

**Interim report of
MEDICLIN Aktiengesellschaft**
for the period from 1 January 2021 to 31 March 2021

MEDICLIN: Key data on business development

	Q1 2021	Q1 2020
Number of shares in millions	47.5	47.5
Number of cases (inpatient)	22,067	28,727
Number of beds as of 31.03.	8,357	8,423
Occupancy rate in %	68.2	81.7
Number of full-time employees (average number)	7,155	7,558

In thousands of €	Q1 2021	Q1 2020
Cash flow from operating activities	14,012	12,471
Cash flow from operating activities per share in €	0.29	0.26
Sales	156,366	167,414
EBITDA	6,457	14,216
EBITDA margin in %	4.1	8.5
EBIT (operating result)	-11,859	-3,900
EBIT margin in %	-7.6	-2.3
Financial result	-2,203	-2,367
Total consolidated result	-11,696	-5,173
Earnings per share in €	-0.24	-0.11
Gross capital expenditure (without right-of-use assets pursuant to IFRS 16)	4,560	9,471
Thereof subsidies	505	756
Interest coverage factor (EBITDA/interest result)	2.9x	6.0x

In thousands of €	31.03.2021	31.12.2020
Balance sheet total	886,446	887,464
Equity	170,152	176,846
Equity ratio in %	19.2	19.9
Return on equity ¹ in %	-9.1	-5.1
Financial liabilities (to banks)	97,810	97,977
Cash and cash equivalents	100,126	100,437
Adjusted net financial debt ²	43,469	50,649
Adjusted net financial debt ² /adjusted EBITDA ³	2.5x	2.0x

¹ Total consolidated result in the last 12 months/equity

² Adjusted average net financial debt in the last four quarters

³ Adjusted EBITDA in the last 12 months

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

Interim Group management report of MEDICLIN Aktiengesellschaft

for the period from 1 January 2021 to 31 March 2021

Report on the economic position for the first quarter of 2021

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

Effects of pandemic continue to burden business performance

Other than in the first quarter of 2020, the economic and social effects of the coronavirus pandemic, i.e. the lockdown, rising capacity utilisation of intensive care units, keeping capacity available for COVID-19 patients and postponed treatment of acute conditions, weighed on the business performance of the entire three months of the first quarter of 2021. Therefore, a comparison of the two quarters has only limited significance.

Group EBIT below prior year despite cost cuts

A comparison of the two first quarters of the years in question shows that the Group's occupancy rate was 16.5 % below the previous year's value, while the number of treated inpatients declined by 23.2 %.

In the first quarter of 2021, Group sales of EUR 156.4 mill. were EUR 11.0 mill. or 6.6 % below the comparable prior-year quarter. Group sales include a total of EUR 7.6 mill. (previous year: EUR 3.7 mill.) of benefits for freeing capacity under the state protective shield to manage the effects of the pandemic and benefits from the coverage providers for additional expenses for hygiene measures and protective gear. Despite these benefits and a EUR 2.1 mill. decrease in expenses, the Group operating result was EUR –11.9 mill and thus EUR 8.0 mill. below the figure of EUR –3.9 mill. in the first quarter of 2020. This shows that the benefits under the state protective shield that have been reduced significantly and payments by the coverage providers compensate for only small part of the lower occupancy rates and higher costs.

Gross investments amounted to EUR 4.6 mill. in the first three months of the 2021 financial year (Q1 2020: EUR 9.5 mill.), pertaining mainly to the reconstruction and expansion of clinics and the acquisition of medical equipment. Capital expenditure has been cut down in light of the current situation.

Cash and cash equivalents as of 31 March 2021 amounted to EUR 100.1 mill. (31.12.2020: EUR 100.4 mill.). Cash and cash equivalents contain a total of about EUR 56.0 mill. in expected repayments to be made in the course of 2021, in particular of benefits under the protective shield previously received. Furthermore, the cash and cash equivalents item includes about EUR 18.0 mill. in subsidies for the planned construction of a new clinic.

Outlook

The continuously rising number of Corona-infections since February 2021 and the foreseeable capacity bottlenecks in clinics with intensive care units mean that reliable estimates regarding the Group's business performance can still only be based on experience gained in the previous year. The sales and earnings performance in the full year will continue to be affected by the course of the pandemic and the benefits under the protective shield, which will be far lower in 2021. Currently, MEDICLIN assumes that occupancy rates at pre-Corona levels will not be achievable before the second half of the year 2021 as vaccinations are progressing only very slowly.

Results of operation, financial position and net assets

Results of operation

SALES AND EARNINGS PERFORMANCE OF THE GROUP

	Q1 2021	Q1 2020
Group sales in millions of €	156.4	167.4
Raw materials and consumables used in millions of €	28.5	29.1
Cost of materials ratio in %	18.2	17.4
Staff costs in millions of €	112.1	112.6
Staff costs ratio in %	71.7	67.3
Depreciation and amortisation in millions of €	18.3	18.1
Other operating expenses in millions of €	12.8	14.0
Group operating result in millions of €	-11.9	-3.9

Group sales in the first quarter of the 2021 financial year were EUR 11.0 mill. below the previous year's value. Despite higher expenses for hygiene measures and protective gear, the cost of raw materials and consumables used declined by EUR 0.6 mill., mainly due to a decline in catering services (EUR -0.9 mill.). Staff costs were EUR 0.5 mill. below the previous year due to a lower number of employees. Depreciation and amortisation developed as expected. The EUR 1.2 mill. decrease in other operating expenses was primarily due to lower maintenance and travel expenses. The Group operating result was EUR -11.9 mill.

The financial result amounted to EUR -2.2 mill. (Q1 2020: EUR -2.4 mill.). The total consolidated result attributable to shareholders of MEDICLIN Aktiengesellschaft therefore amounts to EUR -11.6 mill. (Q1 2020: EUR -5.1 mill.). Earnings per share came to EUR -0.24 (Q1 2020: EUR -0.11).

The sales and earnings performance at segment level is shown in the segment reporting section.

Financial position and net assets

Cash and cash equivalents as of 31 March 2021 amounted to EUR 100.1 mill. (31.12.2020: EUR 100.4 mill.). This item contains a total of about EUR 56.0 mill. in expected repayments to be made in the course of 2021, in particular of benefits under the protective shield previously received. Furthermore, the cash and cash equivalents item includes about EUR 18.0 mill. in subsidies for the planned construction of a new clinic.

LIQUIDITY

In millions of €	Q1 2021	Q1 2020
Cash flow from operating activities	14.0	12.5
Thereof total consolidated result	-11.7	-5.2
Cash flow from investing activities	-0.8	-7.6
Cash flow from financing activities	-13.5	-13.6
Cash flow for the period	-0.3	-8.7
Cash and cash equivalents at the beginning of the period	100.4	37.2
Cash and cash equivalents at the end of the period	100.1	28.5

There was no significant change in net assets as of the balance sheet date on 31 March 2021 compared to 31 December 2020. The changes in non-current liabilities were due, among other reasons, to a change in interest rate affecting pension provisions. The increase in current liabilities is attributable to benefits under the protective shield so far received and to higher vacation provisions as of the reporting date.

BALANCE SHEET STRUCTURE

In millions of €	31.03.2021	In % of balance sheet total	31.12.2020	In % of balance sheet total
Assets				
Non-current assets	668.5	75.4	683.6	77.0
Current assets	217.9	24.6	203.9	23.0
	886.4	100.0	887.5	100.0
Equity and liabilities				
Equity	170.1	19.2	176.8	19.9
Non-current liabilities	520.8	58.7	539.3	60.8
Current liabilities	195.5	22.1	171.4	19.3
	886.4	100.0	887.5	100.0

Segment reporting

The business performance of the segments is subject to the same conditions as the Group performance. Benefits under the protective shield and payments by coverage providers included in the results of the post-acute segment amounted to EUR 4.9 mill. (Q1 2020: EUR 1.4 mill.), while the corresponding payments in the acute segment amounted to EUR 2.5 mill. (Q1 2020: EUR 2.3 mill.).

SALES

In millions of €	Q1 2021	Q1 2020	Change in %
Post-acute	93.2	99.8	-6.6
Acute	58.9	62.8	-6.3
Other activities and reconciliation	4.3	4.8	-10.3
Thereof nursing care business area	3.9	3.8	+2.3
Group	156.4	167.4	-6.6

RAW MATERIALS AND CONSUMABLES USED

	Q1 2021	Q1 2020	Change in %
Post-acute			
Raw materials and consumables used in millions of €	18.0	18.7	-4.0
Cost of materials ratio in %	19.3	18.8	
Acute			
Raw materials and consumables used in millions of €	15.8	15.4	+2.2
Cost of materials ratio in %	26.8	24.6	

STAFF COSTS

	Q1 2021	Q1 2020	Change in %
Post-acute			
Staff costs in millions of €	59.2	60.0	-1.4
Staff costs ratio in %	63.5	60.1	
Acute			
Staff costs in millions of €	38.2	38.4	-0.6
Staff costs ratio in %	64.8	61.2	

SEGMENT RESULT

In millions of €	Q1 2021	Q1 2020
Post-acute	-7.5	-2.2
Acute	-3.8	-0.3
Other activities and reconciliation	-0.6	-1.4
Group	-11.9	-3.9

Employees

The average number of full-time employees went down quarter-by-quarter. The Group employed an average of 370 trainees in the first quarter of 2021 (Q1 2020: 350 trainees).

QUARTERLY AVERAGE OF NUMBER OF EMPLOYEES IN THE GROUP AND IN THE SEGMENTS

Shown in full-time employees	Q1 2021	Q1 2020	Change
Post-acute	3,874	4,095	-221
Acute	2,063	2,192	-129
Other activities	1,218	1,271	-53
Thereof nursing care business area	209	193	+16
Thereof service business area (including administration)	1,009	1,078	-69
Group	7,155	7,558	-403

Consolidated interim financial statements of MEDICLIN Aktiengesellschaft

for the period from 1 January 2021 to 31 March 2021

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Consolidated interim balance sheet as of 31 March 2021

ASSETS

In €	31.03.2021	31.12.2020
NON-CURRENT ASSETS		
Goodwill and other intangible assets		
Concessions, licences	7,250,544	7,897,310
Goodwill	49,888,841	49,253,841
Payments on account	935,684	894,782
	58,075,069	58,045,933
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	130,379,380	123,468,597
Right-of-use assets on land, land rights and buildings including buildings on third-party land	358,568,095	371,099,404
Technical equipment and machines	12,996,141	13,274,913
Operating and office equipment	36,593,364	37,811,777
Right-of-use assets on operating and office equipment	2,572,395	2,643,079
Payments on account and assets under construction	15,850,676	23,740,512
	556,960,051	572,038,282
Financial assets		
Investment in stock of subsidiaries	90,322	90,322
Reinsurance cover	764,510	764,510
Other financial investments	2,056	2,056
	856,888	856,888
Other assets		
Receivables pursuant to hospital financing law	40,189,680	41,647,730
	40,189,680	41,647,730
Deferred tax assets	12,503,946	11,016,452
	668,585,634	683,605,285
CURRENT ASSETS		
Inventories	9,378,240	9,341,672
Trade receivables	81,709,380	76,335,138
Current income tax claims	4,290,929	2,401,516
Other financial assets		
Other current financial assets	4,901,805	5,178,148
	4,901,805	5,178,148
Other assets		
Prepaid expenses	4,644,805	1,311,935
Receivables pursuant to hospital financial law	12,809,659	8,852,916
	17,454,464	10,164,851
Cash and cash equivalents	100,125,879	100,437,077
	217,860,697	203,858,402
	886,446,331	887,463,687

EQUITY AND LIABILITIES

In €	31.03.2021	31.12.2020
EQUITY		
Shares MEDICLIN Group		
Subscribed capital	47,500,000	47,500,000
Capital reserve	129,391,829	129,391,829
Revenue reserve	21,732,616	16,764,377
Consolidated balance sheet result	-28,116,464	-16,493,229
	170,507,981	177,162,977
Non-controlling interests	-355,606	-316,812
	170,152,375	176,846,165
NON-CURRENT LIABILITIES		
Financial liabilities		
Liabilities to banks	70,739,490	71,196,091
	70,739,490	71,196,091
Lease liabilities	322,840,207	334,874,917
Pensions and similar commitments	62,474,613	68,324,949
Other provisions	23,843,221	23,901,156
Other financial liabilities		
Miscellaneous financial liabilities	0	0
	0	0
Other payables		
Liabilities pursuant to hospital financing law	38,091,234	38,187,887
Miscellaneous payables	2,804,024	2,782,611
	40,895,258	40,970,498
	520,792,789	539,267,611
CURRENT LIABILITIES		
Trade payables		
	10,399,415	11,307,664
Financial liabilities		
Liabilities to banks	27,070,537	26,781,278
	27,070,537	26,781,278
Lease liabilities	54,070,197	54,009,475
Other provisions	14,817,309	15,530,311
Other financial liabilities		
Miscellaneous financial liabilities	5,511,198	6,298,754
	5,511,198	6,298,754
Other payables		
Liabilities pursuant to hospital financing law	13,163,006	11,388,381
Miscellaneous payables	70,469,505	46,034,048
	83,632,511	57,422,429
	195,501,167	171,349,911
	886,446,331	887,463,687

Consolidated interim profit and loss account

In €	January – March 2021	January – March 2020
Sales	156,365,750	167,413,685
Other operating income	3,542,240	2,566,025
Total operating performance	159,907,990	169,979,710
Raw materials and consumables used		
a) Cost of raw materials and supplies	– 17,795,201	– 18,371,493
b) Cost of purchased services	– 10,689,635	– 10,747,960
	– 28,484,836	– 29,119,453
Staff costs		
a) Wages and salaries	– 95,493,673	– 96,368,063
b) Social security, pension and retirement	– 16,629,382	– 16,277,771
	– 112,123,055	– 112,645,834
Other operating expenses	– 12,843,146	– 13,998,044
Result before interest, taxes, depreciation and amortisation / EBITDA	6,456,953	14,216,379
Depreciation and amortisation	– 18,315,574	– 18,116,540
Operating result / EBIT	– 11,858,621	– 3,900,161
Financial result		
a) Income from participations	0	0
b) Interest and similar income	22,186	4,707
c) Interest and similar expenses	– 2,225,129	– 2,371,339
	– 2,202,943	– 2,366,632
Result before tax	– 14,061,564	– 6,266,793
Taxes on income	2,365,357	1,094,081
Total consolidated result	– 11,696,207	– 5,172,712
Thereof attributable to shareholders of MEDICLIN AG	– 11,623,235	– 5,116,245
Thereof attributable to non-controlling interests	– 72,972	– 56,467
Total consolidated result attributable to shareholders of MEDICLIN AG per share		
Undiluted in €	– 0.24	– 0.11
Diluted in €	– 0.24	– 0.11

Consolidated interim statement of comprehensive income

In €	January – March 2021	January – March 2020
Total consolidated result	-11,696,207	-5,172,712
Other comprehensive income		
Revaluation from defined benefit plans and similar obligations	5,942,878	2,190,904
Taxes on income	-940,461	-346,711
Additions to value adjustments that are not reconciled to the total consolidated result	5,002,417	1,844,193
Thereof attributable to shareholders of MEDICLIN AG	4,968,239	1,831,038
Thereof attributable to non-controlling interests	34,178	13,155
Additions to value adjustments that are reconciled to the total consolidated result	0	0
Group comprehensive income	-6,693,790	-3,328,519
Thereof attributable to shareholders of MEDICLIN AG	-6,654,996	-3,285,207
Thereof attributable to non-controlling interests	-38,794	-43,312

Consolidated cash flow statement

In €	January – March 2021	January – March 2020
Total consolidated result	-11,696,207	-5,172,712
Result of finance activities	2,202,943	2,366,632
Result of income taxes	-2,365,357	-1,094,081
Operating result (EBIT)	-11,858,621	-3,900,161
Depreciation on fixed asset items	18,315,574	18,116,540
Result before interest, taxes, depreciation and amortisation (EBITDA)	6,456,953	14,216,379
Change in non-current provisions	-5,975,483	-2,309,509
Change in current provisions	-713,002	-1,541,613
Result from the disposal of fixed asset items	-4,942	-16,645
Result from other non-cash items	1,075,370	-271,182
Change in other current assets	-12,185,298	-3,469,916
Change in other non-current liabilities	20,657	17,155
Change in other current liabilities	27,269,266	6,623,078
Payments received from interest	22,186	8,673
Income taxes paid	-1,953,411	-785,726
Cash flow from operating activities	14,012,296	12,470,694
Payments received from the disposal of fixed assets	15,290	49,626
From the disposal of property, plant and equipment	15,290	49,626
Payments received from investment subsidies	3,346,711	488,636
Cash used for investments	-4,204,708	-8,089,294
For intangible assets	-803,361	-567,930
For property, plant and equipment	-3,401,347	-7,521,364
Cash flow from investing activities	-842,707	-7,551,032
Repayment of lease liabilities	-11,190,896	-11,016,917
Repayment of financial liabilities	-541,471	-437,681
Interest payments for lease liabilities	-1,741,989	-1,919,120
Other interest payments	-6,431	-258,441
Cash flow from financing activities	-13,480,787	-13,632,159
Cash flow for the period	-311,198	-8,712,497
Cash and cash equivalents at the beginning of the period	100,437,077	37,249,818
Cash and cash equivalents at the end of the period	100,125,879	28,537,321

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

Statement of changes in equity

In €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MEDICLIN Group	Non-controlling interests	Total equity
As of 01.01.2020	47,500,000	129,391,829	-29,568,498	43,669,121	190,992,452	-245,990	190,746,462
Total consolidated result	-	-	-	-5,116,245	-5,116,245	-56,467	-5,172,712
Other comprehensive income	-	-	1,831,038	-	1,831,038	13,155	1,844,193
Group comprehensive income	-	-	1,831,038	-5,116,245	-3,285,207	-43,312	-3,328,519
As of 31.03.2020	47,500,000	129,391,829	-27,737,460	38,552,876	187,707,245	-289,302	187,417,943

In €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MEDICLIN Group	Non-controlling interests	Total equity
As of 01.01.2021	47,500,000	129,391,829	16,764,377	-16,493,229	177,162,977	-316,812	176,846,165
Total consolidated result	-	-	-	-11,623,235	-11,623,235	-72,972	-11,696,207
Other comprehensive income	-	-	4,968,239	-	4,968,239	34,178	5,002,417
Group comprehensive income	-	-	4,968,239	-11,623,235	-6,654,996	-38,794	-6,693,790
As of 31.03.2021	47,500,000	129,391,829	21,732,616	-28,116,464	170,507,981	-355,606	170,152,375

Other information

General information

The unaudited consolidated interim financial statements of MEDICLIN for the first three months of the 2021 financial year were prepared in accordance with International Accounting Standard (IAS) 34. In the interim report, the Group principally applied the same accounting policies as in the consolidated financial statements for the 2020 financial year. The interim report should therefore be read in conjunction with the Company's 2020 Annual Report. The discount rate for pension provisions pursuant to IAS 19 is 0.9 % (31.12.2020: 0.4 %).

In its meeting on 11 January 2021 the Supervisory Board appointed Dr. York Dhein as a member of the Management Board of MEDICLIN AG as at 1 April 2021.

OIK-Immobilienfonds

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

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

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

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

MEDICLIN Aktiengesellschaft

Offenburg, 3 May 2021

The Management Board

Key data on the MEDICLIN share

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

In € per share	Q1 2021	Q1 2020
Earnings, undiluted/diluted	-0.24	-0.11
Cash flow from operating activities	0.29	0.26
Book value ¹ as of 31.03.	3.59	3.95
Share price as of 31.03.	4.32	4.26
52-weeks high	4.78	-
52-weeks low	3.60	-
Market capitalisation as of 31.03. in millions of €	205.2	202.4
Number of shares in millions	47.5	47.5

¹ Equity less non-controlling interests

Source: Deutsche Börse AG; Xetra/as of 13.04.2021

Forward-looking statements

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

Financial calendar

26 February 2021

Disclosure of the preliminary figures for the 2020 financial year

26 March 2021

Annual press and analysts' conference for the 2020 financial year

3 May 2021

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

26 May 2021

Annual General Meeting

30 July 2021

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

2 November 2021

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

Adresses and imprint

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This Interim Report is also available in German.

Dieser Zwischenbericht liegt auch in deutscher Sprache vor.

This is a translation of the German Interim Report.

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

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