AktG) for the waiver of energy cost allowances by MEDICLIN AG's Group companies. In the year under review, Asklepios Kliniken GmbH & Co. KGaA made

an arrangement with MEDICLIN AG agreeing that, for the greater good of the Asklepios Group, MEDICLIN would waive its claim to public energy cost allowances outside of Section 26 f Hospital Financing Act (KHG). According to this arrangement, no allowances for energy costs are to be received or applied for, and any allowances already received or applied for shall be paid back or refused. In return, Asklepios Kliniken GmbH & Co. KGaA committed to compensate MEDICLIN AG and its subsidiaries for the resulting disadvantages.

Sales in the post-acute, acute and nursing care segments refer to three private health insurance companies which are part of the ERGO group. These sales represent less than 0.4 % (previous year: <0.4 %) of sales.

1.0 % of the annual rent was 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 from 2023 onwards.

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 (2023: EUR 1,374 thou.; 2022: EUR 1,075 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.

According to the new OIK rental contracts, a lump-sum fee of 1.0 % of the respective current basic rent is charged for the administration of the properties. Under the old contractual provisions, OIK-Immobilienfonds charged a lump fee of 2.0 % of the annual rent payments for the administration of the properties until 2022. The real estate management agreement ceases upon conclusion of the new rental contracts as from 2023.

Insurance premiums refer to payments resulting from various insurance agreements with subsidiaries of ERGO (2023: EUR 1.1 mill.; 2022: EUR 0.8 mill.). MUK has further contracted a reinsurance policy with Victoria Lebensversicherung AG, a wholly owned subsidiary of ERGO, Düsseldorf, as part of a Group reinsurance contract to cover the occupational pension scheme of MEDICLIN, MediClinRent. The contributions for this totalled EUR 1.0 mill. in 2022 (previous year: EUR 0.5 mill.).

#### Expenses from service contracts consist of:

In millions of €	2023	2022
Services from non-consolidated MEDICLIN service enterprises	0.2	2.2
Placement of nursing staff (Asklepios)	0.1	0.8
Procurement cooperation (Asklepios)	0.1	0.7
Consulting services (Asklepios)	1.2	0.2
Pharmacy sales (Asklepios)	0.4	0.4
Other (Asklepios)	0.4	0.5
Pharmacy sales (RHÖN)	0.2	0.2
	<b>2.6</b>	<b>5.0</b>

Remuneration for key management personnel refers to payments made to the Management Board and the Supervisory Board. The payments include the remuneration for activities on the Management Board and the Supervisory Board as well as summarised salary payments for the employee representatives on the Supervisory Board. The provisions for remuneration for key management personnel recognised in the liabilities item are due within the time frame of one year,

with the exception of EUR 17 thou. (previous year: EUR 63 thou.). They also include sums amounting to EUR 101 thou. payable for the termination of employment (previous year: EUR 464 thou. for Volker Hippler). This refers also to the remuneration of York Dhein while he was released from work between January 2024 and March 2024 (previous year: Volker Hippler from January 2023 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.

## Conformity declaration concerning the German Corporate Governance Code in accordance with Section 161 AktG

The conformity declaration of MEDICLIN AG, 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	2023	2022
Audit of financial statements	642	458
Other attestation services	451	179
Tax advisory services	0	0
Other services	0	0
	<b>1,093</b>	<b>637</b>

The fees for the audit refer to the audit of the consolidated financial statements, the mandatory statutory audits of the annual financial statements of MEDICLIN AG 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

Upon signing of the contract on 23 February 2024, Evangelisches Herzzentrum Coswig gGmbH, a subsidiary of Johannisstift Diakonie gAG, Berlin, will take over MEDICLIN Herzzentrum Coswig. The transfer of company ownership still depends on several conditions and is to take place in the near future.

Apart from this, there have been no other occurrences or events of particular significance which MEDICLIN believes could have a material impact on net assets, financial position and results of operations.

Offenburg, 25 March 2024

Dr. Joachim Ramming	Tino Fritz	Thomas Piefke
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 31 December 2023, 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 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. 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 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the non-financial group statement to comply with §§ [Articles] 315b to 315c HGB [Handelsgesetzbuch: German Commercial Code].

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. [paragraph] 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 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the non-financial group statement referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

### **Basis for the Audit Opinions**

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

and of the Group Management Report“ section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

### **Key Audit Matters in the Audit of the Consolidated Financial Statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows

1. Recoverability of goodwill
2. Accounting treatment of pension obligations
3. 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 16.7 million (1.9 % of total assets or 8.5 % 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 respectively reinvestments in real estate following the expiration of a portfolio of real estate leases as at 31 December 2037. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that, even after taking into account the fair value less costs of disposal it was necessary to recognize write-downs amounting to a total of EUR 33.2 million with respect to the cash-generating units of the locations 1,3 and 6.

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 group of 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, including in respect of the executive directors' assumptions and estimates on prolongation of real estate leases and reinvestments in real estate, for the purposes of the impairment test with the executive directors. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. 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 consolidated financial statements.

## 2. Accounting treatment of pension obligations

1. In the consolidated financial statements of the Company a total amount of EUR 41.7 million (4.7% 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 44.5 million and plan assets of EUR 3.0 million. MEDICLIN-Unterstützungskasse e.V., Offenburg, is a reinsurance-funded pension plan and was reported as a defined benefit plan. The pension adjustment committed to but not covered by the insurance tariff of the reinsurance policy was previously financed from surpluses of the reinsurance policy. As the surpluses are no longer sufficient to finance the pension adjustment due to the previous phase of low interest rates, the pension 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 MEDICLIN-Unterstützungskasse e.V. 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 in the development of the obligation and the cost components in accordance with actuarial expert reports in the light of changes occurring in the valuation parameters and the numerical data, and assessed their plausibility. For the purposes of our audit of the fair value of the plan assets, we obtained bank and fund confirmations. In addition, we verified the classification of pension commitments as defined benefit and defined contribution commitments and the classification of existing assets as plan assets.

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 21 of the notes to the consolidated financial statements.

### 3. Accounting treatment of deferred taxes

1. In the consolidated financial statements of the Company deferred tax assets amounting to EUR 11.0 million after netting are reported. Deferred tax assets amounting to EUR 69.1 million were recognized before netting with matching deferred tax liabilities. 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 21.2 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. 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 on deferred taxes are contained in number 5 of the notes to the consolidated financial statements.

#### Other Information

The executive directors are responsible for the other information. The other information comprises the non-financial group statement 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 MC\_AG\_KA+LB\_ESEF\_2024\_03\_25.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 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

### **Basis for the Assurance Opinion**

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (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: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

### **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 rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

### **Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

#### **Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as group auditor by the annual general meeting on 15 June 2023. We were engaged by the supervisory board on 20 October 2023. 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, 25 March 2024

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Michael Ey	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, 25 March 2023

Dr. Joachim Ramming  
Chief Executive Officer (CEO)

Tino Fritz  
Chief Financial Officer (CFO)

Thomas Piefke  
Chief Operating Officer (COO)



**DR. JAN LIERSCH**  
CHAIRMAN OF THE SUPERVISORY BOARD

## Report of the Supervisory Board

Dear Shareholders,

MEDICLIN closed the 2023 financial year successfully, despite many challenges.

The ongoing Russian war of aggression against Ukraine, the Middle East conflict that has flared up again since 7 October 2023 and the associated geopolitical risks are weighing on many of us, both emotionally and psychologically. Add to this the recession, rising interest rates and high inflation – all factors in 2023 that did not serve to make people feel reassured about the future.

But there were also positive aspects worth mentioning: the labour market remained stable and the inflation rate dropped considerably towards the end of the year. On a positive note, 2024 is expected to bring moderate economic growth and, at the macroeconomic level, a rise in the employment rate, albeit only minor. Both factors are important in our business, as the social security system depends on economic growth with regard to its income situation, while people whose jobs are secure are more likely to undergo medical treatments, therapies or avail themselves of other medical care.

Which brings us to our sector: the healthcare system is undergoing structural transition to which we will respond. In fact, first steps in this direction have already been initiated with innovative out-patient care concepts as well as digitalised rehabilitation therapy as part of this approach.

Embarking on new projects, especially in view of the prevailing shortage of skilled professionals, places great demands on our employees. They accepted these challenges with great dedication and commitment, ensuring that MEDICLIN fulfilled its healthcare mandate while achieving a good result.

I would therefore like to warmly thank all MEDICLIN employees for their excellent work on behalf of the entire Supervisory Board.

### **Main Supervisory Board issues in financial year 2023**

In the 2023 financial year the Supervisory Board of MEDICLIN Aktiengesellschaft performed the duties incumbent upon it in full and with due care in accordance with the 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 at 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, held an election 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 such conflicts of interest in the 2023 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 Chairman of the Supervisory Board I also had regular discussions with and received information from the members of the Management Board outside of the official meetings.

Advising the Management Board in the Company's current strategy discussions was a topic of great importance in the 2023 financial year and was therefore included in the agenda at each meeting. MEDICLIN's goal is to become one of the leading rehabilitation clinic groups in Germany. The decisive factor here is to strengthen our core competence rehabilitation by placing it on a future-proof footing, and to become one of the best providers in the field and a top employer within the sector. The strategy also includes a review of the clinic portfolio and, if required, the corresponding measures that may involve divestments or acquisitions.

### **Changes in the Supervisory Board and the Management Board**

Dr. York Dhein, the Chief Operating Officer (COO) amicably agreed with the Supervisory Board to leave the Management Board as at 30 September 2023 to take on new professional challenges. Thomas Piefke succeeded Dr. York Dhein as COO as at 1 October 2023.

Kai Hankeln resigned from his office on the Supervisory Board and the General and Personnel Committee as at 13 February 2024. By order dated 5 March 2024, the local court in Freiburg im Breisgau appointed Joachim Gemmel as a member of the Company's Supervisory Board, effective as of 5 March 2024.

### **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 declaration of compliance to what extent the recommendations of the German Corporate Governance Code are being complied with or in what respect the Code's recommendations are justifiably not being applied.

On the occasion of the first-time appointment of Thomas Piefke to the Management Board, the Company's Management Board and Supervisory Board updated the declaration of compliance of November 2022 in the course of the year in September 2023 and declared a deviation from recommendation B.3 of the German Corporate Governance Code as amended on 28 April 2022. In November 2023, the Management Board and Supervisory Board issued the comprehensive annual declaration of compliance in accordance with Section 161 German Stock Corporation Act (AktG). The declarations are permanently available on the website of MEDICLIN Aktiengesellschaft. 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 Supervisory Board as well as the auditor's corresponding opinion as per Section 162 German Stock Corporation Act (AktG) are also publicly available on the website as are the remuneration systems for the members of the Management Board and the Supervisory Board as approved by the Annual General Meeting on 26 May 2021 (including the corresponding resolutions passed by the Annual General Meeting).

In the scope of their mandate as Supervisory Board members, the members of the Supervisory Board personally obtained information on current issues concerning their work on the Board.

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

In the 2023 financial year the Supervisory Board held four ordinary meetings of the entire Board. Three thereof were held as meetings with personal attendance, and one as an audio/video conference.

The Audit Committee met twice in person, whereas two meetings were held as an audio/video conference and another as a video conference. The General and Personnel Committee held two meetings in the 2023 financial year, one as an audio/video conference and one hybrid meeting.

The Nomination Committee, the Mediation Committee, the Special COVID-19 Committee and the Related Party Transactions Committee did not convene in the 2023 reporting year.

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

Supervisory Board	Meetings		Participation		Participation in %	
	Plenum	Committees	Plenum	Committees	Plenum	Committees
Dr. Jan Liersch (Chairman)	4	2	4	2	100	100
Hans Hilpert (Vice Chairman)	4	2	4	2	100	100
Michael Bock	4	5	4	5	100	100
Barbara Brosius	4	–	4	–	100	–
Dr. Julia Dannath-Schuh	4	–	4	–	100	–
Walburga Erichsmeier	4	5	4	4	100	80
Kai Hankeln	4	2	2	2	50	100
Dr. med. Sigrid R.-M. Krause	4	2	4	2	100	100
Rainer Laufs	4	2	3	2	75	100
Thomas Müller	4	2	4	2	100	100
Elke Schwan	4	–	3	–	75	–
Frauke Schwedt	4	–	4	–	100	–
Daniela Sternberg-Kinzel	4	–	3	–	75	–
Marco Walker	4	–	4	–	100	–
Matthias H. Werner	4	5	4	5	100	100
Cornelia Wolf	4	5	4	4	100	80

The attendance rate at the meetings of the entire Board was 92.2 %, whereas the attendance rate at the Audit Committee meetings was 90.0 % and 100.0 % in the General and Personnel Committee. The members that were unable to attend presented excuses for not attending and, save for one case, participated in the resolutions by written vote.

### Work in the meetings of the entire Supervisory Board

In the meeting on 30 March 2023, the Supervisory Board discussed the annual financial statements and the consolidated financial statements for 2022, 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, the Supervisory Board adopted the agenda and proposed resolutions for the Annual General Meeting 2023.

The Board further discussed the remuneration report for the 2022 financial year presented by the General and Personnel Committee and formally reviewed by the auditor. The Supervisory Board resolved to submit the remuneration report to the Annual General Meeting for approval. The Supervisory Board further followed the Audit Committee's recommendation to propose to the Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main be elected as auditor and Group auditor for the 2023 financial year; the statement of independence from the intended auditor had been received.

At the ordinary Supervisory Board meeting on 15 June 2023, the Supervisory Board dealt with the business performance in the first quarter of 2023 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. The Supervisory Board also passed a number of resolutions referring to legal transactions requiring the approval of the Board. This referred, in particular, to the incorporation of new companies that are to support the process towards more outpatient healthcare and the standardisation of intra-Group services. Further, the Supervisory Board gave its approval to larger sums to be expended in connection with the construction of new clinics or refurbishments.

In the meeting on 21 September 2023, the Management Board informed the Supervisory Board about the business development in the first half of 2023. In addition, the Supervisory Board received the comments of the Audit Committee with regard to half-year reporting. In this meeting, the Supervisory Board also dealt with Management Board topics that had been prepared accordingly by the General and Personnel Committee. Besides the changes on the Management Board, the Supervisory Board passed resolutions regarding the revised remuneration system that is to be presented to the Annual General Meeting in 2024 for approval and the extension of Dr. Joachim Ramming's contract and office. The financial calendar for 2024 was presented and, following the recommendation of the Audit Committee, the Supervisory Board decided to authorise the Management Board to commission the limited assurance audit of the non-financial declaration 2023.

In the ordinary meeting on 28 November 2023, the Management Board explained the business performance in the first nine months of the 2023 financial year; here, too, the Audit Committee rendered additional comments. The Management Board further presented its business planning for the 2024 and the two subsequent financial years 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 declaration of compliance as per Section 161 German Stock Corporation Act (AktG) was updated, adopted unanimously and submitted jointly by the Supervisory and the Management Board.

### **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 Special 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 Chairman 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 2023, the Audit Committee discussed the preliminary annual financial statements for 2022, the preliminary consolidated financial statements for 2022 and the preliminary figures for 2022 with the Management Board and the auditor.

In the meeting on 30 March 2023, the auditor reported to the Audit Committee on the audit of the annual financial statements. The Audit Committee intensively conferred with the Management Board and the auditor about the final annual financial statements for 2022, the consolidated financial statements for 2022, the summarised management report and the Group management report, and resolved to recommend to the Supervisory Board the approval of the annual financial statements and to carry the net profit forward to new account. After having carried out all the legally required reviews, the Committee also decided to recommend that the Supervisory Board propose to the Annual General Meeting on 15 June 2023 to elect PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as the auditor of the annual financial and the consolidated financial statements for the 2023 financial year.

In the meeting on 4 May 2023, the Audit Committee had extensive discussions with the Management Board on the business performance in the first quarter of 2023.

In the meeting on 31 July 2023, the Supervisory Board deliberated with the Management Board on the business performance in the first half of 2023. The Audit Committee decided to recommend to the Supervisory Board to commission the auditor to carry out a limited assurance audit of the Group's non-financial declaration for 2023.

In its meeting on 3 November 2023, the Audit Committee determined focus areas for the audit of the 2023 financial statements and discussed the business performance in the first three months of the 2023 financial year. The compliance report and the updated risk inventory for 2023 as well as the earnings summary 2022/2023 by Internal Audit were presented and discussed. As in the previous year, the Audit Committee deliberated on the efficiency of its work and found no major need for adjustments.

In the two meetings of the General and Personnel Committee, the members discussed Management Board issues and devised recommendations for the payment of the remuneration of the Management Board for the 2022 financial year and bonus criteria for the remuneration for financial year 2023 and passed on the corresponding recommendations to the Supervisory Board. The remuneration system for the Management Board was revised and also presented to the entire Supervisory Board together with the recommendation to propose to the Annual General Meeting 2024 to approve the revised remuneration system.

### **Annual financial statements and consolidated financial statements 2023**

The annual financial statements of MEDICLIN Aktiengesellschaft and the consolidated financial statements for the 2023 financial year, including the accounting records and the summarised management report and the Group management report of the Company for 2023 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 2023 financial year at the Annual General Meeting on 15 June 2023, and was commissioned by the Supervisory Board to carry out the audit.

The Supervisory Board had also commissioned PwC to audit the non-financial declaration for 2023 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 2023 annual financial statements of MEDICLIN Aktiengesellschaft and the 2023 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 25 March 2024, 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 2023 financial year, and adopted its invitation to the 2024 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. The same applies to the revised remuneration system for the Management Board.

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:

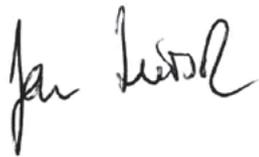
"Following the completion of our obligatory audit, we confirm that:

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 25 March 2024. 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.

Königstein im Taunus, 25 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 Reporting<sup>1</sup>

To MEDICLIN AG, Offenburg

We have performed a limited assurance engagement on the non-financial group statement of MEDICLIN AG, Offenburg, (hereinafter the "Company") for the period from 1 January to 31 December 2023 (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, which are marked as unassured.

## **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

<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

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.

### **Audit Firm's Independence and Quality Management**

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 Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

### **Responsibility of the Assurance Practitioner**

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "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 2023 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, which are marked unassured.

**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, 25 March 2024

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

(sgd. Nicolette Behncke)  
Wirtschaftsprüfer  
[German public auditor]

(sgd. Claudia Niendorf-Senger)  
Wirtschaftsprüferin  
[German public auditor]

# FINANCIAL CALENDAR

**29 February 2024**

Disclosure of the preliminary figures  
for the 2023 financial year

**26 March 2024**

Annual press and analysts' conference  
for the 2023 financial year

**2 May 2024**

Publication of the interim report  
from 1 January 2024 to 31 March 2024

**6 June 2024**

Annual General Meeting

**31 July 2024**

Publication of the interim report  
from 1 January 2024 to 30 June 2024

**4 November 2023**

Publication of the interim report  
from 1 January 2024 to 30 September 2024

# Addresses and imprint

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MEDICLIN Aktiengesellschaft,  
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This Annual Report is also available  
in German.

Dieser Geschäftsbericht liegt auch  
in deutscher Sprache vor.

This is a translation of the German Annual  
Report. In case of divergence from the  
German version, the German version shall  
prevail.

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