

Annual Report 2022

RHÖN-KLINIKUM AG

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RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

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Our Mission

RHÖN-KLINIKUM AG is one of the largest healthcare providers in Germany. We offer excellent medical care with a direct tie-in to universities and research facilities. With our campus approach we are setting standards for a cross-sector medical and therapeutic care – and that not just in rural areas.

Our five maximum- and intermediate-care hospital sites – Campus Bad Neustadt, Klinikum Frankfurt (Oder), Giessen and Marburg University Hospitals as well as Zentralklinik Bad Berka – are attractive employers and training centres. People from over 70 nations work there for our Company. Our activities are underpinned by common values such as integrity, responsibility, compassion, care and respect.

Sustainability is an essential part of our identity. It is a reflection of how we create a sound environment for our patients, employees, business partners and investors. At the same time, it enables us to safeguard our success on a sustainable basis.



Dear Shareholders, Dear Ladies and Gentlemen,

Chairman of the Board of Management
Prof. Dr Tobias Kaltenbach

RHÖN-KLINIKUM AG has once again shown strength and resilience, also in 2022. After having faced a difficult hospital sector and overall economic environment overshadowed by the war in Ukraine and the continuing impact of the COVID-19 pandemic, we look back on a financially solid, albeit challenging, financial year. In this regard we are especially grateful to our employees for the extraordinary commitment they show each day, and to our patients for the trust they put in our medical, therapeutic and care expertise.

We have accomplished a lot over the past months. For the university hospital Universitätsklinikum Gießen und Marburg (UKGM), an agreement was reached at the end of marathon negotiations between the Federal State of Hesse and the managers of the Group, the universities and UKGM on its entitlement to investment funding. This agreement was signed at the end of February.

After RHÖN-KLINIKUM AG had already in the past invested over 750 million euros in the university hospital from own funds, the next ten years will now see further amounts totalling roughly 850 million euros being invested in healthcare delivery, research and teaching. Federal state funding totalling some 530 million euros coupled with the investment of roughly 320 million euros from own funds will enable the two hospitals to keep pace with medical, technical and structural developments.

But we will also be taking on new challenges, supported with appropriate investments. In addition to advances in medicine, we will handle the tasks of digitalisation and transformation of the healthcare delivery landscape by promoting specialisation whilst at the same time expanding outpatient medicine through comprehensive and targeted investments. We will further strengthen the firm foundation in healthcare delivery for research and teaching.

Above all, patients will benefit from this commitment to their region as provision with cutting-edge medical care for them is safeguarded. But our employees at both sites in Marburg and Giessen will, of course, also benefit since they will continue to enjoy secure and attractive jobs.

All stakeholders are agreed and firmly convinced that UKGM can look ahead to good prospects for the long term. As the third-largest university hospital in Germany, it provides excellent medical care as well as research services and is the heart of our healthcare Company. Its unique public mandate coupled with private entrepreneurship is and remains the foundation and guarantor of its success.

Setting standards – shaping the future

Recent years and 2022 in particular were anything but good for Germany's hospitals. They were dominated by the efforts to cope with the pandemic, an excessive workload, increasing shortages not only in qualified staff but also any staff, as well as exploding material and energy costs. Almost 60 per cent of hospitals are operating in the red.

How much more economic pressure will bear down on the healthcare system which (DRGs or no DRGs) will mainly be determined by the financial situation of the statutory health insurance funds? How will we cope with the huge shortage of qualified staff? And will the aftershocks of the COVID-19 pandemic with persistently declining case numbers and wave after wave of staffing absences push us to the limits of our capabilities? These are the really big issues and challenges that we must continue to grapple with. And this situation is further exacerbated by inflation, war and the energy crisis.

Not a few (specialist) hospitals will have to close down due to the huge cost pressures and the impact of the planned hospital reform. Coming on top of that are the massive cost hikes hospitals face for energy, medical goods or services which they cannot refinance. It will take many different structural changes to maintain the efficiency of the healthcare system, but it will also take the new forms of healthcare delivery and regional healthcare networks that have been under discussion for so long.



After having faced a difficult hospital sector and overall economic environment, we look back on a financially solid, albeit challenging, financial year.





We offer our employees good opportunities for personal advancement and are continuously investing in initial and ongoing training as well as in attractive offerings for our staff.



Exploiting our strengths – good position of our Company

The eight hospitals at our five sites in Bad Berka, Bad Neustadt a. d. Saale, Frankfurt (Oder), Giessen and Marburg make up an extremely efficient and innovative network of highly specialised hospitals. These are all supraregional intermediate and maximum care providers – hospitals in which healthcare delivery is closely integrated with research and science allowing for the latest medical findings to be implemented directly in care delivery. As academic teaching hospitals, not only the Giessen und Marburg university hospitals but also our other hospitals maintain a close exchange with research institutions. This is what makes our network stand out.

In addition to this is our RHÖN Campus approach that embodies cross-sector and future-oriented healthcare delivery in rural areas and will make an increasingly significant contribution towards creating the care delivery concepts and structures of the future. These are important factors helping us to consolidate our market position that is characterised by the high quality of medical care, sustainable innovation and exceptional efficiency.

A big concern for us is retaining and recruiting qualified staff, with the shortage in qualified physicians and nurses being a particular

challenge. We offer our employees good opportunities for personal advancement, and are continuously investing in initial and ongoing training as well as in attractive offerings for our staff.

Another big contributing factor to our success is the structural measures that RHÖN-KLINIKUM AG has further implemented in 2022. These include the closer integration and cooperation between the hospitals as well as the pooling of know-how, for example at the (in some cases newly established) companies providing services within the Group. We also benefit from our strategic cooperation with the Asklepios Group and the standardisation of processes and products. But in addition to the mainly economic effects that synergies bring, they also promote growth in knowledge through pooling the know-how found in both corporate Groups.

Economic performance in 2022

At RHÖN-KLINIKUM AG, financial year 2022 was marked by the response to the COVID-19 pandemic, efforts to cope with inflation, the energy crisis, supply problems, and the impacts of the war in Ukraine. We are now also facing new challenges from taking in and providing medical care to refugees and injured people, the energy and procurement crisis as well as the steep increase in purchasing prices.

Despite the considerable obstacles faced as a result of the pandemic, we treated roughly 855,000 patients on an inpatient and outpatient basis at our facilities. This is a slight increase of 9,691 patients, or 1.1 per cent, compared with financial year 2021. Although this trend is encouraging, our most pressing task is nonetheless to improve the trend in service volumes at our hospitals.

Having exceeded our financial targets for 2022, we have therefore adjusted our earnings forecast. Consolidated EBITDA is 105.6 million euros and thus 4.4 million euros above the previous year's level; revenues stand at 1.4 billion euros. The figures show a positive trend and confirm that we are heading in the right direction with our strategic measures. We now have to consistently work on our targets by ensuring that the hospitals concentrate on their core activities, by expanding outpatient care structures and by optimising our processes.

Exploiting opportunities – acting sustainably

Sustainability and environmental protection are fundamental issues of our times to which we are committed. Modern hospital operations need a lot of energy – whether for the state-of-the-art building technology, the wide array of medical devices or increasing digitalisation. To ensure energy-optimised operations for this, we invest in sustainable technologies at all our sites. Our focus and concern in this regard is also to reduce CO₂, waste volumes and water consumption without compromising on the safety and comfort of the care we provide to our patients.

As we look ahead to the huge potential the future holds, one thing is clear: any problems – no matter how big – always bring opportunities. The real challenge here is discovering and exploiting them.

Dear Shareholders,

Our Company has a highly qualified team that is committed to tackling all challenges. Also in 2022, that is something we have demonstrated in the difficult environment we have faced. I would like to thank you for the trust you put in us and am counting on your continued interest in RHÖN-KLINIKUM AG.

Stay well.

Yours sincerely,

Prof. Dr Tobias Kaltenbach
Chairman of the Board of Management
RHÖN-KLINIKUM Aktiengesellschaft

Bad Neustadt a. d. Saale, March 2023



Dear Shareholders, Dear Ladies and Gentlemen,

Chairman of the Supervisory Board
Dr Jan Liersch

In the following I will tell you about the work of the Supervisory Board and its committees during financial year 2022.

The negotiations with representatives of the Hesse State Government on the granting of investment funding for Universitätsklinikum Gießen und Marburg (UKGM) as well as the related negotiations on the conclusion of a follow-on agreement to the White Paper (Zukunftspapier) from 2017 was a major part of the Supervisory Board's work performed in financial year 2022. A total of three extraordinary meetings of the Supervisory Board dealing with this issue were held, and this item was deliberated on and discussed thoroughly in the ordinary Supervisory Board meetings as well. After the negotiations temporarily stalled in the summer of 2022, they gained momentum again towards the end of the financial year and then culminated in a groundbreaking agreement with the Federal State of Hesse for UKGM at the end of February 2023.

Cooperation between the Supervisory Board and the Board of Management

During financial year 2022, the Supervisory Board examined on an ongoing basis and in detail the situation and development of the Company, fully performing the duties incumbent on it by law, the Articles of Association and the Terms of Reference. These include continuously monitoring management activity and regularly advising the Board of Management on directing the Company. In

performing its duties, the Supervisory Board was at all times guided by the decisive principles of appropriateness, compliance with legal provisions, expediency and efficiency. Observance of these principles by the Board of Management was monitored by regularly reviewing the Company's general organisation and verifying the instruments used for internal risk control.

The Supervisory Board was involved in fundamental and important decisions taken by the Board of Management of RHÖN-KLINIKUM Aktiengesellschaft. The Board of Management complied with its duties to inform, keeping us informed on a timely basis both in written form and orally, with documents and records of relevance for decisions being provided to us in good time prior to the respective deliberations and meetings. We acknowledged the reporting and the information submitted by the Board of Management regarding strategic and operative business performance, compliance issues as well as risks and risk management, and reviewed the same for plausibility and comprehensibility, advised the Board of Management and discussed issues of business performance thoroughly with the Board of Management and also scrutinised.

As chairman of the Supervisory Board, I also engaged in a regular exchange of information and ideas with all members of the Board of Management – also between meetings held by the corporate bodies – and was kept thoroughly informed at all times about material developments and current business transactions. We thoroughly discussed the resolution proposals made by the Board of Management in the Supervisory Board committee responsible for the respective items and/or the Supervisory Board plenary session and, to the extent required by statute, the Articles of Association and the Terms of Reference, gave our opinion on the same after a careful review. Where required in the case of particularly pressing and time-critical business matters, the Supervisory Board, or, as the case may be, the competent committee also adopted resolutions by voting in written form. Moreover, in view of the ongoing risks of COVID-19 infections, various meetings were conducted as fully virtual meetings in the form of a video conference in financial year 2022.

Work of the Supervisory Board in the plenary session

In financial year 2022 a total of seven (four ordinary and three extraordinary) meetings of the Supervisory Board plenary session were held; moreover, four written resolutions were adopted by the plenary session of the Supervisory Board. The members of the Board of Management attended the meetings of the Supervisory Board except in those cases of agenda items relating to internal issues and matters of the Supervisory Board and matters pertaining to the Board of Management. Two of the seven meetings of the Supervisory Board plenary session were conducted as fully virtual meetings (by video/telephone conference). Information on the composition of the Supervisory Board and the committees as well as attendance of the individual members in the meetings can be found in the overview at the end of this Report.

At the meetings of the Supervisory Board the plenary session, based on detailed reports of the Board of Management on current developments, strategic issues and the financial position of the Group, as well as based on the written reports and presentations by the Board of Management, regularly deliberated together with the Board of Management on the net assets, financial position and results of operations, the trend in revenues and earnings, the performance data, key figures and human resources of the Company and Group as well as of the individual Group subsidiaries. The Supervisory Board moreover, together with the Board of Management, examined the impact of the COVID-19 pandemic on the business performance and the hospitals of the RHÖN-KLINIKUM Group as well as the stage reached in negotiations with the representatives of the Hesse State Government on the granting of investment funding for UKGM in a follow-on agreement. This follow-on agreement was to replace the “agreement on the

implementation of the white paper for the further development of university medicine in Central Hesse” (Zukunftspapier für die Weiterentwicklung der hessischen Universitätsmedizin) in effect since 2017 between RHÖN-KLINIKUM Aktiengesellschaft, Universitätsklinikum Gießen und Marburg GmbH (UKGM), the Universities of Giessen and Marburg (along with their respective faculty of medicine) and the Federal State of Hesse. The Board of Management moreover informed on current developments in healthcare policy, the healthcare environment, healthcare legislation and their impact on the Group as well as the competitive situation. The respective interim reports for the past quarters were explained by the Board of Management in detail in the plenary session prior to publication.

In an extraordinary Supervisory Board meeting on 1 February 2022 – the first meeting of the financial year – the Supervisory Board thoroughly examined the Letter of Intent signed by the Board of Management on 14 January 2022 on the granting of investment funding by the Federal State of Hesse for UKGM and approved the same. The key points agreed in the Letter of Intent were then to be transposed into a binding follow-on agreement in the course of 2022. In addition, the Supervisory Board adopted various adjustments to the respective Terms of Reference of the Board of Management and Supervisory Board and voted to propose Dr Cornelia Süfke to succeed Ms Nicole Mooljee Damani as member of the Supervisory Board at the Annual General Meeting of RHÖN-KLINIKUM Aktiengesellschaft.

At the balance sheet meeting on 23 March 2022, which was also attended by KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) (as statutory auditor for financial year 2021, we thoroughly discussed in the plenary session – after a statement given by the Audit Committee – together with the Board of Management the annual financial statements and management report of RHÖN-KLINIKUM Aktiengesellschaft as well as the consolidated financial statements and the Group management report for financial year 2021. The auditor reported on the essential findings and results of the audits and were available to us for questions and additional information. The plenary session approved both the annual financial statements and the consolidated financial statements. After the Supervisory Board completed its own review, the separate condensed non-financial report for 2021 reviewed by KPMG was moreover approved. In addition, the Supervisory Board resolved to support the Board of Management’s proposal for the appropriation of net distributable profit for financial year 2021. Lastly, the Supervisory Board looked at the Report of the Board of Management on Relations to Affiliates (dependent company report) and resolved – on recommendation by the Audit Committee – that no objections were to be raised against the declaration made by the Board of Management at the end of the report. Furthermore, the Supervisory Board approved the Declaration on Corporate Governance

pursuant to sections 289f, 315d of the German Commercial Code (Handelsgesetzbuch, HGB) and adopted the Remuneration Report prepared jointly with the Board of Management for financial year 2021 and the Report of the Supervisory Board for financial year 2021. At the meeting, a report of the Board of Management was presented at which among other things the financial position of the Company and the strategy for 2022, the stage reached in negotiations with the Federal State of Hesse on the granting of investment funding for UKGM as well as issues relating to human resources and wages were discussed. The meeting also dealt with the preparation of the Annual General Meeting. In this regard, we approved the holding of the Annual General Meeting as a virtual Annual General Meeting and adopted the agenda and the resolutions proposed to the Annual General Meeting. This approval also covered the conclusion of profit-and-loss transfer agreements with four subsidiaries – namely RHÖN-KLINIKUM Services GmbH, RHÖN-KLINIKUM Business Services GmbH, RHÖN-KLINIKUM Service Einkauf + Versorgung GmbH and RHÖN-KLINIKUM IT Service GmbH – aimed at creating a clear structure within the RHÖN Group and making use of all potential tax advantages. The meeting moreover focused on matters pertaining to the remuneration of the Board of Management. The Supervisory Board thus examined the achievement of targets under the bonus agreements with the members of the Board of Management and adopted target agreements for 2022. Moreover, the dissolution of the Medical Innovation and Quality Committee was resolved by the Supervisory Board at the balance sheet meeting on 23 March 2022.

Given the increasingly difficult negotiations with the Federal State of Hesse on the granting of investment funding and the conclusion of a follow-on agreement, a further extraordinary meeting of the Supervisory Board was held on 16 May 2022. Since it appeared doubtful at that point in time that a follow-on agreement on granting investment funding for UKGM would be concluded with the Federal State of Hesse, the Supervisory Board, after being thoroughly informed by the Board of Management and careful deliberations, approved as a precaution a termination of the agreement – applicable at that time – between UKGM, the Federal State of Hesse and the universities of Giessen and Marburg (each together with their respective faculty of medicine) from 2017 with effect from expiry of 31 December 2022. The Supervisory Board considered this move was needed to ensure the necessary manoeuvring room of the Company for 2023 since in this regard a notice of termination of the agreement had to be given by 30 June 2022. At the same time, however, the Supervisory Board affirmed its support for the efforts of the Board of Management to promptly follow up the Letter of Intent of 14 January 2022 with a binding agreement.

At the ordinary meeting on 8 June 2022 following the Annual General Meeting, the Supervisory Board examined the position of the Company, the current position and economic performance of key operative subsidiaries as well as the (re-)calculation of inter-company recharges and discussed this in each case together with the Board of Management. Furthermore, we looked at developments in areas of human resources and wages and were provided with reporting on progress made in strategic areas of activity. As part of the investment planning, the Supervisory Board moreover approved various investments at different hospital sites. Another resolution item was the prolongation of the office terms for Dr Höftberger and Dr Stranz as members of the Board of Management of RHÖN-KLINIKUM Aktiengesellschaft by a further period of two years in each case as well as the corresponding prolongation of the Board of Management service contracts on unchanged terms and conditions. Lastly, the Supervisory Board examined the assessment of its self-evaluation (in this regard, see “Self-evaluation of the Supervisory Board” below).

At the ordinary meeting on 21 September 2022, the Supervisory Board once again discussed the Company's current position and economic performance, particularly with regard to rising energy costs and supply chain disruptions. The Board of Management further informed on matters specific to the Group divisions and remitted a status report on the discussions with the Federal State of Hesse on the granting of investment funding for UKGM. Moreover, the Supervisory Board once again approved investments at several hospital sites that were subject to approval.

At an extraordinary Supervisory Board meeting on 18 October 2022, the Supervisory Board deliberated on personnel changes on the Board of Management of RHÖN-KLINIKUM Aktiengesellschaft. After Dr Höftberger had requested me as chairman of the Supervisory Board to terminate his contract early, the Supervisory Board complied with this request. The Supervisory Board acknowledged the intended resignation with effect from 31 October 2022 and approved the conclusion of a termination agreement. With this mutually agreed step, both Dr Höftberger and the Supervisory Board wished to act in the interests of the employees and all patients of UKGM to give new momentum to the deadlocked negotiations with the Federal State of Hesse on the conclusion of a follow-on agreement for UKGM. With effect from 1 November 2022, the Supervisory Board appointed Prof. Dr Kaltenbach for the period of three years as a member of the Board of Management, and at the same time appointed him as chairman of the Board of Management of RHÖN-KLINIKUM Aktiengesellschaft. Moreover, the Supervisory Board in this regard decided to reduce the size of the Board of Management of RHÖN-KLINIKUM Aktiengesellschaft to three persons. In this context it approved the conclusion of an agreement amending the existing service contract with the then

current member of the Board of Management, Prof. Dr Griewing, under which Prof. Dr Griewing was to leave the Board of Management in his function as CMO (Chief Medical Officer) and assume the position of a Generally Authorised Representative.

At the ordinary meeting on 15 December 2022 the Board of Management, referring to the public announcement on 5 December 2022 regarding the breakthrough in the negotiations with the Federal State of Hesse on the granting of investment funding to UKGM, reported that a new white paper on the further cooperation and coverage of investment requirements of UKGM for the next ten years would soon be concluded. According to the report of the Board of Management, the understanding on the key points reached at the beginning of December 2022 was to be transposed into a binding agreement by the end of February 2023; to preclude any gap in the provisions, the existing agreements with the Federal State of Hesse were moreover, and contrary to the notice of termination already given in June 2022, prolonged until the end of February 2023 at the latest. The Supervisory Board further deliberated jointly with the Board of Management on the current trend in service volumes as at 30 November 2022 as well as the current developments in human resources and wages. Moreover, the Supervisory Board examined the preliminary economic and investment planning for financial year 2023. At this meeting the Supervisory Board also examined the adjustment of the regular issuing of the Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) for implementing the recommendations and suggestions as set out in the German Corporate Governance Code (GCGC) (for further details, see "Corporate Governance and Issue of the Declaration of Compliance").

Work of the Supervisory Board in the committees

With a view to performing its tasks and assuming its responsibility in the best possible way, the Supervisory Board has set up standing committees whose members possess specific expertise and experience for the special issues dealt with in the committees.

The committees prepare resolutions and issues to be decided in the plenary session of the Supervisory Board. They act as bodies with power to pass resolutions within the scope prescribed by law, the Articles of Association – also in lieu of the Supervisory Board – and the Terms of Reference of the latter to the extent consistent with statute and previously defined by the Supervisory Board. The committees generally meet separately from plenary sessions. Meetings were also held as conference calls convened on short notice or in the form of a video conference as required.

At three meetings held in each case by video conference, the **Personnel Affairs Committee** prepared subjects relating to personnel matters of the Board of Management for the Supervisory Board and, to the extent required, adopted resolutions and accordingly made recommendations to the Supervisory Board on the adoption of resolutions.

During the past financial year, the **Mediation Committee** (pursuant to section 27 (3) of the Co-Determination Act (MitBestG)) did not meet.

The **Audit Committee** of the Supervisory Board met four times during the year under review, with all meetings having been held by video conference. All meetings were attended by representatives of the Board of Management. One meeting was attended by the statutory auditor for financial year 2021, KPMG. At another meeting, KPMG attended as auditor for the review of the interim report for the first half of financial year 2022.

The Audit Committee notably was responsible for review and preliminary consultation for the RHÖN-KLINIKUM Aktiengesellschaft consolidated annual financial statements for financial year 2021.

The Audit Committee assessed the independence of KPMG designated as statutory auditor to audit the consolidated financial statements and the Group management report as well as the annual financial statements and the management report for financial year 2022 and to conduct the review of the half-year financial report, obtained the statement regarding the auditor's independence, recommended to the plenary session of the Supervisory Board a proposal for the election of the auditor to be submitted to the Annual General Meeting and – after the election – issued the statutory auditor with the audit assignment and concluded with it a reasonable fee agreement for the same. The Audit Committee also defined the areas of emphasis of the audit of the 2022 annual financial statements that were to be considered by KPMG beyond the statutory audit scope.

Since the entry into force of the Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz, FISG) has resulted in changes relating to the requirements for the auditing of financial statements and in particular the independence of the statutory auditor, the Audit Committee – to implement such changes – also adopted an update of the list of non-audit services that may be performed by the statutory auditor. The quality of the audit of financial statements and the services additionally performed by the statutory auditor were monitored by the Committee.

Questions of fundamental importance relating to accounting, corporate planning, the capital base, the monitoring of the accounting process, as well as the effectiveness of the internal controlling system, risk management system (including special business risks), and the internal audit system were discussed with the Board of Management and in some cases also with the statutory auditor. The interim reports were thoroughly discussed on a regular basis with the Board of Management prior to their publication, as well as the half-year financial report with the Board of Management and in the presence of KPMG giving due regard to the review by the latter.

The Group controlling report on performance and finance controlling submitted quarterly, which forms part of our risk management system, was thoroughly discussed in each case with the Board of Management. Here, the development of service volumes and earnings of the Group and of the individual Group hospitals was also analysed, scrutinised and discussed with the Board of Management, also with regard to deviations from targets.

The Audit Committee kept itself regularly informed by the responsible member of the Board of Management and by reports submitted by the head of Internal Auditing about the activity of the Internal Auditing department as well as the expansion of cooperation with Asklepios Kliniken GmbH & Co. KGaA (Asklepios) in this area, and examined the auditing plan for 2022 as well as its update. The auditing plan for 2023 was approved. The audit reports of the Internal Auditing department as well as the 2021 activity report were then submitted in the Committee and discussed with the Board of Management. The Board of Management kept itself informed of the implementation of the recommendations by the Internal Auditing department by obtaining information on the results of follow-up reporting and review. We once again satisfied ourselves of the effectiveness of the Internal Auditing department.

Furthermore, the Committee kept itself informed on the activity of the Compliance department as well as the expansion of cooperation with Asklepios in this area through reports by the responsible member of the Board of Management and the head of Compliance.

For the non-financial declaration at the Company level and Group level to be submitted in the form of a separate condensed non-financial report for 2022, the Committee once again adopted a resolution on the performance of a voluntary external audit. The audit assignment was issued to the statutory auditor, KPMG, on the basis of an offer and after conclusion of a fee agreement.

By resolution of 23 March 2022, the Supervisory Board dissolved the **Medical Innovation and Quality Committee** which was responsible for advising the Board of Management with technical advice on developments and trends in medicine and monitoring the situation and development of medical quality within the Company, since there was no need to delegate these issues to a separate committee. Before its dissolution, the Committee did not hold any meeting during financial year 2022.

The **Nomination Committee**, which selects candidates from the shareholders' representatives and proposes them for nomination to the Supervisory Board, did not hold any meetings in financial year 2022. However, by written voting procedure it resolved on making a recommendation to the plenary session to nominate Dr Sufke to the Supervisory Board to succeed Ms. Mooljee Damani as representative of the shareholders.

The **Committee for Decisions on Related-Party Transactions** did not meet during the past financial year 2022.

Self-evaluation of the Supervisory Board

The effectiveness and efficiency of the bodies of a German stock corporation are decisive for a company's market success and sustainable development. The GCGC therefore underscores the importance of a regular review of the work of the supervisory board. The supervisory board is required to ask and answer questions of relevance for the performance of its supervisory duties and to discuss such issues jointly to ensure that the supervisory board can carry out its work properly and on a sustainable basis.

The relevant questions include the structure of the supervisory body as well as its committees, the appointment of supervisory board members as well as its procedures for regular cooperation. Moreover, it is essential to ensure effective communication between the supervisory board and the board of management and promote the role of the supervisory board members as representing the shareholders and employees with regard to the company's objectives and the resulting challenges.

In this context, the Supervisory Board of RHÖN-KLINIKUM Aktiengesellschaft, with the assistance of a law firm, conducted a structured survey of the Supervisory Board members during the period from the end of 2021 to the end of February 2022. The period of the self-evaluation covered the work of the Supervisory Board from the 2020 Annual General Meeting.

The objective was to analyse the work of the Supervisory Board and on that basis develop recommendations for the future work of the Supervisory Board of RHÖN-KLINIKUM Aktiengesellschaft. The feedback was therefore systematically assessed and then presented and discussed by the chairman of the Supervisory Board in the plenary session at the meeting on 8 June 2022. Overall, the survey revealed a positive picture of the work performed by the Supervisory Board; at the same time, however, some issues showing room for improvement in terms of the cooperation and work in the body and its committees were also identified. The findings obtained have since been taken into account by the full Supervisory Board, the committees as well as by the Supervisory Board chairman and committee chairpersons in their work.

Corporate Governance and issue of the Declaration of Compliance

Pursuant to section 161 AktG, the management board and supervisory board of a German exchange-listed stock corporation are required to state each year in a Declaration of Compliance to what extent the company complies with the recommendations of the GCGC and where it deviates from such recommendations.

In November 2022, the Supervisory Board of RHÖN-KLINIKUM Aktiengesellschaft had approved the Declaration of Compliance prepared by the Audit Committee. Subsequently, the Declaration of Compliance had therefore been regularly revised and replaced by a Declaration of Compliance issued on 17 November 2022 by the Board of Management and the Supervisory Board.

Since the Declaration of Compliance is always to be issued in the same month as the previous year and the last ordinary meeting of the Supervisory Board of RHÖN-KLINIKUM Aktiengesellschaft in 2023 is due to be held in the month of December, the Supervisory Board, at its meeting on 15 December 2022, updated the Declaration of Compliance once again – with a content identical to the Declaration of Compliance of 17 November 2022.

Examination and approval of the 2022 financial statements

The Board of Management adopted the financial statements of the Company and the management report for the year ended 31 December 2022 in accordance with the provisions of the HGB, while the consolidated financial statements as at 31 December 2022 and Group management report for financial year 2022 were adopted pursuant to section 315e HGB in accordance with the principles set out in the International Financial Reporting Standards (IFRS). The auditor, KPMG, examined the annual financial statements and the management report of the Company for financial year 2022 as well as the consolidated financial statements and Group management report for financial year 2022. The statutory auditor issued an unqualified auditor's report in each case.

The financial statements and management report of the Company, the consolidated financial statements and Group management report as well as the reports of the auditor KPMG as statutory auditor on the result of its audit were received by all members of the Supervisory Board together with the Board of Management's proposal for the appropriation of the net distributable profit for the year. These documents were examined by the Supervisory Board and extensively discussed by the Audit Committee and by the Supervisory Board with representatives of the auditor at the respective balance sheet meetings. As part of the audit, the Audit Committee and the Supervisory Board examined both the accounting findings and the procedures and processes relating to the accounting findings. Based on the findings of the preliminary review by the Audit Committee, the Supervisory Board concurred with the findings of the auditor and, having conducted its own review, determined that it also sees no grounds for objections.

On recommendation of the Audit Committee, the Supervisory Board approved the annual financial statements of the Company and the consolidated financial statements prepared by the Board of Management at the meeting on 29 March 2023; the annual financial statements of the Company are thus adopted as final. The Supervisory Board approved the Board of Management's proposals for the appropriation of net distributable profit.

Moreover, the Supervisory Board, together with the Board of Management, adopted the remuneration report for financial year 2022 in accordance with section 162 AktG.

Review of separate condensed non-financial report

The Audit Committee and the Supervisory Board has furthermore examined the separate condensed non-financial report prepared with the Board of Management for 2022. KPMG has conducted a review to obtain limited assurance and has issued an unqualified report. The documents were carefully reviewed by the Audit Committee at its meeting on 28 March 2023 and by the Supervisory Board at its meeting on 29 March 2023. The Board of Management thoroughly explained the report at both meetings. Representatives of the auditor attended the meetings and reported on the key results of their review and answered additional questions from the Supervisory Board members. After its review, the Supervisory Board had no objections.

Audit of the Report on Relations to Affiliates

Since the takeover by Asklepios Kliniken GmbH & Co. KGaA in 2020 and in the absence of a controlling agreement, a Report on Relations to Affiliates (also known as dependent company report) pursuant to section 312 AktG was to be prepared by the Board of Management of the Company annually. This report must state all legal transactions effected by the Company in the past financial year with the controlling enterprise or an enterprise affiliated with it or at the request or in the interests of such enterprises, and all other measures it has taken or refrained from taking in the past financial year at the request or in the interests of such enterprises. The performance effected and consideration paid for the legal transactions, and the reasons for the measures and their advantages and disadvantages entailed for the Company and, in the case of disadvantages, how such disadvantages have been offset, must be stated.

KPMG, as statutory auditor, audited the Report of the Board of Management on Relations to Affiliates and issued the following auditor's opinion:

"Based on our duly performed audit and assessment, we hereby confirm that

1. the factual statements of the Report are true,
2. for the legal transactions as specified in the Report, the consideration paid by the Company was not unduly high."

The Supervisory Board examined the Report of the Board of Management on Relations to Affiliates. At our meeting on 29 March 2023, which was attended by KPMG as statutory auditor, we discussed the Report with the Board of Management thoroughly. Questions put to the Board of Management on individual legal transactions and measures specified in the Report were answered by the Board of Management fully and to the satisfaction of the Supervisory Board. Based on its review the Supervisory Board takes the view that the Report of the Board of Management on Relations to Affiliates satisfies the legal requirements. Following the conclusive findings of the reviews conducted by the Supervisory Board, no objections are to be raised against the declaration by the Board of Management at the end of the Report. Moreover, the Supervisory Board approved the audit report of the statutory auditor.

Composition of the Board of Management and changes in the Board of Management

Pursuant to section 7 (1) of the Company's Articles of Association, the Board of Management is made up of three persons unless expressly stipulated otherwise by the Supervisory Board.

By expiry of 31 October 2022, the Board of Management of RHÖN-KLINIKUM Aktiengesellschaft was composed of four persons – Dr Christian Höftberger, Dr Stefan Stranz, Dr Gunther K. Weiß and Prof. Dr Bernd Griewing. As a result of personnel changes on the Board of Management (in this regard see "Work of the Supervisory Board in the plenary session" above), the Board of Management of the Company has now been made up of only three persons since 1 November 2022: Prof. Dr Tobias Kaltenbach (CEO), Dr Stefan Stranz (CFO) and Dr Gunther K. Weiß (COO).

The personal details, functions and duties of the individual members of the Board of Management are presented in detail under the heading "Corporate bodies of the Company".

Composition of the Supervisory Board and changes in the Supervisory Board

Pursuant to Section 10 (1) of the Articles of Association of RHÖN-KLINIKUM Aktiengesellschaft in conjunction with the requirements of the Co-Determination Act (MitBestG), the Supervisory Board of RHÖN-KLINIKUM Aktiengesellschaft is comprised of 16 members. Eight Supervisory Board members are elected by the shareholders and eight Supervisory Board members by the employees. In accordance with section 96 (2) AktG, at least 30 per cent of the Supervisory Board is to be made up of women and at least 30 per cent of men, which – relative to the entire Supervisory Board – corresponds to at least five seats in each case. The minimum share must be met by the Supervisory Board as a whole, since neither the shareholder nor employee representatives raised any objections regarding the issue of overall compliance.

After Nicole Mooljee Damani left the Supervisory Board with effect from 8 January 2022, the Local Court (Amtsgericht) of Schweinfurt by decision of 2 March 2022 appointed Dr Cornelia Sufke as member of the Supervisory Board of the Company. Dr Sufke was then elected as member of the Supervisory Board by the Annual General Meeting on 8 June 2022 for the period until conclusion of the Annual General Meeting resolving on formal approval of actions for financial year 2024.

The personal details of the members of the Supervisory Board in 2022 are set out in the notes to the consolidated financial statements. The section also provides information on the professional qualifications of the Supervisory Board members as well as their further mandates. The organisational structure of the Supervisory Board and the composition of the committees during the past financial year are set out in the overview provided following this Report.

The Supervisory Board thanks the members of the Board of Management, all employees of the Group as well as the employee representatives of all Group companies for their tremendous commitment and work performed during the past financial year which presented huge challenges for everyone.

The Supervisory Board

Dr Jan Liersch
Chairman

Bad Neustadt a. d. Saale, 29 March 2023

OVERVIEW OF THE ORGANISATIONAL STRUCTURE OF THE SUPERVISORY BOARD AND COMPOSITION OF THE STANDING COMMITTEES (AS AT 31 DECEMBER 2022)

1. Composition of the Supervisory Board

Dr Jan Liersch
Chairman

Georg Schulze
1st Deputy Chairman

Hafid Rifi
2nd Deputy Chairman

Members	Number of meetings: 7	
	Attendance	
Peter Berghöfer	7	100%
Nicole Mooljee Damani (until 8 January 2022)	/	/
Dr Julia Dannath-Schuh	6	86%
Regina Dickey	7	100%
Peter Ducke	7	100%
Prof. Dr Leopold Eberhart	7	100%
Irmtraut Gürkan	6	86%
Kai Hankeln	6	86%
Dr Jan Liersch	7	100%
Dr Martin Mandewirth	7	100%
Dr Thomas Pillukat	7	100%
Christine Reißner	7	100%
Hafid Rifi	7	100%
Oliver Salomon	7	100%
Georg Schulze	7	100%
Dr Cornelia Sufke (from 2 March 2022)	6	100%
Marco Walker	6	86%

2. Composition of the standing committees

Personnel Affairs Committee

Chairman Dr Jan Liersch

Members	Number of meetings: 3	
	Attendance	
Peter Ducke	3	100%
Kai Hankeln	3	100%
Dr Jan Liersch	3	100%
Dr Thomas Pillukat	3	100%

Nomination Committee

Chairman Dr Jan Liersch

Members	Number of meetings: 0	
	Attendance	
Kai Hankeln		
Dr Jan Liersch		
Hafid Rifi		

Mediation Committee

Chairman Dr Jan Liersch

Members	Number of meetings: 0	
	Attendance	
Kai Hankeln		
Dr Jan Liersch		
Dr Thomas Pillukat		
Georg Schulze		

Committee for Decisions on Related-Party Transactions

Chairman Dr Jan Liersch

Members	Number of meetings: 0	
	Attendance	
Nicole Mooljee Damani (until 8 January 2022)		
Irmtraut Gürkan (from 23 March 2022)		
Dr Jan Liersch		
Oliver Salomon		
Georg Schulze		

Audit Committee

Chairman Hafid Rifi

Members	Number of meetings: 4	
	Attendance	
Peter Berghöfer	4	100%
Regina Dickey	4	100%
Prof. Dr Leopold Eberhart	4	100%
Irmtraut Gürkan	4	100%
Dr Jan Liersch	4	100%
Hafid Rifi	4	100%

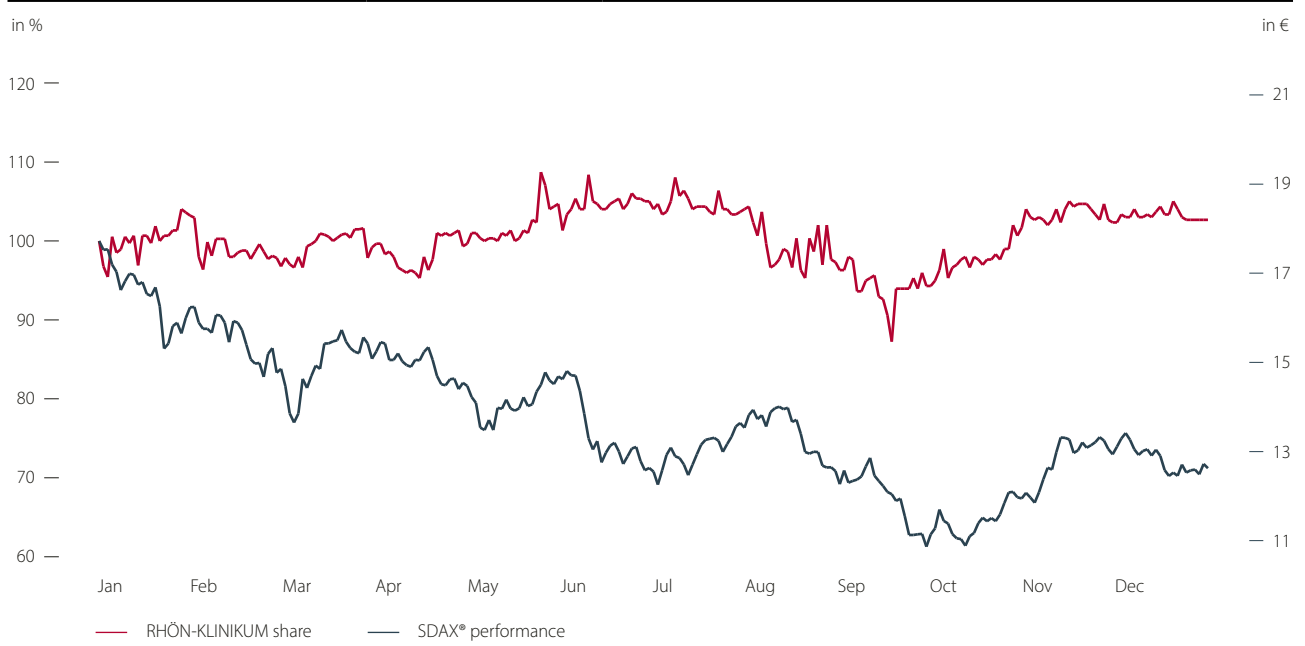
Medical Innovation and Quality Committee

The Supervisory Board dissolved the Medical Innovation and Quality Committee by resolution of 23 March 2022. Before its dissolution, the Committee did not hold any meetings during financial year 2022.

THE RHÖN-KLINIKUM SHARE

The RHÖN share started 2022 at a XETRA price of 14.90 euros, reaching its high for the year of 16.20 euros on 27 May 2022. The RHÖN share closed the stock market year at a XETRA price of 15.30 euros. Despite global geopolitical crises, above all the war in Ukraine, and the shift in monetary policy, RHÖN shares increased by 6.4 percent in the course of the year, contrary to the downward trend on the stock markets.

RHÖN-KLINIKUM SHARE IN COMPARISON WITH THE SDAX®



Source: XETRA® stock performance indexed (3 January 2022 = 100)

Performance of stock markets

Compared with the RHÖN share, the German leading index DAX® declined in 2022 by 12.3 per cent to close the stock market year at 13,924 points. Other comparison indices likewise saw a disproportionately moderate performance against the RHÖN share. The second-tier

index SDAX® fell by 27.3 per cent and closed the stock market year at 11,926 points. During the same period, the European leading index DJ EURO STOXX 50® gave up 11.9 per cent. The benchmark index for European stocks from the healthcare industry, DJ EURO STOXX Healthcare®, witnessed a 16.9 per cent decline.

RHÖN-KLINIKUM SHARE

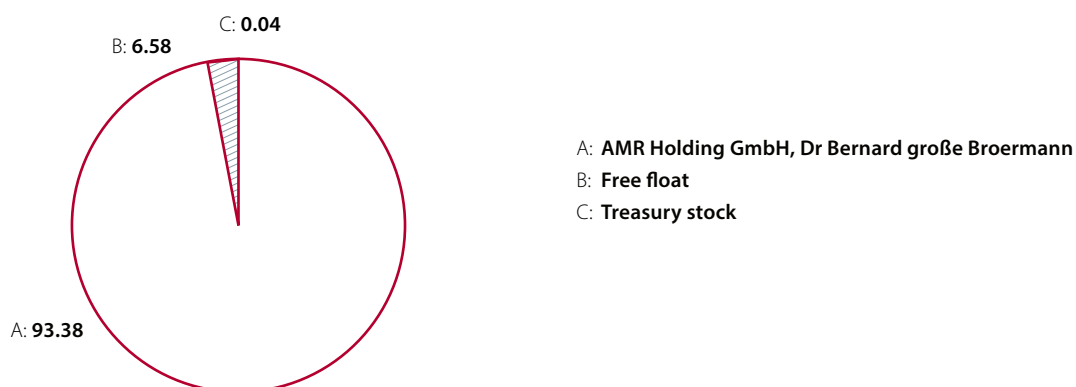
ISIN	DE0007042301	
Ticker symbol	RHK	
Share capital (€)	167,406,175	
Number of shares	66,962,470	
Share prices (€)	01.01.–31.12.2022	01.01.–31.12.2021
Closing price	15.30	14.38
High	16.20	16.30
Low	13.00	14.30
	31.12.2022	31.12.2021
Market capitalisation (€ m)	1,024.53	962.92

Shareholder structure

According to the notifications of voting rights made pursuant to section 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), the shareholder structure of RHÖN-KLINIKUM AG is as follows.

SHAREHOLDER STRUCTURE OF RHÖN-KLINIKUM AG

In %



As at 31 December 2022 (on the basis of the most recent notification of voting rights to the company)

Prime Standard and indices membership

The RHÖN share is admitted to the Prime Standard of the Frankfurt Stock Exchange, the segment with the highest post-admission obligations for exchange-listed companies, and thus upholds the highest level of transparency.

The RHÖN share is listed in the CDAX composite index and the sector index DAXsector Pharma+Healthcare.

Capital market communication

RHÖN-KLINIKUM AG is committed to transparent and fair communication. That is why investor relations (i.e. the dealings it has with the shareholders) take high priority for RHÖN-KLINIKUM AG. As part of its financial market communication, RHÖN-KLINIKUM AG therefore again strived in 2022 to convey a realistic picture of the Group. For that purpose, RHÖN-KLINIKUM AG makes available to investors, analysts and all other interested market participants a platform with comprehensive and timely information. Moreover, RHÖN-KLINIKUM AG seeks a direct, ongoing and personal dialogue with investors and analysts.

As part of its financial reporting, RHÖN-KLINIKUM AG provides information on operating business performance each quarter. Investors, analysts and the media are given current and share price-relevant information on the Group directly, in real time. Moreover, such information is published promptly as news items on the Company's website. Further sources of information are regular annual events such as the analyst conference, the results press conference and the Annual General Meeting. The next Annual General Meeting will be held on Wednesday, 7 June 2023.

DATES FOR SHAREHOLDERS AND ANALYSTS IN 2023

30 March	Results Press Conference: publication of 2022 Annual Financial Report
11 May	Publication of Interim Report for the quarter ending 31 March 2023
7 June	Annual General Meeting
10 August	Publication of Half-Year Financial Report as at 30 June 2023
9 November	Analyst conference: publication of Interim Report for the quarter ending 30 September 2023

You will also find the financial calendar containing all important financial dates for 2023 on the website at www.en.rhoen-klinikum-ag.com under the "Investor Relations" section.

Corporate Social Responsibility Report

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We are the reliable partner for our stakeholders

As RHÖN-KLINIKUM AG, we are a provider of healthcare services, an employer and a company all rolled into one. This entails a wide range of responsibilities in terms of medical, environmental and social matters. We accept this responsibility by providing medical services to the highest standards and by committing ourselves to the multifaceted field of sustainability every day. We succeed in responding to the broad and diverse interests of our stakeholders. We stand firmly at the side of our patients, employees, business partners and investors as a reliable partner. At the same time we are securing our Company's sustainable growth.

Corporate Social Responsibility Report

SUSTAINABILITY MANAGEMENT AND ORGANISATION

For us, sustainability has long been firmly established as part of our corporate strategy. Environmental, governance and social matters are just as important to us as issues from the medical world.

Sustainability as an integral part of our corporate strategy

✓ | We do not understand sustainability as just something that is “nice to have” but rather as being an integral part of the corporate strategy of RHÖN-KLINIKUM AG. That is why all members of the Board of Management deal with this in their work whilst ensuring that all aspects of this subject are continuously enhanced and promoted within the Company. As a healthcare group, we embrace our medical, ecological and social responsibility.

✓ | Another way in which we define ourselves and the goals we strive to achieve is by expecting each employee of RHÖN-KLINIKUM AG to act with integrity at all times. In this regard, the principles of conduct of our Corporate Code set out both the conduct of all employees amongst themselves and the relationship between employees and patients. In addition, continuously updated Group-level works council agreements between the Board of Management and the employee representatives ensure the personal integrity of our employees in their relationship with external entities.

Our sustainability reporting

✓ | The present Corporate Social Responsibility Report (CSR Report) includes the separate condensed Non-Financial Report (NFR) in accordance with sections 315b, 315c in conjunction with sections 289b to 289e of the German Commercial Code (Handelsgesetzbuch, HGB). RHÖN-KLINIKUM AG thus fulfils the reporting requirements of the German Commercial Code both at the Company level and the Group level. Unless otherwise indicated, all information stated refers to the parent (AG or joint stock corporation) and the Group equally. Above and beyond the statutory requirements, we voluntarily report on specific employee issues as well as on supplier management.

✓ | In our sustainability reporting the term “Asklepios Group” refers to those companies that belong to the corporate group of Asklepios Kliniken GmbH & Co. KGaA. The term “Asklepios” refers to Asklepios Kliniken GmbH & Co. KGaA. The abbreviation “UKGM” as used in the following refers to the university hospital corporate entity Universitätsklinikum Gießen und Marburg GmbH.



We do not understand sustainability as just something that is ‘nice to have’ but rather as being an integral part of the corporate strategy of RHÖN-KLINIKUM AG.



✓ | The reporting period is from 1 January to 31 December 2022. The NFR covers all Group subsidiaries included in the consolidated financial statements. We, moreover, report on the results achieved and measures taken in connection with the strategic collaboration with the Asklepios Group. You will find information on our business model in the Group Management Report of this Annual Report in the Basic Characteristics of the RHÖN-KLINIKUM Group section and on the Internet under the link www.rhoen-klinikum-ag.com.

✓ | The paragraphs marked with a "tick" (✓) form the NFR and were reviewed by the accounting firm KPMG AG Wirtschaftsprüfungsgesellschaft in accordance with the auditing standard ISAE 3000 (Revised) with limited assurance (in this regard, see Auditor's Report).

✓ | In addition, this year the option of orienting ourselves on general reporting frameworks on sustainability subjects when preparing the NFR was not exercised since our sustainability management is currently being expanded and medical subjects are not reflected in the relevant frameworks. However, we review this decision regularly.

✓ | References to statements outside the Group Management Report constitute additional information and are not part of the NFR.

Reporting according to EU taxonomy

✓ | With the European "Green Deal", the European Union (EU) has set the goal of achieving climate neutrality by 2050. One element of the action plan developed for this is Regulation (EU) 2020/852 ("EU Taxonomy Regulation"), which serves as a classification system for environmentally sustainable economic activities and aims at diverting capital flows into sustainable investments.

✓ | Under the new EU Taxonomy Regulation, RHÖN-KLINIKUM AG is required to publish data on revenues (REV), capital expenditure (CapEx) and operating expenditure (OpEx) that relate to environmentally sustainable economic activities. Pursuant to Article 3 of the EU Taxonomy Regulation, economic activities are deemed to be environmentally sustainable and taxonomy-aligned where such activities contribute substantially to one or more environmental objectives, do not significantly harm any of the other environmental objectives and meet the requirements for compliance with the minimum safeguards.

✓ | For the first time in financial year 2022, the Company was also required to report, in addition to the degree of taxonomy eligibility, on the extent of taxonomy compliance of the identified economic activities. The following statements relate only to the environmental targets "climate change mitigation" and "climate change adaptation" since technical screening criteria for these have been provided by Delegated Regulation (EU) 2021/2139. The amendment or extension of this list of criteria by Delegated Regulation (EU) 2022/1214 is also taken into account. Since so far no delegated act has been published for the other four environmental targets, it is not yet possible to report on these.

Taxonomy-eligible economic activities

✓ | To identify the taxonomy-eligible economic activities, an impact analysis was performed last year. This was used as a basis for this year's identification of the taxonomy-eligible economic activities of RHÖN-KLINIKUM AG and revised. Based on this impact analysis, we updated and supplemented the impact analysis for 2022 in a working group made up of numerous specialist departments and representatives from our subsidiaries. All subsidiaries that perform a substantial taxonomy-eligible economic activity were included in this process.



With the European 'Green Deal', the European Union (EU) has set the goal of achieving climate neutrality by 2050.





Based on the previous year, we updated and supplemented the impact analysis for 2022 in a working group made up of numerous specialist departments and representatives from our subsidiaries.



The following taxonomy-eligible economic activities were identified as a result of the analysis:

ECONOMIC ACTIVITY

	Economic activity	Type of economic activity
3.3	Manufacture of low carbon technologies for transport	Hybrid vehicles
4.29	Electricity generation from fossil gaseous fuels	Cogeneration plants (CHPs)
4.30	High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	Cogeneration plants (CHPs)
7.1	Construction of new buildings	Construction of new paediatric and juvenile psychiatry clinic at Marburg site
7.2	Renovation of existing buildings	Incl. refurbishment of administrative building at Bad Neustadt site
7.3	Installation, maintenance and repair of energy efficiency equipment	Installation and replacement of energy-efficient light sources; installation of air conditioning system
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Charging stations for electric vehicles
7.6	Installation, maintenance and repair of renewable energy technologies	Photovoltaic system

Taxonomy-aligned economic activities

✓ | For the review of taxonomy compliance, the following approach was taken:

- Review of compliance with the technical screening criteria with regard to each economic activity classified as taxonomy-eligible
- Review of fulfilment of requirements for minimum safeguards

✓ | After that, in addition to the degree of taxonomy eligibility, the degree of taxonomy conformity of the identified economic activities was determined and presented using the mandatory templates. The above taxonomy-eligible economic activities for 2022 were assigned to the environmental target “climate change mitigation”. To avoid double counting, plausibility tests were performed when preparing the CapEx and OpEx key performance indicators. For example, in the area of construction expenditures new construction projects were viewed separately from refurbishment projects and individual measures. The key performance indicators are based on the accounting methods used in financial reporting. In the event of uncertainties regarding the interpretation of terms and expressions used in the EU Taxonomy Regulation and in the Delegated Acts, the additional publications of the EU Commission in the form of FAQs and also the “Questions and Answers” published by the IDW were used as orientation.

Turnover KPI

✓ | As in the previous year, no taxonomy-eligible economic activities were identified for RHÖN-KLINIKUM AG for financial year 2022 based on the criteria list. For this reason, 0 per cent of the turnover (previous year: 0 per cent) of RHÖN-KLINIKUM AG are to be classified as taxonomy-eligible or taxonomy-aligned.

Economic activities	Codes	Absolute turnover euros	Proportion of turnover %	Criteria for a substantial contribution					
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %
A. TAXONOMY-ELEGIBLE ACTIVITIES									
A.1. Environmentally sustainable economic activities (taxonomy-aligned)									
Revenue for environmentally sustainable activities (taxonomy-aligned) (A.1.)	–	0	0	–	–	–	–	–	–
A.2. Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)									
Revenue for taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2.)	–	0	0						
Total (A.1 + A.2)	–	0	0						
B. NON-TAXONOMY-ELEGIBLE ACTIVITIES									
Revenue for non-taxonomy-eligible activities	–	1,446,086,187	100						
Total (A + B)	–	1,446,086,187	100						

DNSH criteria ("Do No Significant Harm")										
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned OpEx share, year N	Taxonomy-aligned OpEx share, year N-1	Category (enabling activities)	Category (transitional activities)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
-	-	-	-	-	-	-	0	0	-	-
							0	0	-	-
							0	0	-	-

CapEx KPI

✓ | The basis of calculating (denominator) the capital expenditures includes additions of property, plant and equipment and intangible assets as well as rights of use in accordance with IFRS 16 before depreciation/amortisation and any revaluations for the financial year.

✓ | The CapEx KPI, pursuant to Annex I 1.1.2.2 of Delegated Regulation (EU) 2021/2178 indicates the part (numerator) of capital expenditure that is related to either taxonomy-aligned economic activity (a), part

of a plan to expand or achieve environmentally sustainable economic activity (CapEx plan) (b), or related to the purchase of products and services output by taxonomy-aligned economic activities (c).

✓ | For financial year 2022, RHÖN-KLINIKUM AG reports 44.5 per cent taxonomy-eligible CapEx (previous year 50.9 per cent) and 0.0 per cent taxonomy-aligned CapEx.

Economic activities	Codes	Absolute CapEx euros	Share of CapEx %	Criteria for a substantial contribution						
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	
A. TAXONOMY-ELEGIBLE ACTIVITIES										
A.1. Environmentally sustainable economic activities (taxonomy-aligned)										
7.3 Installation, maintenance and repair of energy-efficient equipment	F.43	18,120	0.0	100	0	0	0	0	0	0
CapEx for environmentally sustainable activities (taxonomy-aligned) (A.1.)	F.43	18,120	0.0	100	0	0	0	0	0	0
A.2. Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)										
3.3 Creation of low-carbon transportation technologies	C.29.1	127,573	0.2							
7.1 Construction of new buildings	F.41.2	5,915,473	10.6							
7.2 Renovation of existing buildings	F.41, F.43	18,651,548	33.5							
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and on parking spaces belonging to buildings)	F.43	25,084	0.0							
7.6 Installation, maintenance and repair of technologies for renewable energies	F.43	40,447	0.1							
CapEx for taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2.)	C.29.1, F.41, F.41.2, F.43	24,760,125	44.5							
Total (A.1 + A.2)	C.29.1, F.41, F.41.2, F.43	24,778,246	44.5							
B. NON-TAXONOMY-ELEGIBLE ACTIVITIES										
CapEx for non-taxonomy-eligible activities (B)	Q.86.1	30,907,704	55.5							
Total (A + B)	C.29.1, F.41, F.41.2, F.43, Q.86.1	55,685,949	100.0							

DNSH criteria ("Do No Significant Harm")											
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned CapEx share, year N	Taxonomy-aligned CapEx share, year N-1	Category (enabling activities)	Category (transitional activities)	
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
Y	Y	-	-	-	Y	-	Y	0.0	E		
Y	Y							0.0			

OpEx KPI

✓ | The underlying (numerator) operating expenditures result amongst other things from the direct, non-recognised costs relating to research and development, building refurbishment measures, short-term leases, maintenance and repairs.

✓ | The OpEx KPI, pursuant to Annex I 1.1.3.2 of Delegated Regulation (EU) 2021/2178 indicates the part (numerator) of operating expenditures that is associated with either a taxonomy-aligned eco-

nomically activity (a), part of a plan to expand or achieve environmentally sustainable economic activity (CapEx plan) (b), or related to the purchase of products and services output by taxonomy-aligned economic activities (c).

✓ | For financial year 2022, RHÖN-KLINIKUM AG reports 18.2 per cent taxonomy-eligible OpEx (previous year: 15.1 per cent) and 0.0 per cent taxonomy-aligned OpEx (c).

Economic activities	Codes	Absolute OpEx euros	Share OpEx %	Criteria for a substantial contribution					
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %
A. TAXONOMY-ELEGIBLE ACTIVITIES									
A.1. Environmentally sustainable economic activities (taxonomy-aligned)									
A.2. Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)									
7.2 Renovation of existing buildings	F.41, F.43	11,155,046	18.0						
4.29 Electricity generation from fossil gaseous fuels	D.35.11	56,000	0.1						
4.30 High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels	D.35.30	56,000	0.1						
OpEx for taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2.)	D.35.11, D.35.30, F.41, F.43	11,267,046	18.2						
Total (A.1 + A.2)	D.35.11, D.35.30, F.41, F.43	11,267,046	18.2						
B. NON-TAXONOMY-ELEGIBLE ACTIVITIES									
OpEx for (non-taxonomy-eligible activities) (B)	Q.86.1	50,540,472	81.8						
Total (A + B)	D.35.11, D.35.30, F.41, F.43, Q.86.1	61,807,518	100.0						

DNSH criteria ("Do No Significant Harm")

Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned OpEx share, year N	Taxonomy-aligned OpEx share, year N-1	Category (enabling activities)	Category (transitional activities)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

Compliance with minimum safeguards

✓ | Since RHÖN-KLINIKUM AG is required to show exclusively CapEx and OpEx relating to the purchase of products from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, the compliance review must have already been carried out at the supplier level. Such review also covers the minimum safeguards.

✓ | RHÖN-KLINIKUM AG in particular supports the SME segment. As a general rule, it therefore procures its services and goods from smaller, local businesses. These businesses were unable to show compliance with the minimum safeguards referred to in Article 3(c) of the EU Taxonomy Regulation.

Template for gas

✓ | The economic activities 4.29 “Electricity generation from fossil gaseous fuels” and 4.30 “High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels” were added, which are to be considered for the first time as a result of the criteria catalogue being extended by Delegated Regulation (EU) 2022/1214. RHÖN-KLINIKUM AG operates cogeneration plants (CHPs) to generate electricity and heat from fossil gaseous fuels at its Bad Berka, Bad Neustadt, Giessen and Marburg sites. The plants are primarily used for self-generation. The activities in the area of generating electricity from fossil gaseous fuels as well as the operation of plants for cogeneration of heat/power from fossil gaseous fuels were not reflected in CapEx at all and only insignificantly in OpEx. RHÖN-KLINIKUM AG has no economic activities in the areas of nuclear energy. Given the scope of presentation of Templates 1 to 5 of Delegated Regulation (EU) 2022/1214, a tabular presentation was not used since no taxonomy compliance as a result of economic activities 4.29 and 4.30 exists and therefore most of the templates would contain nil reports.

Material topics

✓ | The Board of Management of RHÖN-KLINIKUM AG has thoroughly examined the materiality analysis and deems the following subjects to be material for RHÖN-KLINIKUM AG:

- Patient safety
- Patient satisfaction
- Employee health
- Reducing waste (including food waste)
- Reducing water consumption
- CO₂ reduction
- Strengthening awareness of Code of Conduct/principles of action

✓ | These issues are necessary both for understanding the business performance, results of operations and position as well as the impact of business operations on the non-financial aspects. They are of particular strategic importance for business development and represent areas of focus for us that are to be driven forward and guided by measures and the appropriate KPIs. We report in detail on the objectives, actions and results in the relevant sections as set out in the table below.

As part of responsible corporate governance, we also regard training, including continued and higher-qualification training, data protection and supplier management as important subjects and report on them voluntarily.

✓ | NFR REFERENCING

Aspect referred to in section 289 (2) HGB	Specific aspect relevant to RHÖN-KLINIKUM AG	Reported in section
Social matters	Patient safety Patient satisfaction	Patients
Employee matters	Employee health	Employees
Anti-corruption Respect of human rights	Strengthening principles of conduct	Compliance
Environmental matters	Reducing waste (including food waste) Reducing water consumption CO ₂ reduction	Environmental protection

Non-financial risks

✓ | The Board of Management of RHÖN-KLINIKUM AG has implemented a Group-wide risk management system to detect imminent risks early on and to specifically counter them in a systematic process. At the same time, our risk management function relates not only to financial risks but also all manner of risks within the Company. We regard the risk to the life and health of our patients potentially resulting from a medical intervention as the greatest risk.

✓ | RHÖN-KLINIKUM AG has implemented risk reduction measures. On a net view of risks (including COVID-19), no risks were identified that are very likely to have a serious adverse impact on these aspects.

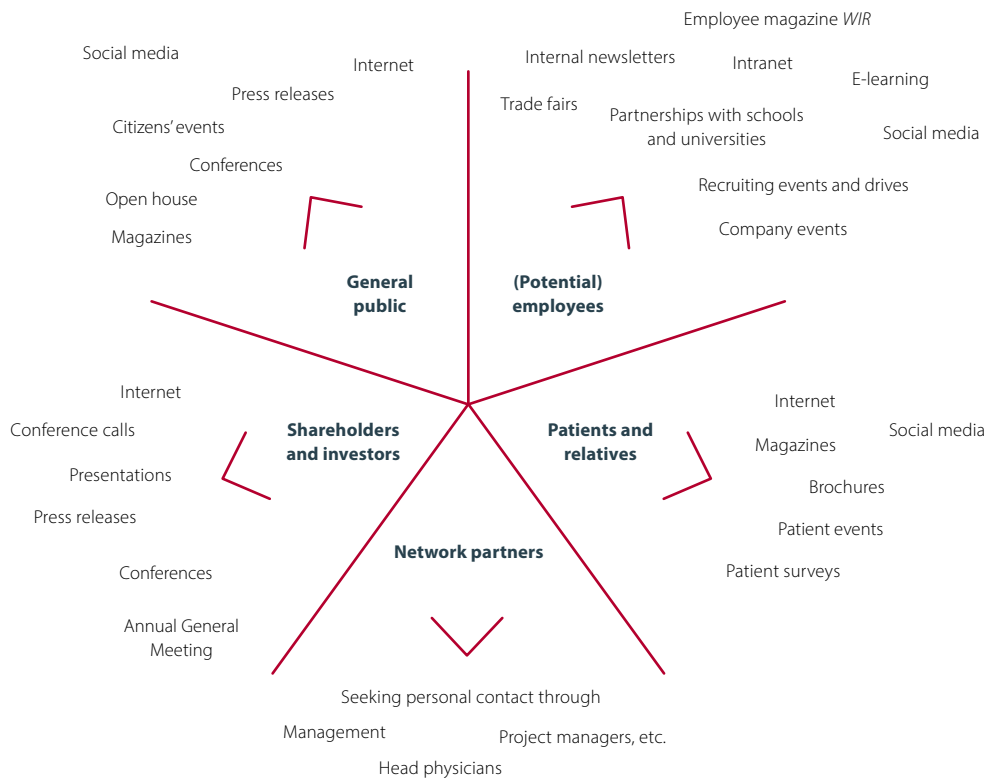
✓ | For detailed information on our risk management and our material risks, including those in connection with non-financial aspects, please see section Opportunities and Risk Report of our Group Management Report.

Our stakeholders

✓ | Our patients and their well-being are always our first priority. That is why their feedback is especially important to us. But maintaining a continuous dialogue with our other stakeholders – i.e. patients’ relatives, (potential) employees, the general public, the shareholders and investors, as well as the members of our network – is also important to us.

✓ | You will find further information on patient communication in the section Patients on the following pages of this Report.

✓ | FORMS OF DIALOGUE WITHIN STAKEHOLDER ENVIRONMENT



PATIENTS

Ensuring the safety and satisfaction of our patients is what we put first. We achieve this goal in close collaboration with our partners in the Asklepios Group through our joint expectations of medical excellence and a comprehensive quality management programme with interfacility structures. In this way we can introduce innovations, live up to our own standards of quality and set new standards.

Our management approach

✓ | We commit ourselves daily to ensuring the patients turning to us feel safe, are happy and receive excellent medical care. We achieve these goals in collaboration with our partners. Together with them, we are constantly seeking ways to improve the quality of our medical services, integrate innovative technologies and further improve clinical processes.

✓ | For this purpose, an exchange takes place in medical bodies that we have harmonised and integrated during the reporting period just ended. Representatives from RHÖN-KLINIKUM AG are on the Medical Advisory Board of Asklepios Group and, in turn, representatives of Asklepios Group are appointed to our medical expert panels. Furthermore, regular meetings are held both at the level of the chief medical officers (CMOs) and amongst the head physicians of both companies.

Group-wide exchange amongst doctors with the newly structured corporate bodies

✓ | Our organisational structure enables good collaboration between the various departments and sites of RHÖN-KLINIKUM AG – especially through the medical expert panels. Up to the end of April 2022, the Medical Board made a decisive contribution in this regard. This standing advisory body to the Board of Management and the management bodies of the hospitals is made up of top physicians from various medical disciplines and sites. The medical body's work now takes place primarily at the operative level and in the context of the expert medical panels. This work on the medical bodies is supplemented by consultations of representatives from the medical management boards and directors with the CMO.

✓ | Interdisciplinary and/or overarching subjects of a medical-strategic nature that concern all subgroups of the Asklepios Group are discussed in the Medical Advisory Board of Asklepios. This body is made up of representatives from Asklepios, RHÖN-KLINIKUM AG and Mediclin AG. The consultations are supplemented and complemented by regular coordination efforts of the CMOs.

Further increase in importance and responsibilities of expert panels

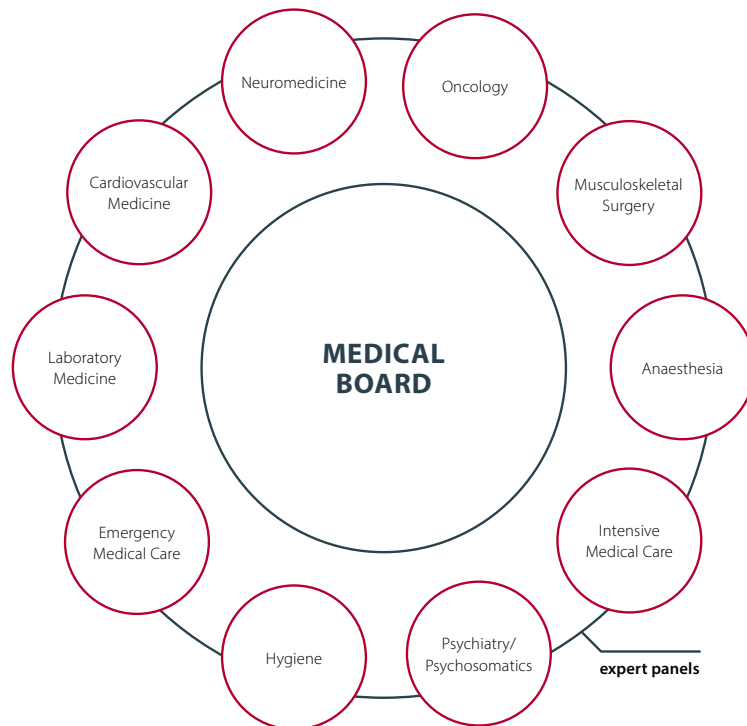
✓ | Physicians and nursing staff from the respective specialist areas from different sites meet in our medical expert panels. They also deliberate on non-medical issues in the Group divisions of Materials Management, IT and Human Resources. Thanks to such networked, interfacility exchange, this ultimately also benefits patients from all Group hospitals. Most of the various expert panels meet bi-annually in hybrid events. This was also the case during the reporting period just ended. New areas have emerged that are now regularly part of the agenda. These include recruiting and human resources development, quality management and communications work. Moreover, the panels in 2022 once again examined outpatient medicine, standardisation in materials management as well as the trend in costs and service volumes and made their recommendations to the medical management boards



Thanks to such networked, interfacility exchange, this ultimately also benefits patients from all Group hospitals.



✓ | MEDICAL BOARD – ADVISORY BODY MADE UP OF TOP-RANKING PHYSICIANS



and directors of the various sites. As a new area of focus in the four expert panels of Oncology, Musculoskeletal, Cardiovascular Medicine and Neuromedicine, the representation of the potential of outpatient medicine of the specialist disciplines was elaborated, which is likewise presented by the cost and performance controlling department. As in the previous year, our management of the COVID-19 pandemic or the analysis of scientific studies was on the agenda.

✓ | Following the strategic harmonisation of the medical bodies with the Asklepios Group, each expert panel was expanded in 2021 by two to three members from various Asklepios hospitals. This has helped to enhance Group-wide networking of medical experts and knowledge transfer. During the reporting period, the number of expert panels remained unchanged at ten. The “Quality Management and Clinical Risk Management Forum” established in 2021 met regularly. The meetings promoted a greater exchange of information amongst the group divisions and contributed to harmonisation and especially to ensuring the greatest possible safety for patients and employees within the Asklepios Group.

Efforts to further ramp up collaboration with the Asklepios Group – also with digital assistance

✓ | During the reporting period just ended, we steadily enhanced our strategic collaboration with the Asklepios Group. We already work together constructively in many areas – for example, when it comes to reporting on medical quality and the use of software for ensuring and enhancing patient safety. The CIRS software we use for internal critical incident reporting allows us to report and respond to critical incidents and to create a comparison basis within the Asklepios Group.

✓ | In the course of 2022, we made the necessary preparations to conduct the patient satisfaction survey uniformly at all sites as of January 2023 and create comparability within the Asklepios Group. All sites are now using a uniform questionnaire based on the one used by the Asklepios Group. The procedure was also harmonised and has been followed continuously throughout the entire corporate group since 1 January 2023.

Further development of outpatient care

✓ | In the course of 2022, we established the outpatientisation working group. In this body the participating experts develop new cross-sector concepts and strategies whilst maintaining the high quality of treatment and care provided to our patients. We created this working group in response to the changed political and social environment and thus act on the trend towards outpatientisation in the healthcare system.

Medical strategy and objectives

✓ | We want to ensure excellent medical care for everyone and at all times. Our goals are to continuously improve the quality of medical care, further increase patient safety and satisfaction, and improve patient communications and patient services. We moreover want to achieve a fulfilment rate of at least 90 per cent for statutory quality assurance. We also achieved this self-defined goal in 2022.

✓ | Our medical strategy focuses on cross-sector care and digitalisation. We examine and treat our patients using the latest evidence-based therapy procedures with state-of-the-art medical technology, offer comprehensive treatment and care and in this way create the basis for sustainable treatment success.

✓ | We also plan to broaden our existing scope of outpatient care and collaboration with the aim of avoiding unnecessary inpatient hospital stays for our patients. We also expect this strategic collaboration with the Asklepios Group to be a stepping stone towards further promoting the development of the medical strategy of RHÖN-KLINIKUM AG.

Efforts to fight COVID-19 pandemic once again successful

✓ | The subject of COVID-19 with its many facets and impact on our organisational structures unfortunately also played a role during the 2022 reporting period. Our hospital and interfacility taskforce was only put on standby during the summer months given the lower incidence and case numbers at that time. Since October 2022, the body has once again been meeting regularly to take the actions necessary depending on how the pandemic develops at each of the various sites. This body brings together experts from all relevant areas, including the CMO, the hospital hygiene department and management boards of the hospitals, the medical directors of the hospital sites, the Group divisional heads for patient safety, quality management and hygiene, materials management, human resources and finance as well as corporate communications. This allows the sites to respond flexibly to the development of the pandemic in each specific region and in close collaboration with the local health authorities. The expertise of our physicians and scientists was also increasingly sought out in various bodies at the state and federal level.

Medical excellence

✓ | During the 2022 reporting period, we took numerous measures to help improve medical excellence and the quality at our Company for the well-being of patients. We wish to present some of these to you in the following.

Outpatient care offering further expanded

✓ | Once again, we further expanded our position as a medical care centre (MVZ) at several sites. This included the establishment of two practices for nutritional medicine. The practice at the MVZ of Klinikum Frankfurt (Oder) has been in operation since 2021; the other one at the Bad Neustadt site has been operated as an intermediate care practice for nutritional medicine since July 2022. Patients with certain clinical presentations that can be positively influenced by nutrition can seek and receive advice and treatment on the best diet for them. In the context of preventive medicine, the offering of the nutritional practice is also intended for all those interested in a healthy diet and lifestyle. The MVZ at our Zentralklinik Bad Berka site has likewise expanded its offering and has been providing outpatient care with laboratory services since May 2022.

✓ | The MVZ of the Klinikum Frankfurt (Oder) healthcare campus has had an integrated physiotherapy practice since July 2022 and an orthopaedic practice since May 2022.

✓ | At the University Hospital of Marburg, a special outpatient department has been set up for patients who have been suffering from COVID-19 vaccination side effects and long-term post-COVID symptoms (also known as long COVID).



We want to ensure excellent medical care for everyone and at all times.



Forging ahead with digitalisation

✓ | Medical excellence can only be achieved if we avail ourselves of all available technical support means and always ensure that our equipment is state-of-the-art.

✓ | For example, we succeeded in enhancing the area of teledermatology over the reporting period. The dermatology unit of the University Hospital of Marburg offers its teleconsulting service to the acute clinic of the RHÖN-KLINIKUM Campus Bad Neustadt and to the psychosomatic clinics. Through the fast, digital exchange of data and the involvement of the experts from Marburg University, we save precious time in the treatment process and thus improve the quality of diagnosis and care. Despite the physical distance separating them, the Marburg dermatologists are in direct contact with the patient and assist their colleagues with diagnosis and therapy. A bi-weekly telemedical consultation was set up specifically for this purpose. Images and data are exchanged and discussed amongst the doctors via live video transmission, for example, in an electronic visit made right at the patient's bedside. Any photos and relevant information relating to the patient can be sent in advance. At the end of 2021, a new technical platform was installed at the University Hospital of Marburg and the related equipment installed at the hospital in Bad Neustadt. In 2022, the teleconsulting service was used for the first time by an external partner.

✓ | We have also made further progress with our sektOR-HF project launched in the middle of 2020. It brings a significant improvement in the treatment of patients suffering from left ventricular failure. The goal is to reduce the mortality rate and hospital referrals through optimum care and coordinated collaboration amongst all service providers – such as GPs or specialists, hospitals, specialist post-care providers – whilst at the same time raising the quality of life of patients suffering from cardiac failure. The patient and telemedicine play an active role in this. In a training course, each participant learns how to send his or her vital signs or details about their current state of health via app or Internet portal to the competent doctors and a network contact. If monitoring reveals any anomalies, this app can define specifically adapted measures and coordinate individual treatment recommendations with the physicians involved. At the same time, another goal we are pursuing with the sektOR-HF project is to establish a cross-sector care model by which the underlying processes can thus be coordinated and remunerated on a new basis. 50 medical practices with 220 patients have since become part of sektOR-HF. The project, which is funded by the Joint Federal Committee (JFC), was presented at the Annual Conference of the European Health Management Association (EHMA) in June 2022 in Brussels and was met with great interest on the part of the conference participants.

✓ | The feedback from the various sektOR-HF users has been very positive. In a survey from the summer of 2022, patients, doctors and



Medical excellence can only be achieved if we avail ourselves of all available technical support means and always ensure that our equipment is state-of-the-art.



heart failure nurses responded to questions regarding the potential and challenges of using a telemedicine platform for telemonitoring for heart failure patients. Criteria for the survey, which were used for a university thesis, were the satisfaction with and acceptance of the platform, the influence on patient empowerment, and changes in communication, coordination and continuity.

✓ | In addition to a high standard in the quality of its medical services, a good hospital is characterised by exemplary communication with its patients and a comprehensive service offering. We are continuously striving to increasingly excel in both criteria. For example, in 2022 we continued the "Gesundheitsblog" (health blog) dealing with themes specifically tailored to patients. To measure patient satisfaction, a digital survey was introduced from 1 January 2023.

We offer our patients cutting-edge medical care

✓ | RHÖN-KLINIKUM AG enjoys a high standing in the medical community. In 2022, the Company once again received awards for the research findings and treatment methods of our hospitals.

✓ | The inventory of medical equipment both at the Frankfurt (Oder) healthcare campus and at our Zentralklinik Bad Berka facility was expanded with the introduction of another innovative medical equipment unit, the state-of-the-art "da Vinci X" ER robot. The "machine surgeon" satisfies our high quality standards for patient care and underscores our openness to innovative cutting-edge technology.

✓ | In January 2022, the Federal State of Hessen performed an orbital atherectomy procedure using the Diamondback 360 System for the first time. This operative treatment method benefits patients suffering from severe hardening of the coronary arteries and broadens the portfolio in the heart catheter laboratory at the University Hospital of Giessen.

✓ | Since the end of May 2022, the heart centre of Zentralklinik Bad Berka is the first facility in Thuringia to offer the entire range of treatment to patients suffering from tricuspid valve regurgitation. In addition to the minimally invasive heart surgery procedures, the centre also covers all interventional procedures.

We meet the highest quality standards

✓ | In June 2022, the neurological intensive care unit of the clinic of acute neurology/stroke unit and the neurological intensive care unit of the clinic of neurological early rehabilitation at the RHÖN-KLINIKUM Campus Bad Neustadt were successful in their bid to be certified by the German Society of Anaesthesiology and Intensive Care Medicine (DGAI). This confirms the excellent treatment quality for ventilated patients, who after a protracted period are weaned from ventilatory support and enabled to breath on their own again.

✓ | In the middle of February 2022, the German Cardiac Society (DGK) certified RHÖN-KLINIKUM Campus Bad Neustadt as a centre for transcatheter aortic valve implantation (TAI). All quality criteria were met for this, including sufficient treatment quality and safety, extensive experience with the operating method, high training standards of the specialised nursing and operating staff as well as the organisation of treatment processes. The Campus was also certified by the DGK as a Supraregional Heart Failure Unit (HFU).

✓ | In April 2022, RHÖN-KLINIKUM Campus Bad Neustadt was awarded the certificate "Zertifizierte Klinik für Diabetespatienten geeignet DDG" (Clinic Suitable for Diabetes Patients) by the German Diabetes Society (DDG). In all areas – above all in therapy, consultation and training – the treatment carried out in the facility meets the stringent DDG requirements and the current state of medical science.

✓ | At the beginning of March 2022, Zentralklinik Bad Berka's lung cancer centre, LuKreZIA, once again received confirmation as a lung cancer centre meeting the requirements of the German Cancer Society (DKG). During the two-day on-site audit, the auditors were convinced of the care quality, networked care processes and the (since last year) broadened range of diagnostics and therapy for lung cancer and tumour aftercare. Each year more than 250 patients with newly diagnosed lung cancer are treated at the LuKreZIA lung cancer centre. During the tumour board held on a bi-weekly basis, doctors from the clinics of pneumology, thoracic and vascular surgery, internal oncology, haema-

tology and palliative medicine as well as the radiotherapy department of MVZ Bad Berka work together in close collaboration.

✓ | The specialist unit for stroke patients (stroke unit) of Zentralklinik Bad Berka was once again successfully certified at the end of August 2022. The four-bed unit providing acute treatment and diagnosis for stroke patients and ensuring their earliest possible rehabilitation was awarded the certification by InterCert (TÜV) and the German Stroke Society (DSG).

We are steadily enhancing our treatment offering

✓ | Following a construction time of only thirteen months, the new intensive care department including an internal intensive care unit (I-ICU) was inaugurated at our Zentralklinik Bad Berka facility at the end of April 2022. The unit has 16 beds in single and twin bed rooms. In addition to being equipped with state-of-the-art technology, the new ward has an innovative design concept with special sound proofing, lighting concepts ensuring a day/night rhythm promoting the healing process, as well as aesthetic design and interior architectural innovations providing for a more pleasant atmosphere. The costs were around 5.5 million euros.

✓ | At Zentralklinik Bad Berka, the ward of the new clinic of nephrology was opened in September 2022. It has four patient rooms with a total of eight beds, which are equipped with state-of-the-art dialysis technology. Zentralklinik Bad Berka invested around a half a million euros in this equipment and in a state-of-the-art examination room on the ward. Furthermore, a new functional space was established in which sonography examinations, kidney biopsies and placement of dialysis shunt graft catheters are performed.

✓ | Since 1 April 2022, the University Hospital of Giessen has had a new, separate clinic of internal medicine, infectiology and hospital hygiene in which treatments and research are to be conducted in future. The facility will be managed by infectiologist Susanne Herold. She has held the professorship for acute lung failure since 2015 and for pulmonary infections since 2018, and recently obtained a "LOEWE" top professorship endowment. Herold is a member of the Scientific Advisory Board of the Robert Koch Institute and Vice President of the German Society of Infectious Diseases (DGI).

✓ | At the end of October 2022, the sports cardiology unit of Medical Clinic I of the University Hospital of Giessen became Germany's first facility to be named as a training centre for the specialist qualification "Level 3 Sports Cardiology" by the German Cardiac Society (DGK). This is the highest of the three qualification levels that can be awarded. This distinction is given in recognition of the many years of sports cardiology expertise in hospital care and medical science and reflects the clinic's broad orientation and high standards.

✓ | Coronary heart disease – i.e. the narrowing of the coronary arteries – is a global problem and continues to be a leading cause of death in Germany. The centre of interventional cardiology at the University Hospital of Giessen began specialising in these complex procedures many years ago. With the introduction of the new treatment method of orbital atherectomy (Diamondback 360 System) introduced throughout Hessen in 2022, the portfolio at the university hospital's heart catheter laboratory is now being expanded.

✓ | Detecting heart failure in at-risk patients at the early stage and thus improving their prognosis and quality of life is the objective of the MRI Truck that was parked on the Klinikum Frankfurt (Oder) healthcare campus for the first time on 3 June 2022. This enabled members of the health insurance fund AOK to undergo a free heart checkup. The initiative is to be repeated at regular intervals. The project, which is run in collaboration with and under the medical management of the German Heart Institute Berlin (DHZB), also receives funding from the German government's Innovation Fund of the Joint Federal Committee (JFC).

✓ | On 23 February 2022, the company Bayer AG awarded for the tenth time the PHILOS Prize for initiatives supporting people with haemophilia to cope with the challenges they have to face daily. One concept launched at the University Hospital of Giessen and focusing on both medical support and individual psychosocial assistance needs was awarded the PHILOS Prize in the Inclusion and Integration category.

✓ | Construction of a training track for wheelchair users located right next to the paraplegic centre and clinic of paraplegiology/neurourology at Zentralklinik Bad Berka has been underway since July 2022. For roughly 80,000 euros, the Erfurt-based wheelchair user association ROLLIS e.V. is building the roughly 500-square-metre training facility with support from the Manfred Sauer Foundation and Zentralklinik Bad Berka.

We train in the simulation room and not in the OR

✓ | Since 2007, our employees have been able to train for treatment procedures in the simulation centre at RHÖN-KLINIKUM Campus Bad Neustadt. Since then efforts have been made to significantly increase space and staffing capacities.



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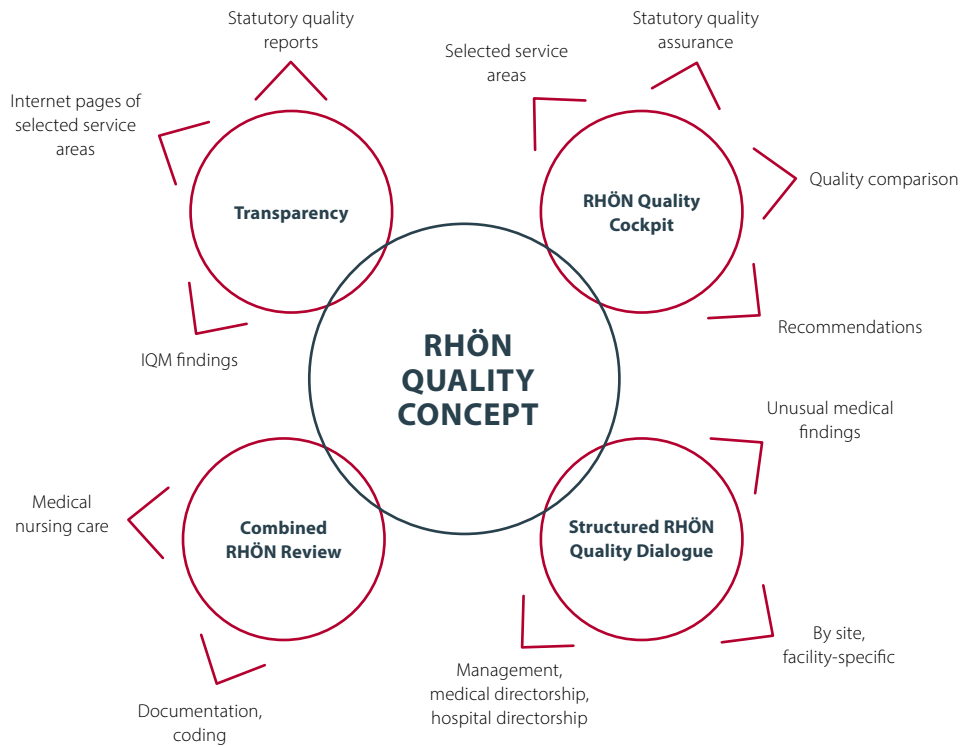


Here the training offering includes anaesthesia, emergency care, cardiac and trauma surgery, as well as obstetrics and even (emergency) care for newborns. Doctors, nursing staff and therapists complete training to treat patients facing life-threatening situations and learn how to work together as a team. The simulation centre thus makes an important contribution towards greater patient safety and a higher quality of medical care.

RHÖN Quality Concept

✓ | With our RHÖN Quality Concept we are pursuing the goal of steadily improving our medical quality through a comprehensive approach. It is a key tool for further enhancing patient safety. Together with the Quality division of Asklepios Group, we have implemented our strategy and worked towards harmonising subjects throughout the Group in the quality management and clinical risk management areas.

RHÖN QUALITY CONCEPT



✓ | The RHÖN Quality Concept is based on four core elements: the RHÖN Quality Cockpit, structured RHÖN quality dialogues, the combined RHÖN reviews and transparency. The results are regularly presented to the CMO and in some cases also discussed in the expert panels.

✓ | The RHÖN Quality Cockpit helps us direct and guide our medical quality. We measure and continually assess defined quality indicators from which we derive measures for improvement. The RHÖN Quality Cockpit was thus adopted by the Quality division of the Asklepios Group as a template for an Asklepios-internal quality reporting system. Together, content was structured and supplemented uniformly so that both companies benefit from this result.

✓ | We ensure transparency in the quality of care provided by publishing the legally mandatory quality reports of select specialist fields on the Internet sites of the hospitals, providing a comparison with the federal, and in some cases federal state, average. These publications give patients, relatives, referring doctors and health insurance funds the possibility of informing themselves extensively on the treatment quality at the hospitals of RHÖN-KLINIKUM AG.

✓ | The combined RHÖN reviews that were established in 2018 were also performed in 2022 on an online basis as well as locally at two hospitals' sites. Nonetheless, we engaged with the Asklepios Group with a view to identifying areas in which we might complement each other.

Clinical risk management expanded and optimised

✓ | At RHÖN-KLINIKUM AG, we give top priority to the safety of our patients. During the reporting period, we put into service the first component of a software program for an internal error reporting system. The risk management, whistleblower and damage incident management system components are slated to be rolled out in 2023. Preparations for this were made in 2022. The software helps to identify relevant risks as well as establish, implement and introduce risk mitigation measures. The whistleblower system is in response to the Whistleblower Protection Act (Hinweisgeberschutzgesetz, HinSchG). In the 2022 risk audits, the risk auditing company Gesellschaft für Risikoberatung (GRB) confirmed that our security level in clinical risk management is good but is to be further improved.

EMPLOYEES

They are the backbone of our success – motivated, healthy and efficient employees with outstanding qualifications. They make it possible to keep our clinical operations running and are our most valuable assets. That is why we give top priority to being attentive to our employees' needs, as can be clearly seen from our health management approach. RHÖN-KLINIKUM AG's attractiveness as an employer is further enhanced by its comprehensive offering of further, continued and higher-qualification training for its employees.

✓ | With 18,140 employees, we are one of Germany's biggest health-care groups. During financial year 2022, we have taken a variety of measures to recruit new, qualified staff. Thanks to the strategic collaboration with the Asklepios Group from the second half of 2020, the range of opportunities we can offer has grown further. Together, we have developed and implemented some concepts we hope will make us even more attractive as an employer. These include the Fürstenberg company's Employee Assistance Programme (EAP) that we have introduced throughout the Group.

Our human resources management

✓ | Our two-tier organisation and human resources management approach has once again proven itself during the 2022 reporting period. Each of our hospitals has its own human resources department that reports to the respective hospital management. Under this decentralised structure, operative decisions producing the best outcomes for the hospital site can be made. By contrast, any strategically important decisions are made centrally with the involvement of Group Human Resources. At the Group level, all issues of fundamental importance are pooled, such as questions relating to the orientation of the Group's human resources policy and establishment and promotion of the employer branding concept. Here we always maintain a close dialogue with the Asklepios Group. This has led to further professionalisation and improvement in HR management. Our collaboration is based on trust and on promoting increasingly close ties. In the previous year, we have also come up with a sensible way of harmonising the various bonus and employee benefits programmes.

✓ | Since the end of 2022, we have been using the new e-learning software procured in the previous year together with the Asklepios Group. It features learning structures and combined with in-person learning enables us to implement our strategy of "blended learning". With the computer system we can also provide pre-defined mandatory training courses for specific employee groups. By the end of the first quarter of 2023, the trainee programmes of RHÖN-KLINIKUM AG and the Asklepios

Group are also to be harmonised. This will especially apply to management training concepts. This will make our young talent feel part of a coherent and unified corporate group from the outset.

Our strategic collaboration makes us a viable and attractive employer

✓ | The strategic collaboration, pooling our know-how and mutual transfer of knowledge between RHÖN-KLINIKUM AG and the Asklepios Group make us more resilient to the impacts of the ongoing Coronavirus pandemic, the war in Ukraine and the energy and economic crisis, as well as the many different challenges we face as a result of healthcare policy, e.g. increasing regulation, a growing documentation workload and increasing outpatientisation. RHÖN-KLINIKUM AG is established as an independent employer brand. By working in close collaboration we have expanded our continued training and employee advisory services and now post job offers across the entire corporate group.

✓ | For years we have been committed to excellent medical care, competence and know-how as well as maintaining a close relationship based on a human approach. As an established hospital operator within a strong parent group, we enjoy an excellent reputation as an employer. We have a high level of digitalisation, act responsibly and have a highly efficient and sound structure. As a corporate group with a network of hospitals, we offer good opportunities for personal advancement. That is something that is particularly valued by doctors in Germany. As attractive large intermediate- and maximum-care facilities with access to university medicine, our hospitals have a unique selling point.



We are an established hospital operator within a strong parent group and enjoy an excellent reputation as an employer.



We bring together new colleagues from Germany and abroad

✓ | In 2022, we successfully stepped up our efforts to recruit new staff from abroad, provide them with continued and higher-qualification training and retain them in our Company. Here we are particularly interested in taking account of cultural differences, overcoming language barriers and enabling the smoothest possible integration.

✓ | At our hospital sites we have already been successful in recruiting international nursing staff up to the 2022 reporting year: in Bad Neustadt the number of new staff recruited so far stands at 175 employees, with 50 to 80 international staff to be added next year from India, Tunisia, Serbia, Bosnia-Herzegovina, Albania and Syria. At the Giessen site, 145 nurses have already been recruited, with 70 additional staff members to be added in the coming months mainly from Turkey, the Philippines and Albania as well as a few from Brazil. During the reporting period, Marburg recruited 32 new staff for the most part from Myanmar and Brazil. Although only ten new healthcare professionals came to Bad Berka from abroad during the reporting year, that figure is set to climb to 60 in 2023. They will come from India, Mexico, the Philippines, Vietnam, Morocco, Albania and Ukraine.

✓ | The Nursing Management Board has been in place at the Group level since July 2021. It replaced the previous Nursing Expert Panel. The new body is made up of representatives from all hospitals who meet regularly to discuss the very broad subject of nursing. In the specialist bodies, specific aspects are further elaborated. Amongst other things, the Nursing Management Board looks at issues relating to the integration of foreign staff.

✓ | Furthermore in 2021 we had reached an agreement on a training collaboration scheme with the Asklepios Group at the sites in the Federal State of Hesse. The goal pursued by this intensified collaboration in the training area is to better coordinate the offerings and offer additional joint training courses. For example, Asklepios staff obtained an additional qualification to give practical training to apprentices at UKGM and staff from the UKGM attended an Asklepios teaching event for emergency care.

✓ | In the field of application management, we have adopted a system that is now in use at Zentralklinik Bad Berka as well as RHÖN-KLINIKUM Campus Bad Neustadt. We have also been using the job portal REXX since June 2020.

Employee health

We take care of our employees and their health

✓ | Our overall aim as an employer is to preserve, restore or improve our employees' health, work and performance capacity as well as their well-being and job satisfaction – depending on the specific needs. We want to help and assist our employees with various offerings, thus fulfilling our role as a responsible employer.

✓ | Our occupational healthcare management covers the following measures:

- regular visits and risk assessments
- occupational integration management
- operational addiction prevention
- nutritional advice
- de-escalation management
- health reporting
- psychosocial support and assistance (occupational social advice)
- occupational medical care
- workplace ergonomics
- health conferences
- occupational health promotion (various sports courses and preventative offerings)
- further training in issues of relevance for health
- executive training events
- supervision and coaching
- mediation and conflict management
- resilience training

✓ | Some of these measures are developed, implemented and offered in close collaboration with healthcare funds and occupational insurance agencies, including in 2022, for example, the course “Gesund führen” (healthy managing) offered for executive staff at both sites of the University Hospitals of Giessen and Marburg. In the middle of October 2022, Zentralklinik Bad Berka became the very first hospital to be awarded the “Thüringer Siegel für gesunde Arbeit” (Thuringian Seal for Healthy Working) in silver. Companies certified with this seal are committed to the health of their employees and have been able to demonstrate that their employees enjoy healthy working conditions based on defined quality criteria. The “Netzwerk Gesunde Arbeit in Thüringen” (Network of Healthy Work in Thuringia), which is based at the Ernst-Abbe-Hochschule – University of Applied Sciences in Jena, issues the certificate to promote healthy workplaces. That includes sustainable organisational structures, a healthy management structure and offerings to safeguard and promote the health and working capacity of staff.

Ensuring fair compensation through in-house collective agreements and special benefits

Fair remuneration has an influence on employee satisfaction. Our employees benefit from in-house collective agreements we have negotiated for our hospitals with the social partners ver.di and Marburger Bund. Compared with the other collective wage agreements in the healthcare system our employees enjoy, for example, high night-shift premiums and differential surcharges exempt of tax and social insurance contributions.

With all these measures we want to express our high degree of appreciation for our employees, who were already performing great work before the pandemic.

In addition to a “Job Ticket” for local public transport, we also offer a leasing model for financing a “Job Bike”.

Promoting health with the Employee Assistant Programme

✓ | After deciding to introduce the Employee Assistance Programme (EAP) in 2021 and establishing it at the hospital sites of Frankfurt (Oder), Giessen and Marburg, the advisory concept was expanded to the Bad Neustadt and Bad Berka sites in April 2022. This measure is also part of our aim to promote the health of our employees. Under the EAP, employees of RHÖN-KLINIKUM AG can take advantage of consultations with the trained and knowledgeable staff of Fürstenberg Institut whenever they find themselves in difficult personal situations. Employees are thus provided with assistance in finding their way out

of their current difficulties. At the end of the reporting period, we evaluated the level of use of the programme for the Frankfurt (Oder) as well as Giessen and Marburg sites since the EAP has already been offered there for roughly one year. Staff having used the programme report a very high level of satisfaction with it. Frequently, employees also reach out for help to prevent mental health issues and stress-related health risks as well as the related problems of work performance and sickness-related absences.

✓ | Moreover, the EAP is specifically used to train executive staff, HR departments and works councils in managing employees dealing with psychological stress and addiction-related problems.

✓ | Lastly, we have noticed that the EAP has helped some employees better identify with the Company whilst boosting their motivation and, as a result, also their performance.

✓ | Employees may have an individual consultation at the hospital premises, by phone or by video conference via a specific password-protected Internet link with our partner Fürstenberg Institut.

✓ | Furthermore, the offering of resilience training was significantly expanded and rolled out at additional sites.

Focus on our employees’ work-life balance

✓ | We realise that keeping a work-life balance is also of key importance when it comes to maintaining stable mental and physical health. That is why we see it as our duty to create the environment in which our employees can succeed in harmonising their professional and personal life. We achieve this by ensuring the most flexible working hours possible and the provisions introduced for our employees to perform their work under trust-based, flextime or part-time schemes. In 2022, 7,888 employees (roughly 43.5 per cent) were employed part-time. We have entered into individual agreements for each site in which we take greater account of employees’ personal priorities. In this regard, we have adopted clear staffing backup rules, try to take personal requests into account and have established an on-call service or stand-in employee pools. Whenever possible, we also allow our employees to work in a mobile office.

✓ | We moreover provide our employees and their families with an extensive childcare offering, for example, by running our own child daycare centres, collaborating with facilities locally and providing for individual childcare options for employees attending continued training or mandatory events. For employees providing nursing care to relatives, we help them cope with balancing their work whilst also looking after their relatives. For example, UKGM has been certified as a family-friendly employer since 2009. RHÖN-KLINIKUM Campus Bad Neustadt also joined Familienpakt Bayern (Bavarian Pact for the Family) at the end of 2021.

Together, we have once again tackled the challenges of the COVID-19 pandemic

✓ | In 2022, we were also helped by the good collaboration with the Asklepios Group in harmonising the measures needed to cope with the COVID-19 pandemic. Sufficient capacities of protective equipment and instruments for performing infection tests were available at all times and at all sites throughout the Group. Moreover, the management bodies and HR departments worked together to provide employees with the best possible support in managing the additional challenges arising from the special social behaviour measures brought in to contain the pandemic. We allowed our employees to perform their work in the mobile office wherever working procedures permitted. We also extended an offer to our entire staff to protect themselves with the recommended vaccinations against COVID-19 and the flu.

✓ | During the reporting period, the workload for those employees who treated COVID-19 patients directly was particularly high. Here we sought to boost staffing capacities and provide offsetting measures for overtime.

✓ | We sought to introduce quick and effective countermeasures to address an increase in the resulting psychological stress. In addition to measures from the EAP, we offer our employees e.g. continuing training programmes on the issues of stress and burnout.

Putting further, continued and higher-qualification training front and centre

RHÖN-KLINIKUM AG invests in the training of new staff members and the qualification of its employees. It promotes development opportunities with numerous continued and higher-qualification training offerings addressed to all professional groups represented in the Group. That is just as true for our nursing employees as it is for our doctors and therapists. Doctors, for example, can obtain additional qualifications including specific focus areas and can be trained as specialist doctors at all the Company's sites. Expenditure on training including continued and higher-qualification training totalled roughly 4.3 million euros in 2022 – up from 3.1 million euros in the previous year. Our strategic collaboration with the Asklepios Group opens up additional opportunities for improving the quality of continued and higher-qualification training. At the same time, it strengthens our role as a trustworthy and valued provider of healthcare training.

Sitting close together in the virtual classroom

In the 2022 reporting year, we also combined the advantages of online instruction with those of in-person training. With this blended learning approach, we can impart both theoretical and practical knowledge to our employees. In 2017, we implemented a learning management system (LMS) that is accessible to each employee and the already extensive offering is being continuously expanded. For example, subjects are coordinated by the instructors at the various sites. Content for the offering is created by means of an authoring tool (Scorm). As planned, we have also added a new software program to the system during the reporting year.

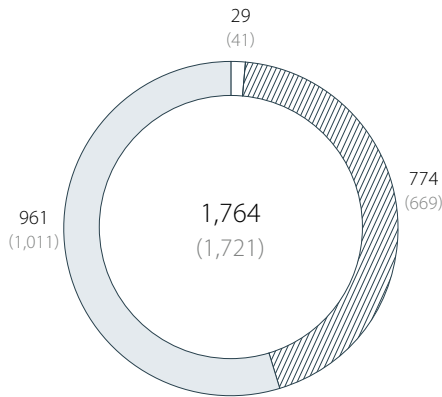
Number of persons in training remains stable at a high level



Despite the restrictions still in place due to the COVID-19 pandemic we succeeded in increasing the number of apprentices in our Company to 1,764 (previous year: 1,721). We attribute that to the level of training remuneration and the good reputation of RHÖN-KLINIKUM AG as an attractive employer.

During the reporting period, 961 young persons completed their training in nursing professions, 29 in commercial professions and 774 in other areas. 306 graduates were taken over into an employment relationship in their last training year.

APPRENTICES, TRAINING YEAR 1–3 2022 (2021)

Headcount



 Apprentices, nursing professions (nurses, etc.)
  Apprentices, commercial professions (nurses, etc.)
  Apprentices, other professions

We invest in tomorrow's young talent

In 2021, the vocational training for the professions of geriatric, health-care and paediatric nurse was combined into vocational training for the profession of general nurse practitioner (Pflegefachkraft). Thanks to our early preparations we were able to satisfy all requirements for the new general nurse practitioner training programme in accordance with the new Care Professions Reform Act (Pflegeberufereformgesetz, PflBRefG) and to fully ensure the training programme. In particular, we succeeded in finding suitable partners for all training fields. In 2022, we also continued the collaborative training agreements that began in 2020 and entered into new partnerships.

We are bringing about rising attendance and digitalisation at our now hospital-affiliated schools. As a healthcare Group, we operate several schools to train qualified staff ourselves. These include schools for nursing care, physiotherapy, ergotherapy, speech therapy, dietician services, and for medical assistance professions in the areas of functional diagnosis (MTAF), laboratory (MTLA), radiology (MTRA) and medical documentation (MDA). We also provide vocational training in the business, gastronomy and IT fields.

RHÖN-KLINIKUM IT Service GmbH also further expanded its training offering. In addition to the existing offerings for vocational training as an "IT specialist" (Fachinformatiker) and "digitalisation management specialist" (Kaufmann für Digitalisierungsmanagement), it has been accredited as a training partner since June and in collaboration with the Baden-Wuerttemberg Cooperative State University (DHBW) has offered for the first time since October the dual study programme "Business Information Systems, Degree Course in E-Health" (Wirtschaftsinformatik, Studiengang E-Health).

In financial year 2022, RHÖN-KLINIKUM AG renewed its membership with the association promoting young researchers, "Initiative Junge Forscherinnen und Forscher e.V. (IJF)", by an additional three years until the end of 2024. Three years ago the joint MINT (Math, Informatics, Natural sciences, Technology) education project of the IJF, RHÖN-KLINIKUM AG and the technical and vocational school Staatliche Fachoberschule und Berufshochschule Bad Neustadt a. d. Saale (FOSBOS) was launched for the first time. Together the partners wish to revive the employment market in the region and encourage young people to pursue careers in science, technology and information technology. The project days of the IJF at FOSBOS combine theory and practice. RHÖN-KLINIKUM AG supports the training cooperative and organises excursions to the Campus Bad Neustadt providing insights into state-of-the-art medical technology and digital applications for patient care. During the reporting period, three FOSBOS excursions to the Campus were carried out in July 2022.

Attractive employer We embrace diversity

During the reporting period, people from some 70 nations worked for our Group. Irrespective of their age, gender identity, qualifications or what their interests may be, they work side by side on a daily basis and perform outstanding work. The basis for that is respectful and fair dealings with one another. For us diversity is a self-evident part of our day-to-day hospital activities. We are fully committed to diversity and stand against discrimination or harassment in any form. We maintain the principle of equal opportunities by filling positions exclusively on the basis of qualifications. Almost 30 per cent of executives at the three management levels below the Board of Management are women. We also make sure that our teams are made up of both young and experienced employees.

Human resources indicators (KPIs)

✓ | In the 2022 Annual Report, in addition to the previously specified key ratios at the Group level, the following key performance indicators (KPIs) are published in tabular form for the first time. With the help of the KPIs on the basis of Group-wide standards, we facilitate comparability of the subgroups of the Asklepios Group as well as consistent presentation.

✓ | Human resources indicators (KPIs)

Indicator	Unit	Value
Employees (incl. apprentices)	headcount	18,140
Employees subject to collective agreements	headcount	16,885
Employees under unlimited-term employment contracts	per cent	75.3
female	per cent	73.6
male	per cent	26.4
Employees under limited-term employment contracts, total	per cent	24.7
female	per cent	65.3
male	per cent	34.7
Full-time employees, total	per cent	56.5
female	per cent	62.9
male	per cent	37.1
Part-time employees, total	per cent	43.5
female	per cent	82.9
male	per cent	17.1
Apprenticeship places	apprenticeship places	766
Expenses for continuing professional development and higher-qualification training (initial and ongoing training)	expense acc., € m	4.3
Professions (initial training)	number	23
Women in management positions	per cent	28.2
Absences	paid sick leave, per cent	7.5
Medical service	paid sick leave, per cent	4.5
Medical-technical service	paid sick leave, per cent	7.5
Functional service	paid sick leave, per cent	9.4
Nursing service	paid sick leave, per cent	9.1

✓ | Human resources indicators (KPIs)

Indicator	Unit	Value
Staff turnover by professional group		
Medical service	per cent	17.6
Nursing service	per cent	11.2
Medical-technical service	per cent	14.0
Functional service	per cent	15.2
Hospital support staff	per cent	26.3
Operations management/ misc. service	per cent	28.0
Technical service	per cent	22.8
Administrative service	per cent	25.2
Special services and training facility staff	per cent	14.9
Other staff	per cent	57.0
New joiners by age and gender		
< 20 total	per cent	14.9
female	per cent	18.2
male	per cent	9.0
20–29	per cent	43.0
female	per cent	44.6
male	per cent	40.3
30–39	per cent	22.5
female	per cent	20.0
male	per cent	27.1
40–49	per cent	11.1
female	per cent	10.2
male	per cent	12.5
50–59	per cent	6.0
female	per cent	5.0
male	per cent	7.9
≥ 60	per cent	2.4
female	per cent	2.0
male	per cent	3.2
Age structure		
< 20	per cent	3.4
20–29	per cent	21.1
30–39	per cent	23.5
40–49	per cent	19.5
50–59	per cent	22.2
≥ 60	per cent	10.3
EAP expense	internal turnover	564.2

COMPLIANCE

The compliance standards at RHÖN-KLINIKUM AG promote the legally compliant conduct of our employees. This is sustained and supported by our Group – both internally within our Company and in the relationship with our external stakeholders.

✓ | Trust between clinical staff and patients is the basis of our day-to-day work. We understand this in light of the principle that “We treat all people in the same way we also would like to be treated ourselves.”. This principle applies without exception to all our employees.

Compliance rules promote fair dealings in internal and external relationships

✓ | Our compliance management system provides the framework for legally compliant behaviour, fair dealings and responsible corporate governance. The compliance management system is continuously enhanced. Our Group-wide principles of conduct – communicated to all employees in November 2022 – define the requirements describing the relationship with our patients, customers, suppliers, shareholders and the general public as well as the conduct of our employees amongst one another.

✓ | The highest level of responsibility for compliance is held by the Chairman of the Board of Management who reports to the Audit Committee of the Supervisory Board. A Central Compliance department for establishing the compliance framework is set up at the Group level.

✓ | The restructuring and collaboration between RHÖN-KLINIKUM AG and the Asklepios Group in the area of compliance presented in 2021 Annual Report was introduced and implemented in 2022.

✓ | The Central Compliance department is supported locally by compliance officers. They report to this central department and act as local contacts. Specific efforts were made to step up the collaboration between both levels in the course of the year. The compliance officers at the subsidiaries were kept regularly informed and received further training in specific subjects through in-person and online courses.

✓ | To ensure an ongoing exchange between the Risk Management, Internal Auditing and Compliance departments, a Compliance Committee meets each quarter and deals amongst other things with compliance cases and their risk assessment.

Response to compliance reports

✓ | Employees of RHÖN-KLINIKUM AG can submit compliance reports using various reporting channels. In addition to written reports sent by post and e-mail, reports may also be made by telephone.

✓ | In addition to the senior executives, the employees of the Central Compliance department as well as the compliance officers at the individual hospital sites and in other subsidiaries of RHÖN-KLINIKUM AG in particular also act as contact persons when compliance reports are made. If compliance reports are not addressed to the Central Compliance department directly, they are as a rule immediately forwarded by the addressee of a report to the Central Compliance department. The Central Compliance department organises the review of the facts of the respective compliance report.



Trust between clinical staff and patients is the basis of our day-to-day work.



✓ | A new point of contact at RHÖN-KLINIKUM AG for those affected by sexual harassment in the workplace was established in 2022. In addition to the existing options open to employees, they can now turn in confidence to a body to examine the matter whose members are specially trained and appointed based on the principle of equal representation.

Further raising and establishing awareness for data protection issues

The General Data Protection Regulation (GDPR) and the resulting revised German federal and state rules on data protection have been in force since 25 May 2018. In addition to provisions on managing personal data in compliance with data protection legislation, they also include various new or amended requirements. In this context, the Board of Management of RHÖN-KLINIKUM AG adopted a data protection policy that is adapted to the rules and regulations and addresses key points of the Regulation, sets out the organisational framework for employees and thus provides the basis to ensure the best possible protection of personal data.

In addition to Group-wide requirements, for example, for data protection management, on required rights and role policies, on responsibilities as well as on consequences in the event of breaches of requirements under data protection legislation, the policy also includes information on the operative implementation that is being adapted by the Group-affiliated facilities in the context of their own data protection policies. The implementation of data protection-compliant actions is rounded off by manifold technical and organisational measures. Internal and external audits help ensure compliance with the requirements and enable the measures established to be improved. In addition, employees and executive staff are given greater awareness of the lawful management of personal data through web-based training and target group-based in-person training sessions.

Data protection indicator (KPI)

✓ | In the 2022 Annual Report, the following KPI is published at the Group level for the first time. The KPIs published on the basis of a Group-wide standard will help create comparability of the subgroups of the Asklepios Group as well as consistent presentation.

✓ | PERSONAL DATA BREACH

Indicator	Value
Number of reported cases	22



At RHÖN-KLINIKUM AG, compliance is a question of outlook and is reflected by the principles of conduct implemented in 2022.



ENVIRONMENTAL PROTECTION

We bear a responsibility. And this responsibility goes well beyond the well-being of our patients and employees. Of course, we also assume responsibility for our environment. This is reflected, for example, in the conscientious management of our energy and water resources. In addition, ensuring the lowest possible waste and emissions levels is the guiding principle of our Company for protecting the environment.

Environmental management

✓ | Ensuring the well-being of our patients and taking good care of the environment are a top priority for RHÖN-KLINIKUM AG. Our main focus and concern here is to reduce CO₂, waste volumes and water consumption without making compromises when it comes to ensuring the safety and comfort in the care we provide to our patients.

✓ | Based on its decentralised structure, environmental management at RHÖN-KLINIKUM AG is established at two levels: firstly in the technical control departments of the hospitals and secondly at the Group Construction and Technology division. Overall responsibility lies with the Board of Management. The respective technical control department is responsible for the hospital's safe operation: it monitors all technical and medical-technical equipment and systems but also construction projects, and takes on the task of energy controlling as well as refurbishment and optimisation planning. Where required, it is assisted in all measures by the Construction and Technology division of the Group: it advises the hospitals of RHÖN-KLINIKUM AG on questions of energy management and provides assistance with major investment measures at the hospital sites, above all refurbishment and expansion measures.

✓ | Since the end of 2016, we have pooled procurement of energy Group-wide in the company RHÖN Energie für Gesundheit GmbH. This enables us to obtain more attractive purchasing prices for electricity and gas and gives us a centralised overview of the energy consumed and monthly controlling. Since 2021, RHÖN-KLINIKUM Energie für Gesundheit GmbH has placed these services with AKTIF GmbH. This external service provider has been tasked with allocating and charging the energy purchased to the facilities of RHÖN-KLINIKUM AG, as well as with informing the management of any changes in legislation in a timely manner and advising it accordingly. AKTIF GmbH also acts for the Asklepios Group as an expert in the energy sector

and is also slated to provide assistance in transforming the area of energy management. After the expiry of the existing contracts for gas and electricity purchases, these energy requirements are to be covered jointly on the market. Currently, the fixed-price contracts will continue until the end of 2023. Our main focus in this regard will be on ensuring the most efficient electricity consumption possible in our operative business, with our primary goal being to minimise unnecessary energy consumption independent of the energy mix. Nonetheless, in future tenders we will endeavour to further optimise the ecological and economic targets and to increase even further the current share of renewable energy.

✓ | The first energy audit to DIN EN 162471-1 was conducted in 2016. In 2020, we had an energy audit conducted and successfully concluded once again. The next statutorily prescribed audit is due to take place in 2024.

✓ | In all matters of environmental management, we also maintain a continuous and close dialogue with the relevant departments of the Asklepios Group.

Lowering energy consumption and emissions

✓ | Modern hospital operations need a lot of energy. We use a wide variety of technical equipment and systems that are important for the treatment and care of our patients. Our patients and employees rely on rooms being kept at the right temperature. And the increasing pace of digitalisation and expansion of equipment-based medical care will also result in an increasing demand for energy. At RHÖN-KLINIKUM AG, emissions are produced primarily in the form of carbon dioxide (CO₂) from heat generation or from electricity purchases. Through modernisation measures, energy efficiency improvements and the use of renewable energies, we are looking to curb the increase in such emissions.

✓ | To ensure energy-optimised operations, we invest in sustainable technology at all our sites. Since we control the reduction in emissions through our primary energy consumption, automation of our buildings plays a key role in the hospitals and properties. State-of-the-art instrumentation and control equipment with numerous metering points creates greater transparency, shows us where there is a specific need for action and allows us to take targeted and highly effective countermeasures. In this way, energy consumption can be adapted to user-specific requirements. All our hospitals are equipped with instrumentation and control equipment.

✓ | In the following section, we present some measures that we have already taken and which have enabled us to save energy and thus reduce emissions.

Everyone can play a part

✓ | Given the special geopolitical and economic challenges in 2022, we are all called on to make responsible use of resources, in particular energy resources. For example, we have informed employees in our employee newsletter on straightforward measures that can be quickly and easily implemented. These include providing for sensible ventilation, proper use of thermostats, as well as switching off the standby mode of electronic devices whenever possible.

✓ | At Zentralklinik Bad Berka, for example, the water temperature in the exercise pools of the aquatic therapy centre was reduced from 32 to 26 degrees Celsius. At the same time, the inlet air temperature was reduced from 36 to 30 degrees Celsius and one of the exercise pools was taken out of operation.

✓ | At our site in Marburg, the temperature heating circuits were lowered from 70 to 65 degrees Celsius, the radiators in the hallways and stairwells turned off, and – after the hygiene officer was consulted – the hot water in the public toilets turned off.

Efficient cogeneration plants have a long tradition with us

✓ | For more than 20 years, we have been generating energy using efficient cogeneration plants that we regularly replace. The plants deliver electrical energy and heat from burning natural gas. That helps reduce CO₂ emissions at RHÖN-KLINIKUM AG. We achieve this by using the heat to generate the required cooling energy using absorption coolers. We thus save electrical energy that would otherwise be needed for generating cooling energy.



Due to the imminent threat of catastrophic consequences from climate change, we are all called on to make responsible use of resources.



✓ | At the Bad Berka site we cover 94 per cent of our electricity demand ourselves. In Bad Neustadt this figure is 36 per cent, in Marburg 29 per cent and at the Giessen site the share of electricity we generate ourselves stands at 26 per cent. We do not operate a cogeneration plant at our Frankfurt (Oder) site.

Intelligent lighting systems with LED technology save energy

✓ | In 2022, we have also continued switching over our existing lighting systems used in our hospitals, outdoor installations and parking facilities to energy-saving LED technology. In all new buildings and extensions as well as in connection with refurbishment measures, we are exclusively installing LED lamps. In addition, lighting of public spaces is controlled centrally based on specific use (e.g. with day/night switching). Illumination levels are also adapted to what is needed based on a given time of day. This time-of-day control of illumination levels allows us to control energy consumption.

Implementing energy optimisation measures

✓ | The potential for saving energy features very prominently in all refurbishment measures we perform on our buildings. During the reporting period we identified and adopted some new approaches in this regard.

✓ | An inspection of roof surfaces with a view to installing photovoltaic systems has been performed at all sites. In a further step, we are currently preparing an analysis of the economic profitability of mounting and using such systems on our roof surfaces. The profitability analysis has now been completed for the Bad Neustadt site and is to be successively continued for other sites.

✓ | Compared with the previous year 2021, we succeeded during the 2022 reporting year in realising significant savings of 547,216 megawatt hours (kWh) at the Bad Neustadt site thanks, amongst other things, to the targeted use of intelligent building control systems. This was achieved through the optimisation of ventilation, heating and cooling systems – outside highly sensitive areas. The additional installation of twilight sensors, motion detectors, adjustment of timers in the building control systems as well as the installation of additional LED lamps have also helped bring about a further reduction. In addition, an existing hospital building will be used as an administration building in future following an overhaul of its energy facilities.

✓ | Moreover, the Bad Berka site will see its four existing cogeneration plants replaced, existing heating boilers adapted to the new requirements and the central cooling unit brought in line with the new operating environment in several construction stages by the end of 2024. In future, CO₂ emissions will be significantly reduced and energy costs reduced annually by roughly 340,000 euros once the project has been completed.

✓ | At the Frankfurt (Oder) site, the replacement of the lighting system was continued during the reporting year as part of the refurbishment project, and the instrumentation and control equipment was further modernised.

✓ | In Marburg, a metering concept differentiating between third-party consumers has been installed since January 2022. For this purpose, a total of 130 metering points were installed to measure the consumption of external service providers such as bakeries or pharmacies. This represents an important step towards a full energy management system. Suitable spaces at this site were also equipped with motion detectors to reduce energy consumption.

✓ | During the 2022 reporting year, the “Green Hospital” working group was established at UKGM. This employee working group representing various professional groups from different hospitals develops ideas for integrating environmental protection into the day-to-day work of hospitals. Depending on the area of focus, representatives/senior executives from different business and clinical areas are invited to the working group’s meetings. One of the first successes achieved by the working group was to improve the collection of recyclable materials and glass in the central surgery wing of the University Hospital of Marburg.

✓ | With the aim of raising awareness and exchanging information, we initiated the lecture series “Climate crisis and health” in 2021 with the participation of the University Hospital of Marburg, which we also continued in 2022. These publicly accessible lectures deal extensively with the impact of climate change on human health. The lecture series is addressed to citizens and patients; the opening event was moderated by Dr Eckart von Hirschhausen.

✓ | In all new construction and refurbishment measures, we provide for redundancy and availability of the technical facilities to make sure we are ready for any failure of the external energy supply grid. Two emergency power generators per hospital ensure self-sufficiency in electricity for several days. With oil-operated backup boilers, we moreover ensure a supply with sufficient heat and, where applicable, steam. We are thus able to ensure safe patient care in the event of protracted external supply failures.

Reducing climate-harmful anaesthetic gases

✓ | All anaesthetic gases are direct and potent greenhouse gases. They accelerate global warming when they enter the atmosphere through the exhaust air. The process of filtering anaesthetic gases from exhaust air is not only expensive but also energy-intensive and not very efficient. The department of anaesthesiology and operative intensive-care medicine at the University of Giessen and the department of anaesthesia and intensive care at the University of Marburg succeeded in completely eliminating the use of desflurane, a particularly harmful anaesthetic gas, after gradually reducing its use. Desflurane has now been replaced by other volatile anaesthetic gases. This not only lowers costs but is also good for the environment. For the most part it has been possible to switch anaesthesia to other regimes, such as total intravenous anaesthesia (TIVA) and regional block anaesthetics. The same thing holds true for laughing gas, which is also used in anaesthesia techniques. Here, too, consumption has been further reduced. In Marburg, laughing gas is no longer used and in Giessen only in special paediatric anaesthesia indications. In Giessen, there are also efforts to eliminate anaesthetic gas scavenging with the aim of saving energy during those hours when no anaesthesia procedures are performed.

Offering environmentally sound alternatives for private transport

✓ | We are aware that CO₂ emissions arise whenever our employees, patients and visitors travel to and from a hospital using their own private vehicles. That is why we took various measures during the reporting period to limit private transport, offer alternatives and thus make transfers more environmentally friendly.

✓ | Since the beginning of 2022, our employees at the Marburg and Giessen sites have been able to take advantage of a free ticket for local public transport and enjoy the benefits of a "Job Bike" offering. In Marburg, an electronically secured bicycle parking lot for employees was established in April 2022. We are promoting electrical mobility by gradually installing additional charging stations for the electrical vehicles of our employees and guests. For example, at the Frankfurt (Oder) site six new charging stations for electric vehicles were installed, bringing the total number of charging stations there to eight.

Measurable results

✓ | In 2022, we generated with combined heat and power units a total of 40,296 megawatt hours (MWh) (previous year: 39,607 MWh) of electricity, covering roughly 35 per cent (previous year: 34 per cent) of our own demand. This is cost-efficient and in 2022 saved roughly 4,225 t in CO₂ emissions as compared with conventional energy supply. Compared with the previous year, electricity consumption at RHÖN-KLINIKUM AG in 2022 saw a reduction by 2.5 per cent to 114,723 MWh (previous year: 117,673 MWh).¹ Heat consumption decreased by around 7.2 per cent to 94,338 MWh (previous year: 101,652 MWh).¹

» We are promoting electrical mobility by gradually installing additional charging stations for the electrical vehicles of our employees and guests.



✓ | The lower energy requirements of our hospitals and the energy-saving measures taken have also resulted in a reduction of Scope 1 CO₂ emissions. These Scope 1 emissions are produced directly on site in our own heat and electricity generation. During the reporting period, these amounted to 45,544 t of CO₂ (previous year: 48,803 t of CO₂). Scope 2 emissions cover all indirect emissions from district heating and electricity deliveries. In 2022, they increased slightly to 38,333 t of CO₂ (previous year: 37,972 t of CO₂).² The Scope emissions do not currently include any cooling media since it was not possible to identify the consumption quantities and thus to measure these values at all sites throughout the Group.

Reducing waste volumes through waste avoidance and recycling

✓ | Waste is unavoidable, especially in hospitals with their stringent hygiene requirements. Given the unprecedented COVID-19 situation and the huge hygiene requirements associated with it, a generalised reduction in waste can be achieved only with difficulty. In spite of that, our waste volume decreased slightly over the reporting year.

✓ | Nevertheless, our goal is to reduce waste in the medium term. For that reason RHÖN-KLINIKUM AG attaches great importance to waste avoidance. And to achieve this goal, every idea counts: for example, we are planning to digitalise our patient admissions in future so that we can save large amounts of paper otherwise used in this process.

Moreover, we are trying to recycle waste as far as possible whilst at the same time ensuring proper segregation and disposal of waste. The waste officers at each of our sites monitor compliance with the regulations and train new employees and apprentices in the careful management of consumables (waste avoidance), proper segregation (recycling of raw materials) and the correct disposal methods for different types of waste.

✓ | We are making every effort to use all available means of recycling and find new recycling methods. We dispose of any non-recyclable waste in an environmentally sound manner to the highest disposal standards. That is why we exercise great care when selecting our service providers and ensure that the disposal conditions are defined by contract.

✓ | Moreover, we attach special value to reducing food waste as far as possible. We are seeking to achieve this goal by conducting a survey of patient requests that is standardised and updated daily at all hospital sites. In this way, only the foods that patients want will be purchased and prepared.

✓ | For the coming year, we are also planning to introduce reusable coffee cups and salad bowls in the cafeterias at all our sites.

¹ In this paragraph the figures of the previous year were adjusted as a result of a new calculation method.

² In this paragraph the figures of the previous year were adjusted as a result of a new method for calculating energy data.

✓ | During the reporting period, the amount of category A-B waste produced was 4,299 t (previous year: 4,636 t). Compared with the previous year, the volume of category A-B waste thus fell by 7.3 per cent. Category C-E waste decreased to 132 t (previous year: 155 t). The lower waste volumes are attributable to successful measures such as training courses and instructions on waste avoidance and recycling.

Reducing water consumption, ensuring water purity

✓ | (Drinking) water is a valuable resource that is not always available in all parts of the world. That is why we are also engaged in targeted efforts to lower water consumption in our day-to-day clinical activities.

✓ | Thus, we have implemented a number of measures in recent years enabling us to conserve water to a noticeable extent. All toilets are equipped with water-saving buttons for minimum flushing volumes. The sink fixtures are set to predetermined limits on the amount and temperature of the water running through them.

✓ | For a healthcare group like RHÖN-KLINIKUM AG, it is absolutely essential to be able to offer high-quality drinking water. That is why we drew up our own "Water Use Policy" years ago. Strict compliance with the requirements of this Policy is to ensure the high quality of drinking water from the point of delivery from the public water mains to the final point of use. We also conduct regular water quality inspections through microbiological tests that exceed the legal requirements.

✓ | During the 2022 reporting year, the measures we took, despite higher recooling effects as a result of the hotter summer, reduced water consumption by roughly 1.9 per cent to 634,451 m³ (previous year: 646,628 m³).³

✓ | For environmental reasons it is also very important to us to keep contaminant levels in our waste water as low as possible. Waste water contaminants result from separation of contrast agents or medications. Waste water containing grease from the preparation of foods as a rule is passed through grease separators and only then discharged to the public sewerage system. In our kitchens, we also dispensed with the use of cleaning and disinfection products containing chlorine. In 2022, the amount of waste water at all sites was roughly 596,545 m³ (previous year: 617,747 m³).⁴

We are developing innovative climate concepts of the future

✓ | RHÖN-KLINIKUM AG is aware of the general significance and urgency of climate change mitigation and is assuming its responsibility. We act on this by developing viable climate change mitigation concepts for the future. We are currently gradually developing a comprehensive Group-wide climate and sustainability strategy for the coming years. We will report on the scope and goals of this strategy after it has been completed.

New system of indicators to enable comparability of Groups and consistent presentation

✓ | In financial year 2022, RHÖN-KLINIKUM AG reported on its environmental KPIs outside the main text in a tabular presentation form for the first time. The KPIs meet a Group-wide standard and create comparability of the subgroups of the Asklepios Group as well as consistent presentation.

✓ | ENVIRONMENTAL PROTECTION INDICATORS (KPIs)

Indicator	Unit	Value
Total energy consumption (electricity)	GWh	114.7
Third-party purchase (electricity)		
Electricity consumption (ex CHPs + PV)	GWh	76.2
Natural gas consumption (ex CHPs + PV)	GWh	85.4
District heating	GWh	42.5
Self-generated energy		
Electric energy produced by CHPs	GWh	40.3
Heat produced by CHPs	GWh	51.8
Number of CHPs	number	4
Photovoltaic	GWh	0.000352
Mix of energies (main electricity supplier)		
Renewable energy sources	per cent	24.2
Nuclear power	per cent	15.5
Coal/lignite and natural gas	per cent	58.7
Other fossil fuels	per cent	1.6
Waste, total weight	t	5,132
Water consumption	m ³	634,451
Direct emissions (Scope 1)	t CO ₂	45,544
Indirect emissions from energy provided (Scope 2)	t CO ₂	38,333

3/4 The figures of the previous year were adjusted as a result of a new calculation method.

SUPPLIER MANAGEMENT

We attach tremendous importance to actively maintaining the relationships with our suppliers. To obtain the best quality of products at the lowest prices, we have centralised our supplier management activities for the entire Group and work together closely with the purchasing managers of our hospital sites. This practice has proven itself in the past, which is also why we will continue to build on this in the future. In the purchasing area we also benefit from our strategic collaboration with the Asklepios Group.

Trusted, long-term partnerships with our suppliers

Over the years, the business relationships with our suppliers have turned into partnerships based on mutual trust and reliability. In this way, we are able to fully meet our requirements for quality, dependability and efficiency. In this context, we review the aforementioned points with our main suppliers as part of our annual supplier rating. A big advantage in this regard is the strategic collaboration with the purchasing department of the Asklepios Group, which we have been pursuing since October 2020. It is also responsible for entering into new contractual agreements. As experience has shown, this has given us an even stronger position in contract negotiations with our partners. In addition to the purely economic effects of synergies, this also promotes the growth in knowledge that we achieve by pooling the know-how found in both corporate Groups. The collaboration has had an extremely positive effect when it comes to avoiding supply bottlenecks. For example, by working beyond the bounds of the Company and across our sites, we have been able to find solutions for what are now particularly rare goods. We reduce supply shortages by working together with at least two suppliers for each product group. Any short-term supply difficulties can usually be bridged through inventories or alternative products.

Challenges of geopolitical situation in Ukraine

The impacts of the COVID-19 pandemic confronted us with unprecedented challenges early in 2020 when the first COVID wave swept through Europe. At that time items of personal protection equipment (PPE), including surgical masks, surgical caps, FFP2 masks as well as protective gowns, were often in short supply due to exploding global demand.

Today, we are being hit by the constant rise in energy costs having a huge impact on the production costs of the items we need, as well as by the continuing high costs of transport and logistics. Freight costs are still at the level of the COVID-19 pandemic, which come on top of significantly higher fuel prices.

The new EU Medical Device Regulation requires a new certification of medical devices. The costs associated with this will be passed on by suppliers to their customers, such as hospitals. Likewise, companies are considering the possibility of pulling low-margin products from the market instead of bearing the costs of an expensive certification. This is also leading to shortages on the market that will further drive up costs.

It is becoming increasingly challenging for us to maintain our primary objective of using only those products that have proven themselves for us from a medical standpoint and are of outstanding quality.

Key goods categories of RHÖN-KLINIKUM AG are:

- drugs and blood products (blood supplies and blood coagulation factors)
- transcatheter aortic valve implants (TAVI)
- cardiac pacemakers and defibrillators
- stents
- endoprosthetics
- care products



With an interdisciplinary team the requirements of the German Supply Chain Act are being implemented in accordance with the statutory requirements centrally within RHÖN-KLINIKUM AG in collaboration with the Group parent company Asklepios.



Standardisation of products ensures their availability

For some time we have been trying to standardise and harmonise the products we purchase. The primary goal is to use only those products that have proven themselves from a medical standpoint and are characterised by outstanding quality and excellent long-term results. This is followed by the cost aspect, since many manufacturers give rebates on large volume purchases. As the frank discussion amongst the materials management heads and in the medical expert panels of RHÖN-KLINIKUM AG has revealed, such standardisation does not lend itself to all products.

However, standardisation has proven advantageous in the following medical areas:

- endoprosthesis (hips, knees, kyphoplasty, etc.)
- cardiology (pacemakers, defibrillators, heart valves, stents, etc.)
- anaesthetics (tubing, syringes and sensors, etc.)
- laboratory medicine (urine diagnostics, blood gas analysis, etc.)
- nursing (urine measurement systems, surgery drapes, suctioning, dressing materials, infusion solutions, sanitary products, etc.),
- hygiene products (water filters, disinfectants, etc.)

In the non-medical area, we are pursuing for example the standardisation of office items or paper as well as the harmonisation of service providers in the technical area, and are also switching over our goods management systems to one uniform system for all hospital sites.

The purpose of the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG) is to improve the situation of human rights internationally by defining requirements and standards of responsible management of supply chains for certain companies. With an interdisciplinary team the requirements of the Act are being implemented in accordance with the statutory requirements centrally within RHÖN-KLINIKUM AG in collaboration with the Group parent company Asklepios. Even before the new Act was introduced, we were acting in accordance with Kant's imperative to "act only in accordance with that maxim through which you can at the same time will that it should become a universal law".

Supplier management indicators (KPIs)

✓ | In the 2022 Annual Report, the following KPIs are published at the Group level for the first time. The KPIs published on the basis of a Group-wide standard will help create comparability of the subgroups of the Asklepios Group as well as consistent presentation.

✓ | SUPPLIER MANAGEMENT INDICATORS (KPIs)

Indicator	Unit	Value
Procurement volume	€ m	446.6
Total number of suppliers	number	3,543

Group Management Report

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Group Management Report

In financial year 2022 we treated 855,333 patients in our hospitals and medical care centres, generating revenues of € 1,446.1 million as well as EBITDA of € 105.6 million.

Financial year 2022 was dominated by the COVID-19 pandemic, efforts to cope with the impacts of inflation, the energy crisis and supply challenges, as well as the effects of the war in Ukraine.

Successful agreement reached with the Federal State of Hesse on the granting of investment funding as well as on the enhancement of separate accounting at Universitätsklinikum Gießen und Marburg (UKGM) at the end of February 2023.

1 | BASIC CHARACTERISTICS OF THE RHÖN-KLINIKUM GROUP

1.1 Overview

Within the Group of RHÖN-KLINIKUM AG, mainly cross-sector (i.e. inpatient, semi-inpatient and outpatient) healthcare services are provided. With few exceptions, the Group has a single-tier structure. With the exception of Campus Bad Neustadt, the individual hospital companies are organised in the form of legally independent corporations having their registered office at the respective facility sites and are managed as direct subsidiaries of RHÖN-KLINIKUM AG (ultimate Group parent company). The ultimate Group parent company has its registered office in Bad Neustadt a. d. Saale, Federal Republic of Germany.

With eight hospitals and 5,445 beds/places at a total of five sites in four federal states, we are one of the largest hospital operators in Germany. A total of 855,333 patients (previous year: 845,642) were treated in our facilities in financial year 2022. With revenues of € 1,446.1 million (previous year: € 1,402.0 million), we generated EBITDA amounting to € 105.6 million (previous year: € 101.2 million) despite the considerable impacts of inflation, the energy crisis, supply challenges as well as the subsiding but still continuing effects of the COVID-19 pandemic during the course of the year. At the balance sheet date, the Group employed 18,140 persons (31 December 2021: 18,227).

1.2 Future of the Group

At RHÖN-KLINIKUM AG financial year 2022 was marked by the response to the COVID-19 pandemic and efforts to cope with the impacts of the war in Ukraine. We are now also facing new challenges from taking in and providing medical care to refugees and injured people, overcoming the energy and procurement crisis as well as coping with rising inflation.

At the end of February 2023, an agreement was reached in the negotiations with the Federal State of Hesse on the implementation of the Letter of Intent signed in January 2022 relating to the grant of investment funding as well as enhancing what is referred to as separate accounting. Over the next ten years, the Federal State of Hesse and Universitätsklinikum Gießen und Marburg (UKGM) want to invest nearly € 850 million at the Giessen and Marburg sites to safeguard optimum healthcare delivery to people in the region, the quality of research and teaching as well as job security.

Our most pressing tasks in the Company include improving provision of services at the hospitals and a return to normal after the COVID-19 pandemic, expanding outpatient care structures and offerings, digitalisation as well as measures to address the shortages in qualified staff.

Attractiveness as employer

With 18,140 employees, RHÖN-KLINIKUM AG is one of the largest healthcare groups in Germany. For years we have been committed to excellent medical care, competence and know-how as well as maintaining a close relationship based on a human approach. For RHÖN-KLINIKUM AG, diversity is a self-evident part of our day-to-day hospital activities. We are fully committed to diversity and stand firmly against discrimination or harassment in any form.

As an established hospital operator, we enjoy an excellent reputation as an employer and training provider. We offer good opportunities for personal advancement and continuously invest in the training of new staff members as well as the qualification of employees. As seen from our health management approach, we give top priority to looking after our employees' needs, particularly given the considerable challenges they had to face during the COVID-19 pandemic. We take care of our employees – also with offerings helping them to balance their family and career – and look after their health.

And we realise that keeping a work-life balance is also key when it comes to maintaining stable mental and physical health. That is why we see it as our duty to create the environment in which our employees can succeed in harmonising their professional and personal life.

Medical and nursing excellence

RHÖN-KLINIKUM AG enjoys a high standing in the medical community. Our physicians are among Germany's top medical professionals and our hospitals are recognised for their high standards of treatment quality. Many of them hold multiple certifications.

As attractive large intermediate- and maximum-care facilities with access to university medicine, our hospitals have a unique selling point. The strong interdisciplinary cooperation enabling specific therapies for our patients based on state-of-the-art diagnostics ensures a holistic provision of medical, nursing and therapeutic care to patients.

Our goals are to continuously improve the quality of medical care, further increase patient safety and satisfaction as well as improve patient communications and patient services. We also plan to broaden our existing scope of outpatient care and cooperation with the aim of avoiding unnecessary inpatient hospital stays for our patients.

Corporate code

In this regard, the ethical principle underlying everything RHÖN-KLINIKUM AG does is "Don't do to others what you would not like done to yourself, and don't leave off doing anything that you would like done to yourself." It is characterised by expertise and knowledge, closeness and humanity, responsibility and integrity.

In this regard the Company is aware of its responsibility for patients, staff and the environment. Every day we perform an important and responsible task as part of our care mandate. Here, our focus is always on people.

We define ourselves and the goals we strive to achieve by holding each employee of RHÖN-KLINIKUM AG acts with integrity at all times. In this regard the principles of conduct of our corporate code set out both the conduct of all employees amongst themselves and the relationship between employees and patients.

Our principles of conduct describe the values we should feel bound by as employees of RHÖN-KLINIKUM AG. These are integrity, responsibility, trust, loyalty and sustainability. By adopting the Declaration of Human Rights supporting these principles of conduct, we demonstrate our goal of ensuring that in addition to people's health the safeguarding of human rights is an essential part of everything we do – also in our supply chains.

Corporate social responsibility

As a provider of healthcare services, an employer and a Company, RHÖN-KLINIKUM AG is wholly committed to sustainability. Sustainability is an essential part of our identity. We are committed to sustainability in all its many facets. It is a reflection of how we create a sound environment for our patients, employees, business partners and investors. At the same time, it enables us to safeguard our success.

We also report on this in the section "Corporate Social Responsibility Report" (CSR Report). Further information can be found in the integrated separate report provided there pursuant to section 315c in conjunction with sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch, HGB).

a) Improving the quality of life

The well-being of patients is the top priority for RHÖN-KLINIKUM AG. We are committed to integrated care completely oriented to the needs of patients – at each individual facility as well as in cooperation with other facilities and sectors. With our campus approach we are setting standards for excellent, cross-sector medical and therapeutic care – particularly also in rural areas.

We offer excellent medical care with a direct tie-in to universities and research facilities. Our hospitals participate in research projects helping to drive forward medical innovations and cutting-edge medical solutions for the well-being of our patients. In our strong healthcare network, we specifically promote a professional exchange amongst our doctors and in nursing. With this knowledge transfer, we deliver cutting-edge medicine to the regions and thus secure access to advances in medical care also in rural regions.

b) Protecting the environment

Sustainability and environmental protection are fundamental issues of our times to which RHÖN-KLINIKUM AG has committed itself. Our main focus and concern here is to reduce CO₂, waste volumes and water consumption without making compromises when it comes to ensuring the safety and comfort in the care we provide to our patients.

Modern hospital operations need a lot of energy. We use a wide variety of technical equipment and systems that are important for the treatment and care of our patients. And the increasing pace of digitalisation and expansion of equipment-based medical care will also bring increasing demand for energy. At RHÖN-KLINIKUM AG, emissions are produced primarily in the form of carbon dioxide (CO₂) from heat generation or from electricity purchases. Through modernisation measures, energy efficiency improvements and the use of renewable energies, we are looking to curb the increase in such emissions.

To ensure energy-optimised operations, we invest in sustainable technology at all our sites. Since we control the reduction in emissions through our primary energy consumption, automation of our buildings plays a key role in the hospitals and properties.

c) Promoting and retaining employees

Our most valuable asset is our staff. They are the backbone of our Company. In our health management approach we make sure that we are attentive to our employees' needs. We realise that keeping a work-life balance is also key when it comes to maintaining stable mental and physical health. That is why we see it as our duty to create the environment in which our employees can succeed in harmonising their professional and personal life.

RHÖN-KLINIKUM AG's attractiveness as an employer is underpinned by its comprehensive offering of initial, ongoing and higher-qualification training. We reach out to students early, run our own schools and train people in nursing, medical, commercial and technical professions. Moreover, we specifically promote the ongoing and higher-qualification training of all professional groups within the Group. That is just as true for nursing staff as it is for doctors and therapists. Doctors, for example, can obtain additional qualifications including specific focus areas, and can be trained as specialist doctors at all the Company's sites. Moreover, our strategic cooperation with the Asklepios Group opens up additional opportunities for improving the quality of ongoing and higher-qualification training.

1.3 Objectives and strategies

Together with Asklepios, we can and will gain an even stronger position on the market and will continue to benefit from the strategic cooperation and standardisation of processes and products. Coming on top of these economic synergy effects is the knowledge gain that will be achieved from pooling the know-how in both corporate groups. Together, our objective is to develop and promote path-breaking

concepts of healthcare delivery to ensure we can continue providing excellent medical care. Under the common structure with Asklepios, we have created the ideal basis for meeting the challenges of our sector head-on and taking advantage of the Group's economies of scale for each individual facility and hospital in the best possible way.

In Germany, we have a very good healthcare system with highly qualified and committed employees. To make sure this stays that way in future, this heavily regulated system must be funded in line with the principle of dual financing. That means that the operating costs are borne by the healthcare funds and the investment costs of the hospitals by the federal states regardless of their ownership (public or private) and their care level or category. It is therefore vital for the federal states to once again better meet their statutory responsibility to assume the investment costs and to ensure the future viability of hospitals in Germany. For Universitätsklinikum Gießen und Marburg, an agreement was reached at the end of marathon negotiations by the Federal State of Hesse and the managers of our Group, the universities and the university hospital on the latter's entitlement to investment funding. This agreement was signed in February 2023. After RHÖN-KLINIKUM AG had already invested over € 750 million of its own funds in the university hospital in the past, the next ten years will see further amounts of almost € 850 million being invested in healthcare delivery as well as research and teaching. We are firmly convinced that Universitätsklinikum Gießen und Marburg can look ahead to good prospects for the long term.

We continue to pursue our objective of taking on new challenges and meeting them through appropriate investments. In addition to advances in medicine, we will press ahead even further with digitalisation and drive the change on the healthcare delivery landscape by promoting specialisation whilst at the same time expanding out-patient medicine through comprehensive and targeted investments. Here, the sound foundation in healthcare delivery for research and teaching will be further strengthened, and providing patients with cutting-edge medical care will continue to be safeguarded.

We see some of our most pressing tasks in the Company in the following further areas of action: strengthening nursing and medical care, ensuring that hospitals concentrate on their core activities, further optimising processes as well as pooling know-how, for example at the (in some cases newly established) service companies providing in-house services.

Our objectives continue to be ambitious and will present RHÖN-KLINIKUM AG and our employees with a wide range of challenges. People from over 70 nations work for RHÖN. Each day they work together in a team and do outstanding work. Here, we pay considerable attention to retaining and recruiting qualified staff, particularly also given the general shortage of qualified staff in the medical and nursing fields. We continue to offer our employees good opportunities for personal advancement and are continuously investing in initial and ongoing training as well as in attractive offerings for our staff.

Sustainability and environmental protection are fundamental issues of our times to which RHÖN-KLINIKUM AG has committed itself. Modern hospital operations need a lot of energy, whether for the state-of-the-art building technology, the wide array of medical devices or increasing digitalisation. We have taken on the task of ensuring energy-optimised operations as we invest in sustainable technologies. The goal is to reduce CO₂ emissions, waste volumes and water consumption – without compromising when it comes to ensuring the safety and comfort in the care we provide to our patients.

Not a few hospitals will have to close down due to the huge cost pressures and in the wake of the planned hospital reform. Increasingly, they are also being faced with massive cost hikes for energy, medical goods or services which they cannot refinance. Many different structural changes are needed to preserve the efficiency of the healthcare system in Germany.

Our ongoing aim is to pursue new paths to uphold the standard of offering the best medical care to our patients. In this way we can better respond to the changes and increasing requirements as compared with the market as a whole thanks to the merger with Asklepios and our large sites with highly specialised centres. Here, our RHÖN Campus approach for cross-sector and future-oriented healthcare delivery in rural areas will make an increasingly significant conceptual contribution towards creating the care delivery structures of the future.

We will also vigorously and undauntedly continue to pursue the necessary task of helping to reshape the healthcare system and implementing our corporate goals.

1.4 Controlling system

The RHÖN-KLINIKUM Group is directed and controlled by the Board of Management of RHÖN-KLINIKUM AG. The Group is controlled giving due regard to medical, strategic and financial targets. The target system defines key figures of relevance for control such as revenues and EBITDA, as well as key figures for quality and growth in medical service volumes and consolidated profit. Key ratios are

monitored by the Board of Management. Monthly reporting to the Board of Management includes the hospitals. Group management costs are fully distributed to the operative segments. The monthly target-to-actual and actual-to-actual comparison in the report to the Board of Management, by aggregating the operative segments into one reporting segment, serve to control the targets published in the Company forecast.

It is our firm view that profitable growth in our service volumes, number of cases or our valuation ratios as well as our revenues are important factors when it comes to increasing our enterprise value.

Valuation ratios are key figures used to account for medical services at hospitals. For each group of patients, the respective valuation ratio is obtained in combination with the case-mix index (variable indicating average case severity in the system of diagnosis-related groups, DRGs). The valuation ratio is thus a measure of the medical severity of a treatment case and also of cost expenditure. If the valuation ratios are multiplied by the state base rate, the material amount that a payer (health insurance fund) has to pay to a hospital for an inpatient treatment case is obtained. Through supplementary fees and remuneration, for example for new forms of treatment, this amount may increase even further in certain cases.

Even if the share of outpatient revenues in controlling-relevant total revenues is increasingly rising, inpatient revenues still represent the most important indicator of financial performance. For the purposes of measuring and controlling, revenues as a general rule are adjusted for consolidation effects so as to calculate organic growth.

EBITDA describes our operative performance efficiency before depreciation/amortisation, interest and tax and represents a further important controlling-relevant financial performance indicator. Our objective is to achieve EBITDA margins throughout the financial year which are amongst the most attractive in the hospital market in keeping with the orientation of the individual facilities. They are defined as the quotient of EBITDA and revenues.

Consolidated profit after tax is used to measure and control earnings strength at the Group level. This figure has the biggest influence on earnings per share (EpS) used for capital market communication.

The aim of the Management with regard to the handling of equity and debt is to adopt a strict policy of matching maturities (horizontal balance sheet structure) of the source and use of funds. Non-current assets should be funded on a long-term basis. The items of equity and non-current liabilities shown in the balance sheet are included under the source of long-term funds. This key ratio is to be at least 100%. Although given the personnel cost ratio of more than 50% the Group

is frequently attributed to the services sector, our business model has a long-term focus and is initially investment-driven.

With regard to the use of debt capital, we focus on the following management ratio for minimising risks: the aim is to limit the ratio between net financial debt (corresponding to financial liabilities less cash and cash equivalents) and EBITDA to a maximum 3.5 multiple.

In addition to the financial key figures for growth in service volumes, we use further, non-financial performance indicators to further develop the Company on a sustainable basis. The further, non-financial performance indicators include quality assurance, occupational protection, patient surveys, human resources development and the subjects of energy and the environment.

1.5 Quality

Ensuring the safety and satisfaction of our patients is what we put first. We achieve this goal in close collaboration with our partners of the Asklepios Group through our joint expectations of medical excellence and a comprehensive quality management programme with interfacility structures. In this way we can introduce innovations, live up to our own standards of quality and set new standards.

Each day we do everything possible to ensure our patients feel safe, are happy and receive excellent medical care. Together with them, we are constantly seeking ways to improve the quality of our medical services, to integrate innovative technologies and to further improve clinical processes.

For further information, reference is made to the separate non-financial report in accordance with section 315c in conjunction with sections 289c to 289e of the HGB in the Annual Report published on our website.

1.6 Medical research and its transfer into practice

Thanks to the direct tie-in to university maximum care and the direct access to university research findings, RHÖN-KLINIKUM AG can translate state-of-the-art research findings quickly and precisely into hospital care and competently deliver the same to the regions.

Our excellent healthcare is based on this continuous transfer of knowledge from research into daily clinical practice. Our hospitals work together in national and international research associations and projects and benefit from the close networking with the Company's university hospitals in Giessen and Marburg as well as the strategic exchange within the Asklepios Group.

1.7 Compliance

The compliance standards at RHÖN-KLINIKUM AG promote a legally compliant conduct of our employees. This is sustained and supported

by our Group – both internally within our Company and in the relationship with our external stakeholders.

Trust between clinical staff and patients is the basis of our day-to-day work. We understand this in light of the principle that “We treat all people in the same way we also would like to be treated ourselves”. This principle applies without exception to all our employees.

Our compliance management system provides the framework for legally compliant behaviour, fair dealings and responsible corporate governance. The compliance management system is continuously enhanced. Our Group-wide principles of conduct – communicated to all employees in November 2022 – define the requirements describing the relationship with our patients, customers, suppliers, shareholders and the general public as well as the conduct of our employees amongst one another.

For further information, reference is made to the separate non-financial report in accordance with section 315c in conjunction with sections 289c to 289e of the HGB in the Annual Report published on our website.

1.8 Corporate Governance

Subscribed capital

The subscribed capital of RHÖN-KLINIKUM AG stated in the consolidated financial statements is completely made up of 66,962,470 ordinary voting bearer shares (non-par shares) each having a nominal share in the registered share capital of € 2.50. Restrictions on voting rights or the transfer of shares – even if these may result from agreements of shareholders – do not exist or are not known to us. None of our shares is issued with special rights that confer on its holder special powers of control. Employees who hold shares exercise their voting rights freely. Shareholders may exercise their voting rights themselves at the Annual General Meeting or through proxies appointed for this purpose.

Based on the threshold events notified to us, the following picture pursuant to section 33 f. of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) in terms of shareholder structure emerges as at the relevant key date of 31 December 2022:

Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding/falling below threshold in the case of	Notification pursuant to section 33 et seq. WpHG attribution pursuant to WpHG/ additional information
Dr Bernard große Broermann/ Eugen Münch; AMR Holding GmbH	23 July 2020/ 24 July 2020	0.0005	93.37	93.38	22 July 2020	> 75%	Attributed (section 34 WpHG): AMR Holding GmbH

Consolidated financial statements, communication with shareholders and analysts

The consolidated financial statements are drawn up in accordance with the provisions of International Financial Reporting Standards (IFRS) applicable within the European Union and applying section 315e of the HGB, and audited in accordance with both national and international auditing standards. When issuing auditor mandates, due care is taken to ensure the requisite independence of the auditors appointed. The audit mandate for the annual financial statements and for the half-year financial statements of the Group as well as for the Group's ultimate parent company is issued by the chairman of the Audit Committee after due examination pursuant to the resolutions adopted at the Annual General Meeting.

We publish our consolidated financial statements in March of the following financial year. The Annual General Meeting normally takes place within the first six months of the new financial year. We announce our forecasts for the respective financial years in accordance with the requirements. We conduct analyst and analysis and investor discussions and also report on business performance in analyst conference calls. With our financial calendar published in the Annual Report and in the Internet on our home page, we inform our shareholders, shareholder associations, analysts and the media of all other recurring key dates.

Corporate bodies

The Board of Management and the Supervisory Board are constituted according to legislation governing German stock corporations. Under this regime the Board of Management directs the Company; the Supervisory Board advises the Board of Management and supervises its management activity. Members of the Supervisory Board and the Board of Management are appointed and dismissed in accordance with the provisions of stock corporation law (Supervisory Board: section 101 et seq. of the German Stock Corporation Act (Aktengesetz, AktG); Board of Management: section 84 of the AktG) and the German Co-Determination Act (Mitbestimmungsgesetz, MitbestG).

In line with the principle of equal representation of shareholders and staff pursuant to the German Co-Determination Act (Mitbestimmungsgesetz) and the Articles of Association, the Supervisory Board of RHÖN-KLINIKUM AG comprises an equal number of employee and shareholder representatives (16) and held seven meetings in 2022 (2021: five meetings).

At the Virtual Annual General Meeting of RHÖN-KLINIKUM AG on 8 June 2022, the shareholders, in addition to the proposed appropriation of profits, approved the actions of the members of the Board of Management and Supervisory Board, the election of a new member of the Supervisory Board, the conclusion of profit-and-loss

transfer agreements with RHÖN-KLINIKUM Services GmbH, RHÖN-KLINIKUM Business Services GmbH, RHÖN-KLINIKUM Service Einkauf + Versorgung GmbH and RHÖN-KLINIKUM IT Service GmbH, the Remuneration Report pursuant to section 162 AktG as well as the selection of the statutory auditor for financial year 2022.

Ms. Nicole Mooljee Damani notified the Company on 8 December 2021 that she was resigning her mandate as member of the Supervisory Board of the Company, and accordingly left the Supervisory Board after expiry of the one-month time limit pursuant to Section 10 (3) of the Articles of Association with effect from 8 January 2022. The Local Court of Schweinfurt, by Decision of 2 March 2022 issued on application by the Board of Management based on a corresponding proposal of the Supervisory Board, then appointed Dr. Cornelia Sufke as member of the Supervisory Board of the Company. Dr. Cornelia Sufke, Head of Medical Law, Insurance & Compliance of Asklepios Kliniken GmbH & Co. KGaA, Hamburg, was elected by the shareholders to the Supervisory Board of RHÖN-KLINIKUM AG at the Virtual Annual General Meeting on 8 June 2022.

As at 31 December 2022, 31.3% of the Supervisory Board is currently comprised of women and 68.7% of men. There are six standing committees: the Mediation Committee as well as the Personnel Affairs Committee, the Audit Committee and the Committee for Deciding on Transactions with Related Parties within the meaning of section 111a of the AktG ("Related Party Committee") as committees with the power to adopt resolutions within the meaning of section 107 (3) AktG, as well as the Nomination Committee for candidates of the shareholders' representatives and the Medical Innovation and Quality Committee. The respective committee chairmen report to the Supervisory Board as required at regular intervals on the work of the committees.

Terms of Reference have been adopted for the activities of the Board of Management as well as of the Supervisory Board, including cooperation between these two bodies, in which among other things the allocation of responsibilities within the Board of Management as well as within the Supervisory Board is regularly adapted to changing requirements.

The Board of Management of RHÖN-KLINIKUM AG is responsible for directing the Company. In accordance with the Terms of Reference, its business operations are carried out under joint responsibility. The Board of Management reports regularly, without delay and comprehensively to the Supervisory Board on all significant issues relating to the business development and position of the Group and its subsidiaries. Within the Board of Management, Mr. Christian Höftberger (chairman of the Board of Management) left the

Company with effect from 31 October 2022. At its meeting on 18 October 2022, the Supervisory Board appointed Prof. Dr Tobias Kaltenbach to the Board of Management as chairman of the Board of Management with effect from 1 November 2022. Prof. Dr Bernd Griewing (Chief Medical Officer, CMO) resigned from the Board of Management with effect from 31 October 2022 and on 1 November 2022 changed his function from CMO to the position of a generally authorised representative. The responsibilities within the Board of Management were adjusted accordingly. As at 31 December 2022, the Board of Management of RHÖN-KLINIKUM AG is composed of three members: Prof. Dr Tobias Kaltenbach (CEO), Dr Stefan Stranz (CFO) and Dr Gunther K. Weiß (COO).

For information on remuneration of the Board of Management and of the Supervisory Board, reference is made to the Remuneration Report published on our website.

Shareholdings of members of corporate bodies

As at 31 December 2022, the members of the Supervisory Board and the Board of Management and their related parties together held, pursuant to Article 19 of the Market Abuse Regulation (MAR), 0.0% (previous year: 0.0%) of the Company's registered share capital, of which the Supervisory Board and its related parties account for 0.0% (previous year: 0.0%) of the shares in issue. As in the previous year, the members of the Board of Management and their related parties do not hold any interests in the registered share capital.

We continue to disclose all transactions of members of the Board of Management and the Supervisory Board which are subject to notification pursuant to Article 19 of the MAR.

Other contracts containing a change-of-control clause

The White Paper Plus (Zukunftspapier Plus) signed at the end of February 2023 between the Federal State of Hesse, RHÖN-KLINIKUM AG, Asklepios Kliniken GmbH & Co. KGaA, Universitätsklinikum Gießen und Marburg GmbH (UKGM) as well as their universities with their faculties of medicine relating to the granting of investment funds for UKGM provides, as of 1 January 2023, for a retransfer of shares to

the Federal State of Hesse under certain circumstances in the event of a change of control. A change of control exists if 50% of the shares in RHÖN-KLINIKUM AG or more than 50% of the shares in Asklepios Kliniken GmbH & Co. KGaA or its personally liable shareholder is acquired by another natural or legal person.

Various contracts relating to financial instruments exist in which the lenders may demand immediate repayment in the event of a change of control. In this regard a change of control is defined as the takeover of more than 50% of the interests in RHÖN-KLINIKUM AG.

For the former anchor shareholders B. Braun Melsungen AG/Asklepios Kliniken GmbH & Co. KGaA/Mr. Münch (HCM SE) and Ms. Münch, exceptions did and do exist in the promissory note loan agreement from financial year 2018 and the registered bond from financial year 2019. According to the contract documentation, no change of control exists if one or more of the former anchor shareholders acquire(s) more than 50%, but no more than 70.1% maximum (promissory note loan agreement 2018) and 70.3% maximum (registered bond 2019), respectively, of the voting shares in RHÖN-KLINIKUM AG within the group of anchor shareholders.

1.9 Declaration on Corporate Governance

The Declaration on Corporate Governance, in addition to the Declaration of Compliance of the Board of Management and the Supervisory Board pursuant to section 161 of the AktG, also contains information on corporate governance practices, the work approach of the Board of Management and the Supervisory Board as well as the committees established by them, reporting on equal participation of men and women in management positions and the diversity concept.

For further details please visit our website www.rhoen-klinikum-ag.com where the Declaration on Corporate Governance is made accessible to the public under the section "Corporate Governance".

2 | ECONOMIC REPORT

2.1 Macroeconomic conditions

In 2022 the economic situation in Germany was mainly dominated by the impacts of the war in Ukraine as well as sky-rocketing energy prices. Added to this were exacerbated material and supply shortages as well as the huge increase in prices for other goods such as food. A shortage in qualified staff and the persisting, albeit weakening, effects of the COVID-19 pandemic during the course of the year also had a significant impact. During financial year 2022, the performance of the German economy proved remarkably resilient to the energy crisis and supply chain woes. The mood in the German economy improved significantly in December 2022. After hitting 86.4 points in November 2022, the ifo Business Climate Index climbed to 88.6 points in December 2022. Despite the energy crisis coupled with sky-rocketing prices, the economy further recovered in the third year of the COVID-19 pandemic. Price-adjusted gross domestic product rose by 1.9% in 2022.

Average unemployment fell sharply in 2022 as the employment rate further increased. Despite the negative impacts from the Russian war against Ukraine, the employment rate reached its highest level since German Reunification in 1990. Demand for workers continues to be at a high level, but declined significantly in the second half of 2022. On average over the year, the number of unemployed decreased by 195,000 to 2.418 million compared with the previous year. The jobless rate stood at 5.3% as an annual average for 2022. In December of the previous year, the rate was 5.7%.

2.2 Sector-specific conditions

When the fourth wave of the COVID-19 pandemic hit in the autumn of 2021, the German legislator in November 2021 initially introduced a new care surcharge for COVID-19 patients admitted from 1 November 2021 to 19 March 2022. Its amount was calculated based on the average inpatient duration of stay of COVID-19 patients and was staggered by the respective daily lump sum amounts on which the relief payments were based. Just before the end of 2021, the German Federal Parliament (Bundestag), with the Act Strengthening Vaccine Protection against COVID-19 and Amending Further Regulations in Connection with the COVID-19 Pandemic (Gesetz zur Stärkung der Impfprävention gegen COVID-19 und zur Änderung weiterer Vorschriften im Zusammenhang mit der COVID-19-Pandemie), moreover decided to once again grant hospitals, with retroactive effect to 15 November 2021, relief payments for beds kept available if they postpone elective operations or procedures to make capacities available for COVID-19 patients. This provision, which was initially limited in term to 31 December 2021, was initially extended to 19 March 2022 by the Second Regulation Amending the Regulation on Further Measures to Safeguard the Economic Viability of Hospitals (zweite

Verordnung zur Änderung der Verordnung zur Regelung weiterer Maßnahmen zur wirtschaftlichen Sicherung der Krankenhäuser). By the Regulation Amending the Regulation on Further Measures to Safeguard the Economic Viability of Hospitals and Amending the Hygiene Flat Fee Regulation (Verordnung zur Änderung der Verordnung zur Regelung weiterer Maßnahmen zur wirtschaftlichen Sicherung der Krankenhäuser und zur Änderung der Hygienepauschaleverordnung) published on 29 March 2022, an extension beyond 19 March 2022 of these relief payments was adopted pursuant to section 21 (1b) of the Hospital Financing Act (Krankenhausfinanzierungsgesetz, KHG) and of the care surcharge pursuant to section 21a of the KHG. Specifically, the current Regulation provided for an extension of the relief payments until 18 April 2022 and an extension of the care surcharge for the last time until 30 June 2022.

In 2022, further provisions on hospital invoicing inspections that were adopted with the Reform Act of the Medical Review Board of the Statutory Health Insurance Funds (MDK) (MDK-Reformgesetz) and were postponed by one year due to the pandemic entered into force. These include the introduction of quarterly inspection rates for inspection of invoicing cases by the statutory health insurance funds. Under these provisions, the level of the individual facility inspection rate per quarter will depend on the percentage of undisputed invoicing inspections of the previous year. In addition, this positive rate will also be decisive for the level of surcharges which will be applied to the invoice amount to be corrected for the hospitals from 2022 in the event of an invoice correction.

With the Act to Stabilise the Finances of the Statutory Health Insurance Funds (SHIs) (GKV-Finanzstabilisierungsgesetz (GKV-FinStG)) that entered into force on 12 November 2022, only staffing costs of general nurse practitioners and nursing assistants directly employed in the area of patient care on wards having their own beds will be included in the nursing budget from 2025 onwards. Other staff as well as staff without professional qualifications can then be financed only through DRG case flat rates.

On 2 December 2022, the German Federal Parliament (Bundestag) adopted the Act on the Assessment of Nurse Staffing Levels in Hospitals and the Adjustment of Further Regulations in the Hospital Sector and in the Digitalisation Process (Gesetz zur Pflegepersonalbemessung im Krankenhaus sowie zur Anpassung weiterer Regelungen im Krankenhauswesen und in der Digitalisierung (Krankenhauspflegeentlastungsgesetz, KHPfEG)). Under the provisions adopted, midwives will be fully included in the nursing budget with their proven costs as of 2025. The Act also contains provisions strengthening the financial position of paediatrics and obstetrics and introduces day clinic treatments. This allows hospitals in suitable cases to perform a day clinic treatment without overnight stay, instead of full inpatient treatment.

The legislator is thus seeking to avoid unnecessary overnight hospital stays and reduce the workload on nursing staff. Moreover, a uniform sector remuneration (regardless of whether the treatment is performed on an inpatient or outpatient basis) will be introduced for certain treatments to further press ahead with outpatientisation. By 31 March 2023, healthcare funds, hospitals and the National Associations of Statutory Health Insurance Physicians (kassenärztliche Bundesvereinigungen) are to jointly define suitable services from the catalogue of outpatient operations as well as an appropriate remuneration. Moreover, the Act contains provisions on determining staffing levels, on time limits for budget negotiations, on funding training for nursing assistance and nursing support staff, on extending the hygiene funding programme in the form of an infectiology funding programme by three years, on teleconsulting services as well as on telematics infrastructure and the pharmaceuticals area.

The ongoing war in Ukraine has disrupted supply chains and as a result has led to a general rise in prices. In the view of the Board of Management of RHÖN-KLINIKUM AG, the discordance between the statutory reimbursement mechanisms on the one hand and the inflationary price trend on the other is having a considerable impact on the German healthcare industry. After weathering the adverse effects of the pandemic, hospitals now face the impacts of inflation and in particular higher energy prices. To support hospitals in the context of these energy price hikes, the German legislator has launched a relief programme. For the period of October 2022 to April 2024, section 26f of the KHG provides for lump-sum relief payments for indirect increases in costs as well as refunds to individual hospitals for direct cost increases resulting from the purchase of grid-bound natural gas, grid-bound district heat and grid-bound electricity.

2.3 Business performance

2.3.1 Overall statement on economic position

Financial year 2022 was once again dominated by the efforts to cope with the pandemic, excessive staff workloads and shortages of qualified staff as well as exploding material and procurement costs. We are now also facing new challenges from taking in and providing medical care to refugees and injured people from war zones as well as the sharp increases in purchasing prices.

Despite these huge tasks, we report a rise in EBITDA by € 4.4 million to € 105.6 million as well as a rise in EBIT by € 5.6 million to € 36.1 million in financial year 2022, thanks to a total rise in patient numbers by 1.1% as well as a € 44.1 million increase in revenues. Consolidated profit decreased by € 3.3 million to € 26.9 million.

2.3.2 Trend in service volumes

	Hospitals	Beds
As at 31 December 2021	8	5,420
Change in capacities	–	25
As at 31 December 2022	8	5,445

Since 31 December 2021, adjustments in hospital plans and renewals of care delivery contracts resulted in minor changes in our inpatient as well as semi-inpatient and day clinic capacities:

	Approved beds/ places		Change	
	31 Dec. 2022	31 Dec. 2021	absolute	in %
Inpatient capacities				
Acute hospitals	4,634	4,619	15	0.3
Rehabilitation hospitals and other inpatient facilities	602	602	0	0.0
	5,236	5,221	15	0.3
Semi-inpatient and day-clinical capacities	209	199	10	5.0
Total	5,445	5,420	25	0.5

As at 31 December 2022, we operate nine medical care centres with a total of 61.75 specialist practices:

	Medical care centres	Specialist practices
As at 31 December 2021	9	58.75
Opened/acquired		
MVZ Bad Berka	–	1.00
MVZ Frankfurt (Oder)	–	2.00
As at 31 December 2022	9	61.75

Patient numbers at our hospitals and medical care centres developed as follows:

January to December	2022	2021	Change	
			absolute	in %
Inpatient and semi-inpatient treatments at our				
Acute hospitals	189,803	191,076	-1,273	-0.7
Rehabilitation hospitals and other facilities	5,056	4,505	551	12.2
	194,859	195,581	-722	-0.4
Outpatient attendances at our				
Acute hospitals	452,491	439,714	12,777	2.9
Medical care centres	207,983	210,347	-2,364	-1.1
	660,474	650,061	10,413	1.6
Total	855,333	845,642	9,691	1.1

2.3.3 Results of operations

For computational reasons rounding differences of \pm one unit (€, %, etc.) may occur in the tables below. If data are provided below on individual companies, these are values before consolidation.

Consolidated performance figures developed as shown below:

January to December	2022	2021	Change	
			absolute	in %
Income				
Revenues	1,446.1	1,402.0	44.1	3.1
Other income	220.1	198.5	21.6	10.9
Total	1,666.2	1,600.5	65.7	4.1
Expenditure				
Materials and consumables used	446.6	430.4	16.2	3.8
Employee benefits expense	949.8	921.4	28.4	3.1
Other expenditure	164.2	147.3	16.9	11.5
Result of impairment on financial assets	0.0	0.2	-0.2	-100.0
Total	1,560.6	1,499.3	61.3	4.1

in € million

January to December	2022	2021	Change	
			absolute	in %
EBITDA	105.6	101.2	4.4	4.3
Depreciation/amortisation and impairment	69.5	70.7	-1.2	-1.7
EBIT	36.1	30.5	5.6	18.4
Finance result	-2.5	-3.1	0.6	19.4
EBT	33.6	27.4	6.2	22.6
Income taxes	6.7	-2.8	9.5	339.3
Consolidated result	26.9	30.2	-3.3	-10.9

Compared with financial year 2021, revenues witnessed a rise of € 44.1 million or 3.1%. The revenues of financial year 2022 include an amount of € 77.6 million (previous year: € 61.7 million) in relief payments brought in by legislation, including revenue-offsetting claims (previous year: revenue-offsetting obligations) in connection with the COVID-19 pandemic. The reimbursements are mainly attributable to relief amounts for beds kept available as well as care surcharges paid to hospitals for extraordinary charges as a result of the coronavirus.

The rise in other income by € 21.6 million or 10.9% is mainly attributable to the higher income from ancillary and incidental activities resulting, among other things, from higher sales of drugs and cytostatics as well as higher reimbursements for training. Moreover, reimbursements under legislation in connection with the COVID-19 pandemic are included at the amount of € 3.2 million (previous year: € 1.7 million) as well as € 2.0 million (previous year: € 0.0 million) in reimbursements from the legislature in connection with compensation for increased energy expenditure from funds from the Health Fund (Gesundheitsfonds).

in %

	2022	2021
Materials ratio	30.9	30.7
Personnel ratio	65.7	65.7
Other cost ratio	11.4	10.5
Depreciation and amortisation ratio	4.8	5.0
Finance result ratio	-0.2	-0.2
Effective tax ratio	0.4	-0.2

As a result of higher purchasing prices, materials and consumables used witnessed an increase, disproportionate to the rise in revenues, by € 16.2 million or 3.8% in financial year 2022 compared with the same period of the previous year. The cost-of-materials ratio climbed from 30.7% to 30.9%.

As the number of employees declined, the employee benefits expense rose compared with the same period of the previous year attributable to general wage increases. As in the previous year, the personnel expense ratio was 65.7%.

Other expenses saw an increase from € 147.3 million by € 16.9 million to € 164.2 million. The other expense ratio rose from 10.5% to 11.4%. The increase is essentially attributable to higher payments for training facilities, maintenance and servicing requirements, higher personnel and continued training costs, as well as insurance expenses.

The depreciation and impairment item declined compared with the same period of the previous year by € 1.2 million or 1.7% to € 69.5 million. The depreciation/amortisation ratio fell slightly from 5.0% to 4.8%.

The negative finance result improved in financial year 2022 by € 0.6 million to € 2.5 million, which was essentially thanks to a generally favourable trend in interest rates.

At an unchanged rate of taxation, the income tax expense item rose by € 9.5 million compared with the same period last year. Here, it has to be borne in mind that the figure of € 5.1 million from the previous year was helped by the reversal of provisions formed in the context of risk provisioning for income tax risks relating to the sale of subsidiaries. Moreover, the effect of a higher tax assessment basis in financial year 2022 was recognised with effect on the income statement.

Consolidated profit declined slightly by € 3.3 million to € 26.9 million (previous year: € 30.2 million). Non-controlling interests in profit decreased compared with the same period last year by € 0.1 million to € 1.8 million (previous year: € 1.9 million).

With revenues of € 1.4 billion, we met our forecast for revenues for 2022 made in the 2021 Group Management Report for € 1.4 billion with our actual figure within a range of plus or minus 5%.

In the ad hoc notification of 30 January 2023, EBITDA forecast in the 2021 Group Management Report was adjusted. We also met the forecast for EBITDA made in the aforementioned ad hoc notification for financial year 2022 of between € 103 million and € 109 million with the actual figure of € 105.6 million.

The interest of RHÖN-KLINIKUM AG shareholders in profit for financial year 2022 declined by € 3.2 million to € 25.1 million (previous year: € 28.3 million) compared with the previous year. This translates into earnings per share of € 0.38 (previous year: € 0.42) in accordance with IAS 33.

The total result (sum of consolidated profit and other earnings) for financial year 2022 stands at € 27.3 million (previous year: € 34.9 million). In this connection, gains from changes in fair value through other comprehensive income (FVOCI) in the amount of € 0.3 million (previous year: € 4.7 million) as well as gains from the revaluation of defined benefit pension plans amounting to € 0.1 million (previous year: € 0.0 million) had to be recognised directly at equity.

2.3.4 Net assets and financial position

in € million

	31 Dec. 2022		31 Dec. 2021	
		in %		in %
Assets				
Non-current assets	1,016.3	59.6	1,054.5	63.3
Current assets	688.6	40.4	611.1	36.7
	1,704.9	100.0	1,665.6	100.0
Liabilities				
Shareholders' equity	1,251.4	73.4	1,224.8	73.5
Long-term loan capital	162.4	9.5	167.5	10.1
Short-term loan capital	291.1	17.1	273.3	16.4
	1,704.9	100.0	1,665.6	100.0

Compared with the balance sheet date of 31 December 2021, the balance sheet total rose by € 39.3 million or 2.4% to € 1,704.9 million (previous year: € 1,665.6 million).

At 73.4%, the equity capital ratio is still at a high level. As at 31 December 2022, equity stands at € 1,251.4 million (previous year: € 1,224.8 million). The increase in equity capital compared with the reporting date of 31 December 2021 by € 26.6 million results from consolidated profit of financial year 2022 (€ 26.9 million), gains from the change in the fair value through other comprehensive income (FVOCI) (€ 0.2 million), and gains from the revaluation of defined benefit pension plans (€ 0.1 million), on the one hand, and the equity-decreasing effects from dividend payments to non-controlling interests (€ 0.6 million), on the other.

139.1% (previous year: 132.0%) of non-current assets is nominally covered by equity and non-current liabilities at fully matching maturities. As at 31 December 2022, we report net liquidity of € 138.1 million (31 December 2021: € 132.4 million). Net liquidity is calculated as follows:

in € million		
	31 Dec. 2022	31 Dec. 2021
Current cash	77.3	126.3
Current fixed term deposits	219.0	165.8
Cash, fixed term deposits	296.3	292.1
Current financial liabilities	8.0	1.0
Non-current financial liabilities	141.7	148.6
Liabilities under leases	8.5	10.1
Financial liabilities	158.2	159.7
Net liquidity	138.1	132.4

The origin and appropriation of our liquidity are shown in the following overview:

in € million		
January to December	2022	2021
Cash generated from (+)/cash used in (-) operating activities	41.3	97.5
Cash generated from (+)/cash used in (-) investing activities	-86.2	-58.3
Cash generated from (+)/cash used in (-) financing activities	-4.1	-3.9
Change in cash and cash equivalents	-49.0	35.3
Cash and cash equivalents at 1 January	126.3	91.0
Cash and cash equivalents as at 31 December	77.3	126.3

Cash and cash equivalents decreased in financial year 2022 by € 49.0 million (previous year: increase by € 35.3 million).

In this context, a positive cash flow generated from operating activities was achieved in the amount of € 41.3 million (previous year: € 97.5 million). In addition to the rise in operating cash flow by € 56.2 million over the previous year, we report a € 27.9 million increase in cash used in investment activity as well as a € 0.2 million increase in cash used in financing activity, in each case compared with the previous year.

The finance management department of RHÖN-KLINIKUM Group is essentially centrally organised and encompasses the functions of raising capital, capital investment, Group-internal liquidity management as well as settlement. The processes implemented give due regard to the fundamental principles of checks performed by a second person, segregation of functions as well as transparency. We have established the finance management department as a service provider within our business model.

Our finance management has to deal with the competing goals of securing liquidity, minimising risk, and ensuring profitability and flexibility.

In this regard, top priority is given to securing liquidity with the objective of realising terms at matching maturities and in line with the Company's planning and project horizon. To secure the Company's liquidity, internal cash flows are available. Cash is invested on conservative terms.

As at the balance sheet date, we have cash investments available in the short term as well as available credit lines together amounting to roughly € 394.3 million.

2.3.5 Investments

Aggregate investments of € 56.0 million (previous year: € 75.8 million) in financial year 2022 are shown in the following table:

in € million			
	Use of grants	Use of own funds	Total
Current investments	19.1	36.6	55.7
Takeovers	-	0.3	0.3
Total	19.1	36.9	56.0

During financial year 2022, we invested a total of € 56.0 million (previous year: € 75.8 million) in intangible assets, in property, plant and equipment as well as in investment property. Of this total, € 19.1 million (previous year: € 16.7 million) relates to capital expenditure funded under hospital financing law, with the grants being reflected as a deduction from acquisition cost.

In the consolidated financial statements we report net investments of € 36.9 million (previous year: € 59.1 million). Current capital expenditure accounted for € 36.6 million (previous year: € 58.7 million) and assets and specialist practices acquired on takeovers for € 0.3 million (previous year: € 0.4 million) of total net investments during the year under review.

An analysis of investments financed from Company funds by site in financial year 2022 is given below:

in € million

Giessen, Marburg	18.3
Bad Neustadt a. d. Saale	7.9
Bad Berka	6.1
Frankfurt (Oder)	4.6
Total	36.9

The agreement with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals from 2017 provides for investment commitments in the amount of € 100.0 million until 2021. Already as at the balance sheet date of 31 December 2021, these investment obligations were fully met. There are also further obligations relating to building refurbishments and extension measures at the Giessen and Marburg sites which were initially due to be completed by 31 December 2024. With the White Paper (Zukunftspapier) signed at the end of February 2023, investment projects under the agreement from 2017 were modified and the time limits for meeting the investment obligations adjusted. The time limits for meeting these investment obligations are now in the time frame between 31 December 2024 and 31 December 2028.

The White Paper Plus (Zukunftspapier Plus) signed at the end of February 2023 between the Federal State of Hesse, RHÖN-KLINIKUM AG, Asklepios Kliniken GmbH & Co. KGaA, Universitätsklinikum Gießen und Marburg GmbH (UKGM) as well as the universities with their faculties of medicine relating to the granting of investment funds for UKGM provides for further investment obligations to be financed from own funds over the next ten years in the amount of € 259.0 million as of 1 January 2023.

As at the balance sheet date, we do not have any investment obligations under Company acquisition agreements entered into.

2.3.6 Employees

On 31 December 2022, the Group employed 18,140 persons (31 December 2021: 18,227):

Number

As at 31 December 2021	18,227
Change in employees at hospital companies	-238
Change in employees at medical care centre companies	-9
Change in employees at service companies	160
As at 31 December 2022	18,140

Doctors accounted for 15.4% (previous year: 15.3%) of the total headcount on the reporting date, while nursing and medical-technical staff accounted for 55.1% (previous year: 54.8%). On average over the year, we recorded a slight decline of 0.7% in full-time staff. As in the previous year, the share of women remains at around 72%.

3 | FORECAST REPORT

3.1 Strategic objectives

Together with Asklepios, our objective is to develop and promote path-breaking concepts of healthcare delivery to ensure we can continue providing excellent medical care. Particularly in the context of an increasingly tighter regulatory and demographic environment in the hospital sector, we will strategically complement each other at all levels and act within the network. Thanks to the interdisciplinary collaboration and a strong networking with all facilities within the Group, this equally benefits our patients and employees. In addition to efforts to optimise processes and standardise products, the focus is also on achieving knowledge gains from pooling the know-how in both corporate groups.

In addition to advances in medicine, we will press ahead even further with digitalisation and drive the change on the healthcare delivery landscape by promoting specialisation whilst expanding outpatient medicine through comprehensive and targeted investments.

RHÖN-KLINIKUM AG's objective is to pursue new paths to uphold the standard of offering patients the best medical care. In this way we can better respond to the changes and increasing requirements as compared with the market as a whole thanks to the merger with Asklepios and our large sites with highly specialised centres.

With a view to continuing to improve patient care along the lines of our campus approach to ensure cross-sector and future-viable healthcare provision in Germany, we are also looking at further developing innovative remuneration and care models.

For further information, please also refer to section 1.3 "Objectives and strategies" in this Group Management Report.

3.2 Economic and legal environment

The German economy will continue to be adversely impacted by the war in Ukraine as well as both high energy costs and high inflation. In its annual economic report, the German government expects gross domestic product to grow by 0.2%. According to the forecasts of leading research institutes, Germany is being spared the slump in economic activity that many had feared. Here, the forecasts for the trend in German GDP fluctuate within the range of -0.75% and +0.3%. According to the German government, the forecast jobless rate will rise slightly to 5.4% in 2023 whilst the employment rate is expected to decline.

According to the Hospital Rating Report, service volumes will no longer return to their pre-pandemic levels. If no countermeasures are taken, they will increase only very slightly compared with 2022, with inpatient case numbers in 2030 likely to be only roughly 7% above the level of 2020. This would result in a drastic deterioration in the financial situation of hospitals. The tightened regulatory environment for hospitals will continue to drive market consolidation. For 2023, the German Hospital Association (Deutsche Krankenhausgesellschaft, DKG) fears a full-blown wave of insolvencies.

As for the entire industry as well, rising demand for specialists and the related shortage of qualified staff are issues of key importance for us. Particularly during the COVID-19 pandemic, weaknesses in staffing within the German healthcare system have become and are becoming particularly visible.

Technical innovations – innovations from the areas of digitalisation, telemedicine, artificial intelligence, robot assistance – will become increasingly important when it comes to reducing the workload of doctors and nurses. For hospitals to remain economically viable and efficient, they have to gear their strategic targets to the current and future challenges, such as social and demographic change, advances in medical care and technology, as well as digitalisation. The latter is providing medicine the opportunity to diagnose and treat patients in future more individually and with greater precision.

3.3 Forecast

Also in the coming financial year, the economic basis of the RHÖN-KLINIKUM Group will be provided by its five large sites in four federal states counting some 5,445 beds and roughly 18,140 employees. That ranks us amongst the large hospital operators in Germany.

For the coming financial year, we expect revenues of € 1.5 billion within a range of plus or minus 5%. For earnings before interest, tax and depreciation/amortisation (EBITDA), we expect a level of between € 103 million and € 109 million.

This forecast reflects the further heightened regulatory interference by the German legislator, such as the Regulation on Nursing Staff Floors (Pflegepersonaluntergrenzenverordnung, PpUGV), the Nursing Staff Strengthening Act (Pflegepersonalstärkungsgesetz, PpSG), as well as the Act on the Assessment of Nurse Staffing Levels in Hospitals and the Adjustment of Further Regulations in the Hospital Sector and in the Digitalisation Process (Krankenhauspflegeentlastungsgesetz, KHPfIEG).

We point out that our outlook is further subject to considerable uncertainties in connection with the further course of the COVID-19 pandemic and any regulatory measures impacting our remuneration structure in 2023.

4 | OPPORTUNITIES AND RISK REPORT

A decisive element of a value-oriented and sustainable corporate governance is a company's wholehearted embracement of risk and opportunity management. The capacity to adequately weigh up opportunities and risks is a crucial factor of entrepreneurial success, and that decisively depends on the quality of the decisions made by a company's management. Within the Group of RHÖN-KLINIKUM AG, we therefore see managing risks and opportunities as well as controlling these effectively and on a sustainable basis as a core entrepreneurial task firmly enshrined in our management culture. Our risk management objectives are based on our values-oriented corporate strategy of protecting the Company's resources from risks of substantial losses, identifying new opportunities as well as safeguarding the interests of all stakeholders giving due regard to social and environmental factors.

Our corporate activity is inseparably bound up with risks and opportunities. As a service provider in the healthcare sector, we operate in an extremely complex risk environment. The challenge for us is to ensure reasonable management of these risks – since it is only companies that recognise their material risks in time and take steps to systematically counter the same that are also able at the same time to identify the opportunities arising and to exploit them in an entrepreneurially responsible manner. This involves continuously weighing up opportunities against the risks. As a provider of healthcare services, we always regard the risk posed to the life and health of our patients and our employees as the greatest risk. We give utmost priority to measures that avoid even the smallest errors in the medical and nursing area. Further factors such as the regulatory and legislative environment, continually mounting cost, competitive and consolidation pressures within the sector, the rising expectations for the quality of inpatient healthcare delivery and the expectations of patients present opportunities but also involve risks.

4.1 Risk report

4.1.1 Risk management system

The Board of Management of RHÖN-KLINIKUM AG has implemented a Group-wide risk management system to detect imminent risks early on and to specifically counter them in a systematic process. In this regard, the risk management system covers the totality of all provisions ensuring a structured response to risks and rewards throughout the Group, and acts as an active instrument of control to support the achievement of the corporate objectives. Our risk management system forms an integral part of the internal controlling system fully meeting the statutory requirements for early detection of risks posing a threat to the Company's existence as well as the requirements of section 91 (2) and (3) of the AktG. The centrally managed risk management function has the task of continually further developing and optimising the system.

The basis for our risk management system is the Group risk guideline containing both the risk strategy and objectives, the definition of the term 'risk' and the principles of risk management, as well as describing the requirements for the risk management process uniformly binding on the Group as a whole including the related duties and responsibilities. The actual risk management process is documented in a risk management software program. Thanks to an open risk culture, regular training and feedback sessions, we ensure acceptance of risk management within the Company. The Internal Auditing department is entrusted by the Board of Management with the process-related review of matters as required in specific cases. In this connection, it also monitors the operability and correct application of the corresponding requirements in sub-divisions or companies of RHÖN-KLINIKUM AG.

Definition

By risks we understand events and potential developments within and outside RHÖN-KLINIKUM AG that might adversely impact the achievement of the Company's stated objectives, future performance of tasks as well as the quality and reputation of RHÖN-KLINIKUM AG and its subsidiaries. By analogy to the definition of risk, we understand opportunities as events and potential developments that may have a positive impact.

Risk management process

We understand risk management as an ongoing process that is divided into the phases of:

- risk identification,
- risk analysis and evaluation,
- risk control and management,
- risk communication,
- risk monitoring.

These processes are to ensure that potential risks are made manageable and opportunities are identified. All risks meeting the definitions of the Group risk guideline are to be reported. At the same time, our risk management function relates not only to financial risks but also all manner of risks within the Company. We regard the risk to the life and health of our patients potentially resulting from a medical intervention as the greatest risk.

With us, identifying risks and recognising opportunities are integrated into our standard business procedures, since it is only when we are aware of risks and opportunities that we can manage and control them. Risk identification encompasses the systematic and structured documentation of all relevant risks in the Company, with risk classes always being assessed in terms of their strategic and operative impacts as well as in view of the risks of reporting and potential compliance risks. Given constantly changing circumstances and requirements, risk identification is an ongoing task, and is performed on

a decentralised basis in accordance with responsibilities defined in the individual Company divisions. Any relevant risks identified are categorised and recorded within the risk management system in a centrally predefined risk catalogue.

Risks identified are systematically analysed and evaluated in the context of the individual risk-bearing capacity by those entrusted with such tasks. In the risk analysis, risks identified are aggregated and then analysed for the purpose of early detection to determine whether individual risks of secondary importance when viewed in isolation may lead to a higher or existential risk by reason of their combined or cumulative effects over time. We classify developments with an expected risk value of 10% or more of EBITDA as existential risks when set against the individual risk-bearing capacity. The risk-bearing capacity of RHÖN-KLINIKUM AG and its subsidiaries is determined from the comparison between risk cover amount and risk exposure. The expected risk value (product of damage amount and probability of occurrence) is the expected damage extent giving due regard to the probability of occurrence and refers to the target values (EBITDA) for the respective financial year.

Not all risks are to be weighted equally. To ensure efficient risk management, we perform a systematic assessment of the risks identified. Within the context of risk evaluation, the probability of occurrence and potential monetary damage amount of the risk are determined, also giving due regard to already existing and planned measures. Using a risk matrix, probability of occurrence and damage amount are classified to the four levels: "low", "moderate", "high" and "very high".

Probability of occurrence is assigned to the following categories depending on their amounts:

- low > 0% to < 30%
- moderate 30% to < 60%
- high 60% to < 80%
- very high 80% to < 100%

The potential damage amount refers to the target values for the respective financial year and is always calculated as a negative impact on EBITDA. Classification to the impact categories takes place on a company-specific basis depending on the EBITDA:

- low up to 5% of EBITDA
- moderate up to 10% of EBITDA
- high up to 25% of EBITDA
- very high from 25% of EBITDA

In this regard, the evaluation of a risk differs from its evaluation according to the status quo (gross evaluation) and target (net evaluation/accepted risk). Status quo is the current evaluation of the risk after deducting all effective measures as at the relevant inventory date. The target describes the risk evaluation to be achieved after implementation of all measures, stating by when this is to be achieved. The evaluation is made with reference to the future for the relevant duration observing criteria specified for ensuring a uniform evaluation.

In risk control and management, it is analysed by what measures risks can be controlled. For this, suitable measures for each identified risk are to be recorded with the expected effect of the measures. The primary objective of risk management is to minimise, and where possible, prevent risks, whilst always keeping in mind the opportunities associated with the risks. From the effects expected from the measures it is possible to determine how effective the measures are and the need for further measures. In this regard, the measures contemplated are to be weighed up in terms of cost-benefit aspects and selected in such a way that the expected probability of occurrence and/or amount of damage are brought to within the Company's own limits of risk tolerance.

Risk communication is performed at every phase of the risk management process. All risk managers are required to review their potential risk issues regularly during the year under way as well as in the risk inventories, to update risks and to follow up on measures. Acute occurrence of risks that might jeopardise a company's existence (ad hoc risks) must be reported to the chairman of the Board of Management as quickly as possible.

Within the scope of risk monitoring, implementation of measures introduced and their impact are reviewed. The results of the risk management process are made available at the defined dates. By timely and open risk communication both internally and externally, we create trust and the basis for self-criticism and an ongoing learning process.

4.1.2 Risk assessment

Throughout the Group, eight risks of financial relevance were reported. They form part of the risk fields as described below and were each categorised by the probability of occurrence and damage amount as "low". No risks posing a threat to the Company's existence were identified. We continue to rate the overall risk position as low.

In addition to risk classification, risks having an influence on general business performance as well as the development of our net assets, financial position and results of operations are also categorised in the risk fields below:

General environment and industry risks

We are affected only indirectly by developments in the German economy since healthcare spending is influenced by contribution volumes of the insured and thus by the job market situation. However, the war against Ukraine, the energy crisis, inflation, disrupted supply chains, global warming as a result of climate change, the COVID-19 pandemic and other geopolitical and macroeconomic challenges are things that always affect the health of people and the care provided to them.

At the beginning of 2023, the Robert Koch Institute (RKI) downgraded its assessment of the threat posed by Corona infections to "moderate". The inpatient treatment of COVID-19 patients has become part of regular clinical operations. In addition to providing the best possible medical care for our patients, we continue to focus our attention on coping with the economic impact of the pandemic. In the macroeconomic environment, we see financial risks arising from the general trend in price levels as well as higher material costs, energy costs and wage adjustments. It is not possible to quantify such risks at this time.

Furthermore, the industry environment is characterised by heightened influences from healthcare policy regulation. Even if Germany has made it through the pandemic relatively unscathed, it has nevertheless exposed significant vulnerabilities in our healthcare system, especially also the poor leverage of digital technologies in cross-sector healthcare delivery. In many areas the German healthcare system lacks a sustainable and resilient basis and must be much better prepared for crises such as pandemics and the effects of climate change. Political reforms are indispensable. Together with our strong partners in the Asklepios Group as well as our networks, we can bring in our experience here. For this reason we maintain a regular dialogue with local, state and federal politicians. Particularly the continued development of nursing regulation (PpUGV) and the changes brought in by the Nursing Staff Strengthening Act (PpSG) create new layers of bureaucracy, and instead of making the medical and nursing professions more attractive will continue to put a drag on earnings.

A further industry-specific risk is the underfinancing of the German healthcare system with government grants and, in relation to that, a violation of the principle of dual financing inherent in the relevant legislation. The Hospital Future Act (Krankenhauszukunftsgesetz, KHZG) is a first step in the right direction. Basically, it provides for investment funding for hospital modernisation and greater funding of emergency capacities and digital structures. But the investments contemplated in this piece of legislation fall well short of what is

needed to remove the investment backlog in the German healthcare system. To implement successfully the dynamic potential and complexity of digitalisation, further policy framework conditions have to be created where patients must be the focus of interest. For us, digitalisation is one of the prerequisites for innovations and better healthcare delivery.

We continue to assume that the demand for medical services, especially cutting-edge medical services, will return to the level of the pre-pandemic era. At the same time it is possible that remuneration (which under the DRGs system is exclusively performance-oriented) cannot be supplemented or adequately adjusted in the short term. Parallel to that, there will continue to be an increasing shift of what were once inpatient services to the outpatient care sector. To successfully counter this shift in service volumes, inpatient overcapacities in hospitals would have to be reduced throughout Germany and outpatient capacities ramped up. But this will require outpatient facilities to be established specifically for that purpose as part of the network of inpatient hospitals and financed through hybrid DRGs. For that reason we are gearing our efforts towards ensuring that we can achieve the continuous economic growth in service volumes needed in our core business with our already implemented campus approach, also in future.

With the currently tabled reform plans of the Government Commission (hospital reform) that are to be implemented by the end of the year into an acceptable law, these and other far-reaching changes in the hospital landscape might be in the offing. Under these plans, hospital care levels are to be defined uniformly throughout Germany in three levels; each level will be assigned so-called minimum structural requirements and the care levels will be remuneration relevant (revenue-independent flat-fee financing (Vorhaltefinanzierung)). The general thrust and direction of these recommendations is right. There is a need for discussion in terms of their details and specific implementation. We hold a good position given the size of our facilities, and will adequately respond to the impending changes.

As far as possible, the above developments have already been taken into account in our targets. Looking to the future, we will counter them through suitable activities and measures. Further regulatory and industry risks relating to us are classified as low. The new provisions of the legislator may lead to further risks for the hospitals of RHÖN-KLINIKUM AG.

Since we pursue a comprehensive risk management approach, the identification and any assessment of non-financial risks may also arise from the analysis of financially assessed risks. In this context, compliance risks of our Group are particularly important when it comes to assessing sector-specific risks. These include the mandatory observance of statutory provisions (e.g. data protection regulations).

Climate-related aspects are also becoming increasingly important and may have a negative impact on the results of operations. Currently, no financial impacts have been identified in these areas.

The regulatory and industry risks relate both to the strategic and the operative risks as well as the compliance risks of our Group.

Risks to service volumes

In Germany, hospitals approved under state hospital planning enjoy de facto state-regulated protection in their respective catchment area. Traditional market and revenue risks exist only where site closures are ordered or a hospital's quality is assessed by referring physicians or by patients as significantly worse than that of neighbouring hospitals. In the latter case, that results in large numbers of patients switching to other hospitals. The continuous inspection activities of the Medical Review Board (of the Statutory Health Insurance Funds) (MDK), in particular for services and/or cases exhibiting a high degree of severity, are also making themselves felt.

Fluctuations in service volumes at our facilities, shifts in service volumes from the inpatient to outpatient sector, but also to nearby facilities of other companies (also as a result of refurbishment works during ongoing operations), pricing regulation as well as possible quality-related discounts may result in losses in revenues and cost increases, and consequently to a decrease in earnings. Through regular period-based and inter-operation comparisons with regard to service volumes, revenues and earnings as well as selected business ratios and other indicators, it is possible for us to identify adverse developments early. Where it is appropriate and necessary, we can take corrective action and manage a reasonably low risk potential in terms of the operative risks as well as reporting risks.

To ensure our efficiency also in future and to further improve profitability, RHÖN-KLINIKUM AG is working together with the subsidiaries of the Group of Asklepios Kliniken GmbH & Co. KGaA on various optimisation measures. The risks to service volumes relate in particular to operative risks of the Group subsidiaries of RHÖN-KLINIKUM AG.

Operating risks

We see some of our most pressing tasks for our Company in the following areas of action: strengthening nursing and medical care, ensuring that hospitals concentrate on their core activities (increasingly also with an even stronger digital and outpatient focus), further optimising our processes as well as pooling specialised know-how, for example at the (in some cases newly established) service companies providing in-house services. We are tackling these areas with the involvement of all our employees, helped by our collaboration with the companies of the Asklepios facilities.

Advances in medicine and the call for a holistic approach to diagnosing and treating patients (instead of diagnosis and treatment being limited to certain aspects) are requiring increasingly strong interdisciplinary processes characterised by a division of labour. In this regard, cooperation is needed not only at the hospital but also between outpatient and inpatient care and also for digital care. Whenever these processes are disrupted, this carries risks for patients, our partners from the area of community-based practitioners and the hospital. We attach utmost importance to minimising such risks by ensuring the quality of treatment with qualified and trained staff through guideline-oriented procedures in safe and hygienic hospital buildings. Permanent monitoring of all procedures and processes involved in the treatment of patients as well as the consistent orientation of all efforts to the needs of our patients create a high level of treatment quality and limit existing operating risks.

Particularly in the Group division of Patient Safety, Quality Management and Hygiene, further development of quality management is given top priority. This is the goal being pursued by our Quality Management and Clinical Risk Management expert panel. Thanks to the interdisciplinary collaboration in the areas of quality management and medical controlling, scientific quality indicators can be compared with routine data from the invoicing of medical services to gain important insights. To ensure the highest standard of patient safety, we furthermore train clinical risk managers who exchange know-how in an interfacility expert group. They perform, among other things, structured risk audits by which we can identify relevant risks as well as establish and implement risk reduction measures.

In addition to the typical clinical risk fields in the area of patient safety (hygiene, nursing and medical care), potential risks are also seen, as in the previous years, in infrastructure (such as fire risks) and in technical equipment. According to the new General Data Protection Regulation (GDPR), companies dealing with personal health data are subject to a particularly high degree of accountability and must be able to furnish proof of the "integrity and confidentiality" of data processing. We are well prepared for this level of IT security (cyber risks) and should be able to reasonably withstand any targeted attacks.

Overall, we rate the risk position in this area as low, particularly given the existing measures in place. For risks in the clinical area that cannot be fully averted, the Group has adequate insurance coverage which is regularly reviewed and updated.

The operating risks relate in particular to operative risks of the Group subsidiaries of RHÖN-KLINIKUM AG.

Human resource risks

To achieve sustained success as a diversified healthcare group with leading expertise, we need the required number of committed and highly qualified employees and executive staff. Hospitals on average have personnel cost ratios of between 50% and 70%, making them particularly dependent on qualified staff and developments in wages. As for the entire industry as well, rising demand for specialists and the related shortage of qualified staff are issues of key importance for us, with regional differences being apparent depending on the specific facilities. For us, too, finding highly qualified and motivated staff to meet the wide-ranging and complex requirements of the healthcare industry is a challenge. We meet these requirements with numerous measures at our sites tailored to local challenges. As a modern employer we offer not only modern remuneration structures, an attractive work environment, in-house kindergartens at the hospitals, provision of affordable apartments and assistance in searching for apartments, but also a wide range of career options and benefits.

Recruiting and retaining qualified staff at our Company is of key importance to us. For example, we run state-recognised schools for nursing and non-medical professions, and through our academic teaching hospitals are committed to training medical students to the highest standards. Furthermore, thanks to our cooperation with other

universities, we make contact at an early stage with qualified graduates so that we can recruit the necessary young talent for our staff.

Given the further establishment and expansion of structured recruiting and qualification concepts for doctors, nursing and healthcare professionals as well as for our executive talent, however, we currently see opportunities to efficiently counteract the current shortage of personnel and currently still classify HR risks throughout the Group as relatively low.

Personnel risks relate in particular to operative risks of the Group subsidiaries of RHÖN-KLINIKUM AG.

Procurement risks

In the area of materials management, RHÖN-KLINIKUM AG is working together closely with Asklepios Großhandelsgesellschaft mbH under a cooperation agreement aimed at strengthening care security at the sites with adequate conditions.

For materials procurement in the areas of medical facilities, equipment as well as medical supplies and energy supply, we rely on external providers. These business ties can give rise to risks that are triggered, for example, by supply and quality problems. Already during the pandemic, supply shortages and product unavailability increased and were further exacerbated with disproportionate price increases by the geopolitical situation with the war against Ukraine. The problems associated with that have now become a reality in day-to-day business operations and are taken into account in planning. The fixed price contracts for the purchase of gas and electricity will continue until the end of 2023. Higher procurement costs are already taken into account in the multi-year forecast and will be adjusted after the follow-on agreement. Thanks to the cooperation agreement with Asklepios and measures already taken, we continue to assess the risk in this area as low overall.

Procurement risks relate in particular to operative risks of the Group subsidiaries of RHÖN-KLINIKUM AG.

Financial risks

RHÖN-KLINIKUM AG is characterised by a high and sound capital base, a sustainable internal financing strength and a strong liquidity position in the triple-digit million euro range. Our three-pronged

financing strategy consists of a syndicated, undrawn line of credit, a promissory note and a long-term registered bond. We rate financing and liquidity risks currently as low.

Since we operate exclusively in Germany, we are not subject to any transaction and currency risks. No securities (except for 24,000 treasury shares) are held within the Group of RHÖN-KLINIKUM AG. For security reasons, cash investments must be spread over the three large deposit security systems (savings banks sector (Sparkassensektor), cooperative banking sector (genossenschaftlicher Sektor), and banking association (Bankenverband)). Counterparty banks may only be credit institutions subject to German deposit protection. The maximum cash investment exposure to a counterparty banks is limited by the amount of the deposition protection limit. Any remaining credit rating and rate risks are closely monitored.

The finance risks relate in particular to operative but also strategic risks of the Group subsidiaries of RHÖN-KLINIKUM AG.

Overall assessment

RHÖN-KLINIKUM AG has implemented risk reduction measures. In the context of the risk evaluation for financial year 2022 on a status quo view of risks, no risks were identified that are or will be very likely to have a serious adverse impact on the Group. Neither were any risks posing a threat to the Company's existence reported. The principles of the statutorily prescribed system of early identification of risks jeopardising the Company's existence were continued in the reporting year as in the previous years.

As an overall assessment based on our analysis of the risk position within the Group and at its subsidiaries for financial year 2022, we have concluded that there are no risks that could endanger the existence of the subsidiaries or the Group of RHÖN-KLINIKUM AG, and do not see any matters having an adverse effect on corporate development. The risks at the individual companies as well as at the Group as a whole continue to be rated as low.

4.2 Report on opportunities

To take advantage of opportunities, it is sometimes necessary to deliberately accept potential risks. Taking just one example: any medical intervention will expose patients to a risk, but at the same time also holds out the prospect or opportunity of recovery and/or cure. Our management of opportunities thus covers the totality of all measures promoting the systematic and transparent handling of opportunities. The process and communication paths involved are similar to risk management.

Similar to the concept of risks, we understand opportunities as events and potential developments within and outside RHÖN-KLINIKUM AG that might favourably impact the achievement of the Company's stated objectives, future performance of tasks as well as the quality and reputation of RHÖN-KLINIKUM AG.

The strategic partnership with, and under the umbrella of, Asklepios opens up new prospects for pursuing joint objectives, with each of the two companies complementing each other strategically on several levels. In the network we can gain a stronger position on the market and mutually benefit from the know-how of the other. Particularly in the field of tumour medicine there are significant overlaps, areas of potential and a high level of expertise. We have the opportunity to further expand our care offering in this area, to effectively promote specialisation and to provide fresh impetus to scientific research. For example, the Comprehensive Cancer Center (CCC) of the Giessen and Marburg University Hospitals and the Asklepios Tumour Centre of Hamburg are already stepping up their cooperation. And also the area of training – and thus our staff – benefit from the merger of both companies. Last year in Hesse a cooperation scheme aimed at better coordinating the offerings of our training centres on-site and providing joint courses was agreed. Our employees are learning new insights and subject areas which otherwise would not be available within a hospital's own continued training programmes, and in this way are increasingly growing together into one big team.

We see a tremendous need for healthcare policy reform. The healthcare system in Germany, like other areas of society and the economy, is continuously being confronted with structural changes. This structural transformation offers huge potential for innovation and opportunities to shape the healthcare system of the future and is bringing about lasting change in the healthcare system. With the planned hospital reform, existing structures are being changed and a fresh look is being taken at existing processes and solutions. With our campus approach, the consistent implementation of outpatientisation as well as the establishment of new medical services, we will seize the opportunities afforded by these developments and realise them in the best interests of our patients.

As one of the leading providers of healthcare in Germany, we as RHÖN-KLINIKUM AG play a trailblazing role in the healthcare industry with our campus and digitalisation strategy. Our campus approach, which integrates outpatient and inpatient care and takes a holistic view of the patient, is a viable care model of the future. We are thus setting standards for excellent medical care – not just in rural areas. Since the integration of outpatient and inpatient care calls for a high level of digitalisation, we will further forge ahead with digitalisation to further reduce the workload on our staff with a view to standardising structures and clinical processes and thus ultimately further improving the quality of healthcare in the interests of the patients treated. We have already made great strides in digitalisation so far: performing paperless bedside work with a tablet so that patient data are available everywhere, the use of the web software solution Samedì, the project Derma Online, the pilot project E-Health-Programm Minddistrict, etc. – to name just a few. One focus is on introducing telematics infrastructure, one of the strongest and most future-oriented trends in healthcare with the digital networking and integration of all persons involved in the treatment process: community-based practitioners, rehab facilities and other providers further down the chain of care delivery.

Already before the pandemic, declining inpatient case numbers as well as the trend towards outpatientisation were a sign of the times. In future, up to 25% of acute inpatient treatments are to be treated on an outpatient basis. To seize the opportunities of outpatientisation, digital solutions funded by the German Hospital Future Act (KHZG) are helping support decisions on the right form of care delivery. For that reason, it will be even more important for decision-making processes ensuring the best-possible care to be made already before patients are admitted to the hospital based on a digital integration of emergency dispatch centres and emergency services.

In addition to the advance in digitalisation, the conceptual and constructional modernisation of our sites continues to be a major issue. Our extensive investments at almost all sites of the Group will result in positive impacts on medical care for patients.

Overall, we see ourselves very well positioned thanks to the partnership with Asklepios. Also in future, we will continue to be amongst the major hospital operators in Germany operating as an efficient, homogenous Group with a consistent orientation and focus on cutting-edge medicine geared towards maximum care, as well as the further strengthening of treatment excellence and patient care through our focus on digitalisation and network medical care. To this end we avail ourselves of all opportunities presented to us and counteract the potential risks with a practised and functioning risk management approach.

For the impacts of the new investment agreements between the Federal State of Hesse and Universitätsklinikum Gießen und Marburg (UKGM), we refer to the statements made in the previous sections of this Group Management Report.

5 | REPORTING PURSUANT TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH, HGB) ON INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE ACCOUNTING PROCESS

Within the Group of RHÖN-KLINIKUM AG, the accounting-related internal control system is made up of the internal control and the internal monitoring system that ensures preparation of the annual financial statements for the Group of RHÖN-KLINIKUM AG and RHÖN-KLINIKUM AG itself and its subsidiaries. As a component of the internal control system, the risk management system, with reference to accounting, is also concerned with the risk of misstatements in accounting as well as in external reporting.

The accounting-related internal control system within our Group embraces all principles, processes and measures to ensure the effectiveness, efficiency and adequacy of accounting as well as compliance with the relevant legal regulations.

The Group's accounting process is organised in such a way that for each of the subsidiaries on each reporting date – i.e. monthly, quarterly and annually – a financial statement according to the HGB is prepared in the Group's own data centres based on a uniform Group-wide accounting guideline and a uniform Group-wide accounting programme. From these financial statements, a consolidated financial statement is derived for each quarter in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the European Union. The data for the financial statements of the subsidiaries are aggregated to form one consolidated financial statement using certified consolidation software after capital consolidation and

a consolidation of expenses and earnings, receivables and liabilities as well as the elimination of any intercompany profits. IFRS-relevant revaluations and/or reclassifications are performed at the Group level according to uniform accounting and valuation methods.

After the end of the respective reporting date, the financial statements are reported promptly to the Group accounting department and then prepared and published. The financial statements are analysed, subjected to a plausibility test and evaluated together with the controlling department and in certain cases also with the Internal auditing department.

Both for the preparation of the separate financial statements according to HGB and for the preparation of the consolidated financial statements according to the valid IFRS as applicable in the European Union, comprehensive accounting requirements and guidelines whose compliance is strictly monitored are observed to ensure uniform accounting. Responsibilities for the preparation of the annual financial statements are clearly defined both for the individual companies and within the Group. The controls applied in this context, which depending on the specific case may be preventive or downstream, manual or automated, give due regard to the principles of segregation of functions.

The quarterly financial statements and notifications, the half-year financial statements and the annual financial statements are submitted for review to the Audit Committee of the Supervisory Board. The findings of the Audit Committee are documented. Moreover, the Audit Committee also regularly engages the statutory auditor to conduct an accounting-related in-depth audit. If the examinations by the Audit Committee and of the statutory auditor call for improvements in the Group accounting process, these are implemented without delay.

Bad Neustadt a. d. Saale, 14 March 2023

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr Tobias Kaltenbach

Dr Stefan Stranz

Dr Gunther K. Weiß

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Consolidated balance sheet

31 DECEMBER 2022

ASSETS

in € '000	Notes	31 Dec. 2022	31 Dec. 2021
Non-current assets			
Goodwill and other intangible assets	6.1	179,319	181,574
Property, plant and equipment	6.2	822,495	852,606
Investment property	9.3.2	316	1,262
Investments accounted for using the equity method	6.4	513	436
Deferred tax assets	6.3	358	1,111
Other financial assets	6.5	13,335	17,531
		1,016,336	1,054,520
Current assets			
Inventories	6.6	33,318	33,125
Trade receivables	6.7	228,602	212,856
Other financial assets	6.8	332,685	223,934
Other assets	6.9	12,514	10,369
Current income tax assets	6.10	4,155	4,477
Cash and cash equivalents	6.11	77,334	126,316
		688,608	611,077
		1,704,944	1,665,597

EQUITY AND LIABILITIES

in € '000	Notes	31 Dec. 2022	31 Dec. 2021
Shareholders' equity			
Issued share capital	6.12	167,406	167,406
Capital reserve		574,168	574,168
Other reserves		482,304	456,821
Treasury shares		-76	-76
Equity attributable to shareholders of RHÖN-KLINIKUM AG		1,223,802	1,198,319
Non-controlling interests in equity		27,631	26,460
		1,251,433	1,224,779
Non-current liabilities			
Financial liabilities	6.13	141,675	148,564
Provisions for post-employment benefits	6.14	519	1,365
Other financial liabilities	6.17	20,234	17,576
		162,428	167,505
Current liabilities			
Financial liabilities	6.13	7,966	997
Trade payables	6.16	69,986	72,492
Current income tax liabilities	6.19	11,205	14,577
Other provisions	6.15	33,964	32,200
Other financial liabilities	6.17	11,576	12,068
Other liabilities	6.18	156,386	140,979
		291,083	273,313
		1,704,944	1,665,597

Consolidated income statement

1 JANUARY TO 31 DECEMBER 2022

in € '000	Notes	2022	2021
Revenues	5.1	1,446,086	1,402,010
Other income	5.2	220,073	198,450
		1,666,159	1,600,460
Materials and consumables used	5.3	446,562	430,395
Employee benefits expense	5.4	949,818	921,385
Depreciation/amortisation and impairment	5.5	69,533	70,641
Other expenses	5.6	164,160	147,310
Result of impairment on financial assets	5.7	-26	210
		1,630,047	1,569,941
Operating result		36,112	30,519
Result of investments accounted for using the equity method	5.9	77	87
Finance income	5.9	1,288	493
Finance expenses	5.9	-4,068	-3,192
Result of impairment on financial investments	5.9	220	-546
Finance result (net)	5.9	-2,483	-3,158
Earnings before taxes		33,629	27,361
Income taxes	5.10	6,689	-2,866
Consolidated profit		26,940	30,227
of which			
non-controlling interests	5.11	1,796	1,932
shareholders of RHÖN-KLINIKUM AG		25,144	28,295
Earnings per share in €			
undiluted	5.12	0.38	0.42
diluted	5.12	0.38	0.42

Consolidated statement of comprehensive income

1 JANUARY TO 31 DECEMBER 2022

in € '000	Notes	2022	2021
Consolidated profit		26,940	30,227
of which			
non-controlling interests		1,796	1,932
shareholders of RHÖN-KLINIKUM AG		25,144	28,295
Changes in fair value through other comprehensive income (FVOCI)	6.5	303	5,551
Income taxes	6.3	-47	-878
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement		256	4,673
Revaluation of defined benefit pension plans	6.14	98	27
Income taxes	6.3	-15	-5
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement		83	22
Other comprehensive income¹		339	4,695
of which			
non-controlling interests		-	-
shareholders of RHÖN-KLINIKUM AG		339	4,695
Total comprehensive income		27,279	34,922
of which			
non-controlling interests		1,796	1,932
shareholders of RHÖN-KLINIKUM AG		25,483	32,990

¹ Sum of value changes recognised directly at equity.

Statement of changes in equity

in € '000	Issued share capital	Capital reserve	Retained earnings	Treasury shares	Equity attributable to shareholders of RHÖN-KLINIKUM AG	Non-controlling interests in equity ¹	Equity
As at 31 Dec. 2020/1 Jan. 2021	167,406	574,168	423,831	-76	1,165,329	24,892	1,190,221
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-364	-364
Consolidated profit	-	-	28,295	-	28,295	1,932	30,227
Other comprehensive income	-	-	4,695	-	4,695	-	4,695
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 31 Dec. 2021	167,406	574,168	456,821	-76	1,198,319	26,460	1,224,779
As at 31 Dec. 2021/1 Jan. 2022	167,406	574,168	456,821	-76	1,198,319	26,460	1,224,779
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-625	-625
Consolidated profit	-	-	25,144	-	25,144	1,796	26,940
Other comprehensive income	-	-	339	-	339	-	339
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 31 Dec. 2022	167,406	574,168	482,304	-76	1,223,802	27,631	1,251,433

¹ Including other comprehensive income (OCI).

Statement of cash flows

in € million	Notes	2022	2021
Earnings before taxes		33.6	27.4
Finance result (net)	5.9	2.5	3.1
Depreciation/amortisation and impairment and gains/losses on disposal of assets	5.5	69.6	70.2
		105.7	100.7
Change in net current assets			
Change in inventories	6.6	-0.2	2.1
Change in trade receivables	6.7	-15.7	-18.9
Change in other financial assets and other assets	6.8 et seq.	-57.7	8.3
Change in trade payables	6.16	2.6	-2.4
Change in other net liabilities/other non-cash transactions	6.15/6.17 et seq.	19.5	7.0
Change in provisions	6.14 et seq.	1.0	0.1
Income taxes paid	5.10	-9.3	4.4
Interest paid		-4.6	-3.8
Cash generated from operating activities		41.3	97.5
Investments in property, plant and equipment and in intangible assets	6.1 et seq.	-58.2	-77.8
Government grants received to finance investments in property, plant and equipment and in intangible assets		19.1	16.7
Change in investments in fixed term deposits	6.5/6.8	-53.0	-
Investments in financial assets	6.5	4.6	0.1
Acquisition of subsidiaries, net of cash acquired	4	-0.3	-0.4
Sale proceeds from disposal of assets		0.4	2.7
Interest received		1.2	0.4
Cash used in investing activities		-86.2	-58.3
Principal payments for leases	9.3	-3.5	-3.5
Payments to non-controlling interests in equity	6.12	-0.6	-0.4
Cash used in financing activities		-4.1	-3.9
Change in cash and cash equivalents	6.11	-49.0	35.3
Cash and cash equivalents at 1 January		126.3	91.0
Cash and cash equivalents as at 31 December		77.3	126.3

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1 | GENERAL INFORMATION

Within the Group of RHÖN-KLINIKUM AG, mainly cross-sector (i.e. inpatient, semi-inpatient and outpatient) healthcare services are provided. With few exceptions, the Group has a single-tier structure. With the exception of Campus Bad Neustadt, the individual hospital companies are organised in the form of legally independent corporations having their registered office at the respective facility sites and are managed as direct subsidiaries of RHÖN-KLINIKUM AG (ultimate Group parent company).

The Company is a stock corporation established under German law and has been listed on the stock market since 1989. The registered office of the Company is in Bad Neustadt a. d. Saale, Salzburger Leite 1, Federal Republic of Germany. The Company is entered in the Commercial Register of the Register Court of Schweinfurt (Federal Republic of Germany) under the company registration number HRB 1670. The RHÖN-KLINIKUM Group (smallest consolidation group) is indirectly included by way of full consolidation through AMR Holding GmbH, Königstein im Taunus, Federal Republic of Germany, in the group financial statements of Broermann Holding GmbH, Königstein im Taunus, Federal Republic of Germany (largest consolidation group), whose sole shareholder is Dr. Bernard große Broermann. Furthermore, the RHÖN-KLINIKUM Group is included in the subgroup financial statements of Asklepios Kliniken GmbH & Co. KGaA, Hamburg, Federal Republic of Germany.

2 | ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the basis of uniform accounting policies which have been consistently applied. The functional currency of the Group is the euro, which is also the currency used for preparing the financial statements. The figures shown in the Notes to the consolidated financial statements are generally shown in millions of euros (€ million). The nature of expense method has been used for presenting the income statement. For computational reasons, rounding differences of +/- one unit (€, %, etc.) may occur in the tables.

2.1 Principles applied to the preparation of the financial statements

The consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 31 December 2022 have been prepared applying section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as well as the related Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC), which are the subject of mandatory adoption in accordance with the European Parliament and Council Directive number 1606/2002 concerning the application of international accounting standards in the European Union in financial year 2022. No early adoption of new Standards is planned at this time.

a) New accounting rules from financial year 2022

The following revised standards and interpretations are adopted by the European Union and to be applied as of financial year 2022. As far as can be seen at present, they have no practical relevance for or no material impact on the consolidated financial statements of RHÖN-KLINIKUM AG in financial year 2022 as well as subsequent years:

Standard/Interpretation			Mandatory adoption date	Endorsement ¹	Impact
Amendments	IFRS 3	Business Combinations	1 January 2022	Yes	No practical relevance
Amendments	IAS 16	Property, Plant and Equipment	1 January 2022	Yes	No practical relevance
Amendments	IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	Yes	No practical relevance
Amendments	Annual Improvements to IFRS, 2018–2020 Cycle	Collective Standard for amendments to various IFRS	1 January 2022	Yes	No practical relevance and/or no material impact

¹ Adoption of IFRS Standards and/or Interpretations by the European Union.

The Standards and Interpretations adopted by the European Union are explained below:

Amendments to IFRS 3: “Business Combinations”

The amendments to IFRS 3 “Business Combinations” relate to a reference within the Standard to the conceptual framework of IFRS (2018). Furthermore, the Standard was supplemented by the requirement for purchasers to apply the provisions of IAS 37 or IFRIC 21 instead of the conceptual framework when identifying obligations assumed that fall under the scope of application of IAS 37 or IFRIC 21. By way of exception, this does not apply to contingent liabilities, to which the exemption from IFRS 3.23 will continue to apply. Moreover, the Standard was supplemented by an explicit recognition prohibition for acquired contingent assets. The amendments adopted into European law on 28 June 2021 are to be applied to financial years beginning on or after 1 January 2022, and are of no practical relevance for RHÖN-KLINIKUM AG.

Amendments to IFRS 16: “Property, Plant and Equipment”

The amendments to IAS 16 “Property, Plant and Equipment” clarify that proceeds an entity has received from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended and the costs associated therewith are to be recognised in profit or loss. It is not permissible to recognise such amounts in determining acquisition cost. The amendments adopted into European law on 28 June 2021 are to be applied to financial years beginning on or after 1 January 2022 and are of no practical relevance for RHÖN-KLINIKUM AG.

Amendments to IAS 37: “Provisions, Contingent Liabilities and Contingent Assets”

By the amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” it is clarified that all costs of fulfilling a contract directly attributable to the contract are to be included in the determination of whether the contract is onerous as defined in IAS 37. Costs directly attributable to the contract, in addition to the costs additionally incurring to an entity as a result of the contract (“incremental cost”) such as direct wage and material costs, also include other costs directly attributable to the fulfilling of the contract such as a proportionate depreciation charges of an item of property, plant and equipment used in fulfilling the contract. The amendments adopted into European law on 28 June 2021 are to be applied to financial years beginning on or after 1 January 2022 and are currently of no practical relevance for RHÖN-KLINIKUM AG.

Amendments: “Annual Improvements to IFRS, 2018–2020 Cycle”

On 14 May 2020 the IASB, as part of its annual improvements, published minor amendments to Standards IFRS 1, IFRS 9, IFRS 16 and IAS 41. The amendments to IFRS 1 relate to the treatment of cumulative currency differences in the initial adoption of IFRS by a subsidiary. In IFRS 9 it was clarified which fees are to be included if a “10% test” is applied in assessing whether to derecognise a financial liability. Moreover, in IFRS 16 an example was removed from the Appendix to the Standard to provide for greater clarity. In IAS 41 an adjustment was made to ensure consistency with the provisions in IFRS 13 when determining fair values. The amendments adopted into European law on 28 June 2021 are to be applied to financial years beginning on or after 1 January 2022 and are of no practical relevance for, or have no material impact on, the net assets and results of operations of RHÖN-KLINIKUM AG.

b) New accounting rules from financial year 2023 and subsequent financial years

The following Standards and Interpretations amended by the IASB – to the extent adopted by the European Union – are applicable as of financial year 2023/subsequent years and are of no practical relevance for, have no material impact on, have no impact on the consolidated financial statements of RHÖN-KLINIKUM AG or are subject to a review by the Management:

Standard/Interpretation		Mandatory adoption date	Endorsement ¹	Impact	
Amendments	IFRS 17	Insurance Contracts	1 January 2023	Yes	No practical relevance
Amendments	IFRS 17	Insurance Contracts – initial application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023	Yes	No practical relevance
Amendments	IAS 1	Presentation of Financial Statements, Scope of Accounting Policies in an IFRS Appendix	1 January 2023	Yes	No material impact
Amendments	IAS 8	Accounting Policies – Definition of the Concept of an Accounting Estimate	1 January 2023	Yes	No material impact
Amendments	IAS 12	Income Taxes – Recognition Prohibition for Deferred Tax on Initial Recognition of an Asset or Liability	1 January 2023	Yes	No material impact
Amendments	IFRS 16	Leases – Lease Liability in a Sale and Leaseback	1 January 2024	No	Subject to a review by the Management
Amendments	IFRS 10, IAS 28	Consolidated Financial Statements and Interests in Associates – Unrealised Gains or Losses from Transactions with an Investor and an Associate or Joint Venture	Postponed indefinitely	No	No practical relevance
Amendments	IAS 1	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2024	No	Subject to a review by the Management
Amendments	IAS 1	Presentation of Financial Statements – Non-current Liabilities with Covenants	1 January 2024	No	Subject to a review by the Management

¹ Adoption of IFRS Standards and/or Interpretations by the European Union.

The Standards and Interpretations already adopted by the European Union are explained below:

Amendments to IFRS 17: “Insurance Contracts”

The amendments to IFRS 17 “Insurance Contracts” were adopted into European law on 19 November 2021. They provide that for contracts with participation features, as are common in Germany and a number of other EU countries, entities are given the option of being exempted from applying IFRS 17.22. IFRS 17.22 provides that in the subsequent measurement only those contracts concluded no more than one year apart may be measured together. When utilising the exemption, entities may now measure contracts in the subsequent measurement together, regardless of the time interval between conclusion of the contracts, and prior to applying the impairment principle may net profitable and loss-making contracts concluded at very different times. The amendments are to be applied to financial years beginning on or after 1 January 2023 and are of no practical relevance for RHÖN-KLINIKUM AG.

Amendments to IFRS 17: “Insurance Contracts” – initial application of IAS 17 and IFRS 9 – Comparative Information

With the amendments to Standard IFRS 17 “Insurance Contracts”, first-time adopters of this Standard can present financial assets during the comparative period as if the classification and measurement rules in IFRS 9 had been applied to such financial assets (classification overlay). For this the entity is to use a classification of the financial assets which the entity expects at the date of initial application on the basis of reasonable and reliable information. Up to the initial application of the provisions in IFRS 17 and IFRS 9 existing up to such date, accounting mismatches could arise if comparative information for financial assets was not retroactively adjusted to the provisions of IFRS 9. The amendments to Standard IFRS 17 may also be applied by those accounting entities having implemented IFRS 9 already before the transition to IFRS 17. These entities can apply the classification overlay to financial assets derecognised during the comparative period if they use the provisions set out in IFRS 17 for the reassessment of the classification of financial assets in the transition to IFRS 17. Entities which apply the classification overlay to financial assets are not required to also apply the impairment provisions of IFRS 9 to such financial assets. The amendments adopted into European law on 8 September 2022 are to be applied to financial years beginning on or after 1 January 2023 and are of no practical relevance for RHÖN-KLINIKUM AG.

Amendments to IAS 1: “Presentation of Financial Statements” – Scope of Accounting Policies in an IFRS appendix

The amendments to IAS 1 “Presentation of Financial Statements” clarify that in future disclosures are to be made only for material and no longer for significant accounting policies. In this regard, accounting policies relating to immaterial transactions or events are in turn to be regarded as immaterial and thus not subject to disclosure. Here, immateriality is to be assessed not only quantitatively but also qualitatively. Accounting policies relating to material transactions or events may be material but do not necessarily have to be. The Standard contains information and explanations on when disclosures on accounting policies are to be regarded as material. The basic principles to be considered for determining when an accounting policy is deemed material were also included in the IFRS Practice Statement 2 “Making Materiality Judgements” and explained in the form of a decision tree. The amendments, which were adopted into European law on 2 March 2022, are to be applied to financial years commencing on or after 1 January 2023 and have no material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

Amendments to IAS 8: “Accounting Policies” – Definition of an Accounting Estimate

The amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” clarify the distinction between accounting policies and accounting estimates and redefine the term “accounting estimates”. Under the new definition, “accounting estimates” are monetary amounts in financial statements that are subject to measurement uncertainty. The term “accounting estimate” thus represents a value which, in the case of existing measurement uncertainties, is determined using measurement techniques and input factors to achieve the objective of the accounting policy to be applied. The amendments, which were adopted into European law on 2 March 2022, are to be applied to financial years commencing on or after 1 January 2023 and have no material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

Amendments to IAS 12: “Income Taxes” – Recognition Prohibition for Deferred Tax on Initial Recognition of an Asset or Liability

The amendments to IAS 12 “Income Taxes” qualify the initial recognition exception (IRE). Up to now, it prohibited an entity from recognising deferred tax on initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable profit. Under the revised IRE, the question of the recognition or non-recognition of deferred tax assets or liabilities

is broadened to include the question of whether or not the transaction at the same time gives rise to equal deductible and taxable temporary differences. If this question is answered in the affirmative, and if the further conditions are satisfied, recognition of deferred tax assets or liabilities occurs. Otherwise, no recognition of deferred tax assets or liabilities occurs despite further conditions being satisfied. In practice, particularly in the case of leases in the context of recognition of a right of use and a lease liability, this now means that, possibly in derogation to the existing accounting practice, both deferred tax assets and deferred tax liabilities are to be recognised – provided that equal deductible and taxable temporary differences arise. Non-recognition of deferred tax is no longer allowed. The general netting provisions of IAS 12.74 are to be observed. The amendments, which were adopted into European law on 11 August 2022, are to be applied to financial years commencing on or after 1 January 2023 and have no material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

By the end of the date of preparation of the consolidated financial statements, the other Standards and Interpretations were not yet adopted by the European Union. For that reason, no detailed explanation of these Standards and Interpretations is given.

c) Estimates

Preparing consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made. Moreover, the application of Group-wide accounting policies means that management has to exercise reasonable judgment. Areas that call for a greater degree of judgment to be exercised or that are characterised by a higher degree of complexity, or areas for which assumptions and estimates are of decisive importance for the consolidated financial statements, are set out and explained. The preparation of the consolidated financial statements was based on historical cost, qualified by the financial assets and financial liabilities recognised at fair value through profit or loss as well as the equity investments measured directly in equity. Reference is moreover made to Note 3 "Critical estimates and assessments in accounting and valuation" in these Notes.

d) Publication

The consolidated financial statements adopted by the Board of Management on the signing date will be adopted, approved and released for publication by the Supervisory Board on 29 March 2023.

2.2 Consolidation

The annual financial statements of the companies included in the consolidated annual report have been prepared in accordance with uniform accounting and valuation principles in relation to the same date as the consolidated financial statements.

2.3 Subsidiaries

As a general rule, subsidiaries are all entities (including structured entities) which a group has the possibility of controlling pursuant to IFRS 10. When assessing whether control exists, it is examined whether the parent has power over the subsidiary, obtains positive or negative variable returns and from it can influence the amount of such returns through exercising its power.

Subsidiaries are included in the consolidated financial statements (full consolidation) from the date that the Group obtains control and are deconsolidated when the control ends. Acquired subsidiaries are accounted for using the purchase method.

The cost of the acquisition is measured as the fair value, at the transaction date, of assets rendered, equity instruments issued, and liabilities incurred or acquired. They also contain the fair values of all recognised assets and liabilities resulting from a contingent consideration agreement. Upon their first-time consolidation, assets, liabilities and contingent liabilities identifiable within the scope of a business combination are recognised separately at their fair values at the acquisition date. For each company acquisition the Group decides on a case-by-case basis whether the non-controlling interests in the acquired company are recognised at fair value or based on the proportionate share in the net assets of the acquired company. Costs relating to the acquisition are expensed as incurred.

In the event of a successive business combination, the previously acquired equity capital share of the company is redefined at its fair value applicable at the acquisition date. The resulting profit or loss is recognised in the income statement.

The value resulting from any excess in the cost of the acquisition, the amount of the non-controlling interests in the acquired company as well as the fair value of any previously held equity interests at the acquisition date over the Group's interest in the fair value of the net assets is recognised as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the acquired subsidiary, the

difference is recognised directly in the consolidated income statement. Group-internal transactions and balances as well as unrealised gains and losses from transactions between Group companies are eliminated. To the extent necessary, the accounting policies of subsidiaries are adjusted to ensure application of uniform accounting principles within the Group.

2.3.1 Transactions with non-controlling interests

Transactions with non-controlling interests are treated like transactions with equity investors. Any difference arising on acquisition of a non-controlling interest between the consideration paid and the relevant share in the carrying amount of the subsidiary's net assets is recognised in equity. Positive or negative effects arising on disposal of non-controlling interests are likewise recognised in equity. This applies only to the extent the disposal does not give rise to any loss of control.

2.3.2 Associated companies and joint ventures

Associated companies are those companies over which the Group has a substantial influence. A substantial influence is refutably presumed if the share of voting rights is between 20.0% and 50.0%. Investments in associated companies and jointly controlled entities (joint ventures) are accounted for using the equity method and initially recognised at cost. The Group's interest in associated companies and jointly controlled entities includes the goodwill arising on acquisition (less accumulated impairment losses).

The Group's interest in the profits and losses of associated companies or joint ventures is recognised in the income statement as of the date of acquisition and the cumulative changes are offset against the carrying amount of the investment. Changes in equity without effect in profit or loss are not to be considered. If the Group's share in the loss of an associate or joint venture is equal to or greater than the Group's share in this company including other unsecured receivables, no further losses are recognised unless the Group has entered into an obligation for the associate or jointly controlled entity or has made payments for it.

Unrealised intercompany profits or losses from transactions between Group companies and associated companies or joint ventures are eliminated on a pro rata basis if the underlying circumstances are material.

In an impairment test, the carrying amount of a company accounted for using the equity method is compared with its recoverable amount. If the carrying amount exceeds the recoverable amount, an impairment equal to the difference must be recognised. If the reasons for a previously recognised impairment have ceased to exist, the impairment is reversed through the income statement.

The financial statements of investments accounted for using the equity method are prepared using uniform accounting principles within the Group. Associated companies whose individual or overall impact on the net assets and results of operations is not material are not accounted for using the equity method. They are included in the consolidated financial statements at fair value. Immaterial equity interests are measured at fair value through profit or loss.

2.3.3 Sale of subsidiaries and associated companies

If the Group loses either control or material influence over a company, the remaining interest is remeasured at fair value and the resulting difference recognised as profit or loss. Fair value is the fair value calculated upon the initial recognition of an associate, joint venture or financial asset. Moreover, all amounts stated in other income are recognised with reference to such company in the same way as would be required if the related assets and liabilities had been sold by the parent company directly. That means that a profit or loss previously recognised under other income is transferred to the income statement. If it cannot be transferred to the income statement, it remains in equity (e.g. actuarial profits or losses from pensions).

2.3.4 Segment reporting

According to IFRS 8 "Operating Segments", segment information on operating segments is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach).

An operating segment is a company component

- which carries out business activities from which revenue is earned and for which expenses may be incurred. For us these include all revenues relating to services provided directly and indirectly for patients, as well as all expenses necessary for providing services,
- whose operating result is regularly reviewed by the company's chief decision maker to make decisions about resources to be allocated to this segment and assess its earnings strength, and
- for which separate financial information is available.

The chief decision-making body in our Group is the Board of Management. It is in this body that the strategic decisions are made for the Group and to this body that the key ratios of the hospitals, which represent our operating segments, are regularly reported.

Monthly reporting to the Board of Management includes the hospitals. Group management costs are fully distributed to the operative segments. The monthly target-to-actual and actual-to-actual comparison in the report to the Board of Management, by aggregating the operative segments into one reporting segment, serves to control the targets published in the Company forecast, in particular the EBITDA margin.

Given our understanding of an integrated healthcare services offering, we do not make any distinction in control by whether the services as defined in German social insurance legislation are attributed to the inpatient or the outpatient sector, or to the rehab or nursing sector. All expenses and income which are directly or indirectly related to patients are included under the operating segments.

The operating segments are aggregated to one reporting segment since they exhibit similar economic characteristics. As a result of the same structural framework conditions, the operating segments in

the Group with the healthcare services provided are characterised by a similar risk and rewards profile whose economic environment is largely regulated by legislation. The politically desired state interference is felt both on the income side and with expenses. It is thus possible for the operating segments to achieve similar EBITDA margins. We thus continue to have only one operating segment subject to reporting.

We generate all revenues for all our areas of activity in Germany. We generate most of our revenues in the inpatient, outpatient, rehab and nursing area with the statutory health insurance funds, the state pension insurance agency, the statutory occupational insurance agencies and the other public healthcare institutions. Only a small share of revenues is generated with private health insurance funds or self-payers. Regarding the breakdown of revenues by business areas and federal states, we refer to section 5 of the Notes.

2.4 Goodwill and other intangible assets

2.4.1 Goodwill

Goodwill is the excess of the cost of the company acquisition over the Group's interest in the fair value of the net assets of the acquired company at the acquisition date. Goodwill arising on acquisitions is allocated to intangible assets. Goodwill is subjected at least to an annual impairment test and measured at its historical cost less any impairment losses. A review is also performed when there are events or circumstances indicating that the value might be impaired. Impairment losses are not reversed. Profits and losses arising on the sale of a company include the carrying amount of the goodwill allocated to the company sold.

For the purpose of the impairment test, goodwill is allocated to cash generating units. At RHÖN-KLINIKUM AG these correspond as a rule to the individual hospitals (each hospital site with its inpatient, semi-inpatient and outpatient care structures including any existing rehabilitation facilities) unless the related goodwill of cooperating units is monitored at a higher level.

If the recoverable amount is below the carrying amount, an impairment is recognised. Here, the recoverable amount is the higher of the two fair value amounts less costs to sell the asset and its value in use.

2.4.2 Computer software

Purchased computer software licences are recognised at cost plus the cost of bringing them to their working condition. These costs are amortised over the estimated useful life (three to seven years, straight-line method), and are shown under "depreciation/amortisation and impairment" in the income statement. Costs relating to the development of websites or maintenance of computer software are expensed as incurred if the conditions for capitalisation are not satisfied pursuant to IAS 38.

2.4.3 Other intangible assets

Other intangible assets are stated at historic cost and – to the extent depletable – amortised over their respective useful lives (three to five years) using the straight-line method, and are shown under "depreciation/amortisation and impairment" in the income statement.

2.4.4 Research and development expenses

Research costs are recognised as current expenditure in accordance with IAS 38. Development costs are capitalised if all the criteria of IAS 38 are satisfied. There are no development costs that meet the criteria for capitalisation.

2.5 Property, plant and equipment

Land and buildings are reported under "Property, plant and equipment" and mainly comprise hospital buildings. In the same way as the other items of property, plant and equipment, they are measured at cost less any depreciation. Cost includes the expenditure directly attributable to the acquisition or construction of an asset as well as any overheads attributable to construction. Subsequent costs are recognised as part of the cost of the asset or – where applicable – as a separate asset only if it is probable that future economic benefits associated with the asset will accrue to the Group and if the cost of the asset can be measured reliably. All other repair and maintenance work is recognised as expenditure in the income statement in the financial year in which it is incurred.

Property, plant and equipment are tested for impairment if events or changed circumstances suggest that an impairment may have occurred. In such a case, the impairment test is performed pursuant to IAS 36 according to the principles explained for intangible assets. Where an impairment is to be made, the remaining useful life of the

asset may be adjusted accordingly. If the reasons for a previously recognised impairment have ceased to exist, such impairment losses are reversed, in which case such reversal may not exceed the carrying amount that would have resulted if no impairment had been recognised in the previous periods.

Land is not depreciated. All other assets are depreciated using the straight-line method, with costs being depreciated over the expected useful lives of the assets so as to write down the value of the assets to their residual carrying amount as follows:

Buildings	33 ¹ / ₃ years
Machinery and equipment	5 to 15 years
Other plant and equipment	3 to 12 years

The net book values and useful economic lives are reviewed at each balance sheet date and adjusted where applicable. Gains and losses on the disposal of assets are measured as the difference between the disposal proceeds and the carrying amount and recognised through profit or loss.

2.6 Government grants

Government grants are recognised at fair value if it can be assumed with reasonable assurance that the grant will be received and that the Group has satisfied the necessary conditions for this. Government grants for investments are deducted from cost to arrive at the carrying amount for the assets to which they relate. They are distributed as a reduction in expenses over the expected useful life of the related assets using the straight-line method. Such grants are granted to hospitals within the framework of investment finance legislation. Grants not yet used for their intended purpose are stated under "Other liabilities" at the balance sheet date.

Government grants are recognised on a systematic basis either in profit or loss, and during periods in which the Company applies corresponding expenditures which the government grants are intended to cover as expenses.

2.7 Impairment of property, plant and equipment and intangible assets (excl. goodwill)

The Group assesses on every balance sheet date whether there are any indications that an asset might be impaired. If such indications exist or if an annual impairment test has to be performed in relation to an asset, the Group estimates the recoverable amount. If it is not possible for independent inflows to be allocated to the individual asset, the Group estimates the recoverable amount for the cash generating unit to which the asset belongs. The recoverable amount is the higher of the fair value of the asset less costs to sell it and its value in use. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In order to calculate the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate before taxes which reflects the current market expectation with regard to the interest effect and the specific risks of the asset. Impairments are shown in the income statement under the item "Depreciation/amortisation and impairment".

On every balance sheet date, a test is performed to establish whether there are any indications that an impairment recognised in previous reporting periods no longer exists or might have diminished. If such an indication exists, the recoverable amount is estimated. An impairment previously recognised has to be reversed if there has been a change in the estimates used for determining the recoverable amount since the last impairment was recognised. If this is the case, the carrying amount of the asset has to be increased to the recoverable amount of the asset. However, this must not exceed the carrying amount which would have resulted after the recognition of depreciation/amortisation if no impairment had been recognised in previous years. Any such reversal of a prior impairment has to be recognised immediately in the profit or loss for the period. After a prior impairment has been reversed, the amount of depreciation/amortisation in future reporting periods has to be adjusted in order to systematically distribute the revised carrying amount of the asset, less any residual value, over the remaining useful life of the asset.

2.8 Financial assets

Financial assets in principle comprise receivables, other financial assets, equity instruments, derivative financial instruments with positive fair values, and cash.

These financial assets are principally divided into the following categories as defined in IFRS 9:

- Measured at fair value through profit and loss
- Measured at fair value directly in equity (fair value through other comprehensive income, without recycling)
- Measured at amortised cost
- Measured at fair value directly in equity (fair value through other comprehensive income, with recycling)

All purchases and sales of financial assets are recognised at the settlement date, i.e. the date when the purchase or the sale is transacted. Derivative financial instruments are recognised on the trading date. Initial recognition of financial assets not measured as at fair value through profit or loss takes place at fair value plus transaction costs.

Assets measured at fair value directly in equity (fair value through other comprehensive income, without recycling) are measured after initial recognition at their fair values. Financial assets in the category of 'amortised cost' are carried at amortised cost using the effective interest method. Financial assets are derecognised if the rights to payments from the investment expire or have been transferred and the Group has substantially transferred all the risks and rewards of ownership of the financial asset.

Investments in equity instruments (equity interests) are carried in accordance with IFRS 9 at RHÖN-KLINIKUM AG as fair value through other comprehensive income (without recycling). These are strategic investments and the Group considers this classification to be more meaningful. Related gains and losses from the sale are not reclassified in the income statement.

If no active market exists for financial assets or if these assets are not listed, the fair values are calculated using suitable measurement methods. These may include references to recent transactions between independent business partners, the use of current market prices of other assets that are substantially similar to the asset under

consideration, discounted cash flow methods, as well as option price models which make use as far as possible of market data and as little as possible of individual company data.

On each balance sheet date it is reviewed whether any losses incurred or already expected losses are to be recognised. Unless the simplified impairment approach is applied to trade receivables, an additional differentiation is made as to whether or not the default risk of financial assets has materially deteriorated since their acquisition. If the default risk has deteriorated significantly (e.g. if the financial asset can no longer be allocated to the investment grade rating category), all expected losses as of that point in time are recognised over the entire term. Otherwise, only those losses expected over the term of the instrument are taken into account which result from future potential loss events within the next twelve months.

Within the Group of RHÖN-KLINIKUM AG, the general impairment model is essentially applied to fixed deposit investments. In this regard, the expected credit loss is calculated taking into account external ratings, rates of insolvency as well as future-oriented information on credit default swaps (CDS).

2.8.1 Assets measured at fair value through profit and loss

According to IFRS 9, financial assets are subject to mandatory measurement at fair value through profit or loss if they are held neither as part of a business model whose purpose consists in holding assets to collect contractual cash flows, nor as part of a business model whose purpose is fulfilled if contractual cash flows are collected and financial assets are sold. Moreover, financial assets are to be measured at fair value through profit or loss if they do not fulfil the cash flow conditions as defined in IFRS 9. At RHÖN-KLINIKUM AG, no assets in the form of debt capital instruments that could be allocated to this category exist.

2.8.2 Assets measured at fair value directly in equity (fair value through other comprehensive income, without recycling)

Investments in equity instruments do not fulfil the cash flow conditions as defined in IFRS 9; they are principally to be measured at fair value. For equity instruments not held for trading, an entity has the irrevocable right on initial recognition to avail itself of the fair-value OCI option. Within the Group of RHÖN-KLINIKUM AG, equity investments in the amount of € 13.3 million (previous year: € 17.5 million) are measured at fair value (fair value through other comprehensive income, without recycling).

2.8.3 Assets measured at amortised cost

Financial assets held as part of a business model whose purpose consists in holding assets to collect the contractual cash flows are measured at amortised cost provided that the assets also fulfil the cash flow conditions as defined in IFRS 9.

When assessing whether cash flows are realised through collection of the contractually agreed payments from the financial asset, the frequency and scope of the sales in earlier periods are to be considered, furthermore whether the assets sold were about to mature, as well as the reasons for such sales and the expectations with respect to the future sales activities.

Within the Group of RHÖN-KLINIKUM AG, trade receivables, other financial assets as well as cash and cash equivalents are allocated to this category.

2.8.4 Assets measured at fair value directly in equity (fair value through other comprehensive income, with recycling)

This category covers financial assets which fulfil the cash flow conditions as defined in IFRS 9 and whose purpose consists in collecting contractual cash flows and selling financial assets. Currently, no such financial assets exist at RHÖN-KLINIKUM AG.

2.9 Investment property

Investment properties comprise land and buildings which are held for the purpose of generating rental income or for achieving capital gains, and which are not used for the company's own provision of services, for administrative purposes or for revenues within the scope of ordinary operations. Investment properties are measured at cost less cumulative depreciation.

Since RHÖN-KLINIKUM AG or its subsidiaries retain beneficial ownership in leased properties as lessor (operating lease), these properties are identified as such and reported separately in the balance sheet. Leased assets are recognised at cost and depreciated in accordance with the accounting principles for property, plant and equipment. Lease income is recognised on a straight-line basis over the term of the lease.

2.10 Inventories

Inventories within the Group of RHÖN-KLINIKUM AG are materials and supplies. These are measured at the lower of cost (including transaction costs) and net realisable value. Cost of inventories is determined by the weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell.

2.11 Trade receivables

Trade receivables are initially recognised at the transaction price plus any transaction costs and subsequently measured at amortised cost less impairments. The Group generates its revenue for the most part from the statutory health insurance funds. The material part of accounts receivable likewise is likewise due from statutory health insurance funds. For calculating expected credit losses, we have used the country default risk for the Federal Republic of Germany as a basis for this category of receivables. In the case of the other receivables, the Group uses aged debtor lists and past experience as the basis for collectively estimating the percentage of expected credit losses as at the balance sheet date in relation to the period of time overdue. Macroeconomic risks are included with a time lag in the assessment through the country default risk of the Federal Republic of Germany or through the individual receivables defaults. Receivables are derecognised within the Group of RHÖN-KLINIKUM AG after expiry of the legally prescribed limitation periods or after conclusion of unsuccessful insolvency proceedings. In addition, the Group recognises specific valuation allowances if, as a result of particular circumstances, it is not likely that trade receivables will be recovered.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term, highly liquid financial assets with original maturities of up to three months. Utilised bank overdrafts are shown on the balance sheet as liabilities to banks under the item "Current financial liabilities".

2.13 Equity

Ordinary shares are classified as equity. Costs that are directly attributable to the issuance of new shares are recognised in equity (net of tax) as a deduction from the issuance proceeds.

If a company belonging to the Group acquires treasury shares of RHÖN-KLINIKUM AG, the value of the consideration paid including directly attributable additional costs (net of tax) is deducted from the equity capital attributable to shareholders of the company until the shares are either redeemed, reissued or resold. If such shares are subsequently reissued or resold, the consideration received, net of directly attributable additional transaction costs and related income tax, is recognised in the equity attributable to the shareholders of RHÖN-KLINIKUM AG.

2.14 Financial liabilities

Financial liabilities in principle comprise financial debt (including the negative fair values of derivative financial instruments), trade payables as well as other financial liabilities. Loan liabilities are classified as current liabilities unless the Group has the unconditional right to postpone settlement of the liability to at least twelve months from the balance sheet date.

Financial liabilities as well as financial debt are initially recognised at fair value (less transaction costs). In subsequent periods they are measured at amortised cost; any difference between the disbursement amount (after deduction of transaction costs) and the repayment amount is recognised over the term of the loan in the income statement in the finance result using the effective interest method.

Derivative financial instruments, if any exist, are measured at fair value. For current financial liabilities this means that they are recognised at their repayment or settlement amount.

2.15 Current and deferred taxes

The tax expense of the period is made up of current and deferred taxes. Taxes are recognised in the income statement unless they relate to items which were directly recognised in equity or in other income. In this case, taxes are likewise recognised in equity or other income.

Deferred tax is recognised using the liability method for all temporary differences between the tax carrying amounts of assets and liabilities and the respective IFRS consolidated carrying amounts. If, however, in a transaction which is not a business combination, deferred tax arises from the initial recognition of an asset or liability which at the time of the transaction affects neither accounting nor taxable profit

or loss, no deferred tax is recognised. Deferred taxes are measured subject to the tax rates (and tax laws) that apply or have been substantively enacted on the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred taxes have been calculated using a corporate income tax rate of 15.0% (plus the 5.5% solidarity surcharge on corporate income tax).

Deferred tax assets are recognised to the extent it is probable that they will result in a tax benefit when offset against taxable profits.

Deferred tax liabilities in connection with temporary differences arising from equity interests in subsidiaries are always recognised unless the point in time of the reversal of the temporary differences can be controlled by the Group and a reversal of the temporary differences is not probable in the foreseeable future.

2.16 Employee benefits

2.16.1 Pension obligations and other long-term benefits due to employees

Various pension plans exist within the Group. These plans are financed by payments to insurance companies or pension funds or by recognising provisions (direct commitments) whose amount is based on actuarial calculations. The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (insurance company or pension fund). The possibility of claims being asserted against the Group for payment of additional contributions exists only within the scope of subsidiary liability. Since RHÖN-KLINIKUM AG regards the risk of default of an insurance company or pension fund as extremely low, such commitments are accounted for as defined contribution plans.

For defined contribution plans the Group pays contributions to state or private pension insurance plans based on statutory or contractual obligations. The Group has no further payment obligations other than the payment of the contributions. The contributions are recognised in personnel expenses when due.

A defined benefit plan is a pension plan that does not fall under the definition of a defined contribution plan. It typically stipulates the amount of pension benefits that an employee will receive on retirement which is usually dependent on one or several factors such as age, length of service and salary.

The provision stated in the balance sheet for defined benefit plans is equal to the present value of the defined benefit obligation (DBO) at the balance sheet date. The DBO is calculated annually by an independent actuary using the projected unit credit method. The present value of the DBO is calculated by discounting the expected future cash outflows with the interest rate of high quality corporate bonds issued in the currency in which the benefits are paid and whose terms are consistent with those of the pension obligation.

Actuarial gains and losses resulting from changes in actuarial assumptions and/or from discrepancies between earlier actuarial assumptions and the actual development are recognised directly at equity in the period in which they occur giving due regard to deferred tax. In this way the balance sheet – after deduction of any existing plan assets – shows the full scope of the obligations avoiding fluctuations in expenses that may arise in particular in the case of changes in the calculation parameters. The actuarial gains and losses recognised in the respective reporting period are shown separately as “revaluations of defined benefit pension plans” in the statement of comprehensive income.

Pursuant to IAS 19, past service cost, i.e. all changes in benefits diminishing the defined benefit obligation, are fully recognised in the income statement at the time of the plan modification.

Multi-employer plans

On the basis of collective agreements, the Group pays contributions to the Federal and State Pension Scheme (VBL) and other public service pension schemes (Bayerische Versorgungskammer-Zusatzversorgung, BVK) for a certain number of employees. The supplementary pension schemes are public-law corporations or institutions. The contributions are paid on a pay-as-you-go (PAYGO) basis. This financing structure carries the risk of rising contributions through the levy of reform imposts that may be charged unilaterally or disproportionately to employers.

The present plans are multi-employer plans (IAS 19.8) since the participating companies share both the risk of the capital investment and the actuarial risk. In principle, the VBL/BVK benefit plan is to be classified as a defined benefit plan (IAS 19.38), but the information needed for an objectively correct representation of the Group's share of the future payment is not available due to the existing PAYGO financing regime. Because of such PAYGO financing approach in which the levy rate is calculated for a certain coverage layer on the basis of the aggregate insurance portfolio and not on the basis of the individual risk of insurees, the benefit plan pursuant to IAS 19.34 is to be recognised as a defined contribution plan. Since no agreements within the meaning of IAS 19.37 exist, there is no recognition of a corresponding asset or liability. The recognition of any liability item in the balance sheet is subordinate to priority-ranking guarantee obligations of public-law entities.

The current contributions to the VBL/BVK are reflected in the employee benefits item as pension expenses or post-employment benefits for the respective years.

In addition to the levy, the VBL also levies reform imposts from the participating employers with compulsory insurees in the separately organised and managed settlement class Abrechnungsverband West. In financial year 2022, the reform impost amounted to 0.13% (previous year: 0.15%) of the insured remunerations.

In the settlement class Abrechnungsverband West, the VBL finances its benefits through a PAYGO approach taking the form of a modified defined period-based funded approach (Abschnittsdeckungsverfahren). The current defined period covers 2016 to 2022. The levy rate is assessed in such a way that the contribution to be paid for the duration of the defined period together with the other income expected and the available assets suffices to settle the expenditures during the defined period and the period of six months thereafter. Since 1 January 2002, the levy rate has been 7.86% of the remuneration subject to supplementary pension payments, of which employers pay a share of 6.45% and employees a share of 1.81%. The contribution rate in the BVK, depending on the year of the employee's entry, is between 4.80% and 7.75%.

Given insufficient information, it is not possible to make any statement on the level of participation in the pension schemes based on the contributions paid by the Group of RHÖN-KLINIKUM AG compared with the aggregate payments to the VBL and other public service pension schemes (BVK).

In the event of a VBL participation being terminated, the legal consequences arising therefrom are defined in section 23 of the VBL Rules. Termination of a VBL participation also triggers the end of the

mandatory insurance schemes. Since the VBL also continues to settle the pension claims and entitlements arising up to the end of the participation, the withdrawing party, as compensation, is required to pay an equivalent value which does not include those components financed under the funded scheme. This equivalent value comprises the full funding of existing entitlements and coverage of administrative expenses as well as future benefit claims. The supplementary pension insurance scheme ZKV also stipulates a similar provision. Since in the case of withdrawal from PAYGO financing the risks of the other participants of the system also have to be compensated pro rata, a plausible actuarial calculation can be made only by the pension fund itself.

Membership in VBL/BVK exists only due to the acquisition of hospitals from public ownership. Universitätsklinikum Gießen und Marburg GmbH is a member of the VBL, and RHÖN-Kreisklinik Bad Neustadt GmbH is a member of the BVK.

2.16.2 Termination benefits

Termination benefits are provided if an employee is made redundant before the normal retirement date or accepts voluntary redundancy in return for severance compensation. The Group recognises severance compensation payments if it is committed to terminating the employment of current employees subject to a detailed formal plan which cannot be rescinded or is committed to paying severance compensation if employees accept voluntary redundancy. Termination benefits which fall due more than twelve months after the balance sheet date are discounted to their present value.

2.16.3 Management profit sharing and employee profit sharing

Management profit sharing, objective agreements and employee profit sharing are recognised as liabilities using a measurement method based on the consolidated result or the results of the consolidated subsidiaries. The Group recognises a liability in the cases in which a contractual obligation exists or an obligation arises from a past practice.

2.16.4 Share-based payments

Share-based payments are as a general rule recognised in accordance with IFRS 2. Former members of the Board of Management of RHÖN-KLINIKUM AG held an equity interest of 0.0% (previous year: 0.0%) in the registered share capital of the company RHÖN-Innovations GmbH founded in March 2016. In financial year 2020, the total payments made on founding of the company for the interests in the amount of € 0.3 million are reported under the other liabilities item as share-based remunerations as defined in IFRS 2 (cash-settled share-based payment transactions). In this context, the members of the Board of Management are granted a put option to

tender the interests to RHÖN-KLINIKUM AG in each case after five years, for the first time as at 31 December 2020. Moreover, the option of returning the interests on termination of the service relationship existed. The interests were measured at fair value, but at least at their nominal value. The interests were not freely disposable. Current and former members of the Board of Management tendered their interests with effect from 31 December 2020. Payment of the purchase prices of € 0.4 million was made in 2021. The fair value calculation was once again adjusted in 2022. The result for the period of the reporting year includes € 0.3 million (previous year: € 0.0 million) in this connection.

2.17 Provisions

Provisions for restructuring and legal obligations are recognised when the company has an obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in the future, and the value of the outflow of resources can be reliably determined. Restructuring provisions essentially include the costs of early termination of employment contracts with employees.

Where there are a number of similar obligations, the probability of an outflow of resources being required for settlement is assessed based on an aggregate view of such similar obligations. A provision is also recognised if the probability of outflow for any one of such obligations is deemed to be small.

Provisions are measured as the present value of the payments expected to be required to settle the obligation. For this purpose, discounting is effected at a risk-free interest rate. Risk premiums are taken into account in the measurements of the future cash outflows. Increases in the value of provisions based on interest effects reflecting the passage of time are recognised as interest expense in the income statement.

2.18 Revenue recognition

Revenue is recognised at the fair value of the consideration received for the provision of services and for the sale of products. Revenue from intra-group goods and services is eliminated by way of consolidation. Revenue is recognised as follows.

2.18.1 Inpatient and outpatient hospital services

Hospital services are recognised in the financial year in which the services are performed by reference to the stage of completion as a proportion of the total services to be performed. Charges agreed with the payers are essentially invoiced at fixed rates irrespective of

the duration of stay. In certain segments daily hospital and nursing rates are invoiced. In the outpatient area, the individual services and medical aids are invoiced based on the schedules of benefits applicable to the respective area.

Hospital services are limited in terms of their volume as part of an agreed budget. As a result, service volumes exceeding the budget and service volumes falling short of the budget are to be mutually offset under statutory provisions. Budget-restricting provisions are also being applied in the outpatient area. Further notes are provided under point 3.2 "Revenue recognition".

2.18.2 Interest income

Interest income is recognised on a pro rata basis using the effective interest method.

2.18.3 Income from distribution and dividends

Dividend income is recognised when the right to receive payment is established.

2.19 Leases

Standard IFRS 16 defines a lease as a contract which conveys the right to use an asset for a period of time in exchange for consideration.

As a rule, every lease is to be recognised with the lessee on the balance sheet in the form of a right of use and a lease liability. The lease liability is measured in accordance with the lease payments outstanding discounted with the incremental borrowing rate if it is not possible to calculate the interest rate implicit in the lease. The present value calculation is therefore as a rule based on the incremental borrowing rates. The right of use as a general rule is measured at the amount of the lease liability plus any initial direct cost. During the lease term, the right of use is to be depreciated and the lease liability updated using the effective interest method and taking into account the lease payments.

For leases with a term of twelve months maximum as of 1 January 2019 as well as leases relating to low-value assets, no right of use and no lease liability will be applied in the balance sheet and the lease payments will continue to be recognised as an expense as thus with a negative effect on EBITDA in the income statement.

2.20 Costs of borrowing

If borrowing takes place, the costs of borrowing are deducted from the corresponding items and are distributed using the

effective-interest method. Moreover, the interest is then recognised as current expense. Costs of borrowing incurred in connection with the acquisition/construction of qualifying assets are capitalised during the entire production process until commissioning. Other costs of borrowing are recognised as an expense.

2.21 Dividend payments

Shareholders' claims to dividend payments are recognised as a liability in the period in which the corresponding resolution is adopted.

2.22 Financial risk management

2.22.1 Financial risk factors

The assets, liabilities and planned transactions of RHÖN-KLINIKUM AG are exposed in particular to the following risks:

- Credit risk
- Liquidity risk
- Interest rate risk

The aim of financial risk management is to limit the above risks through ongoing operating activities as well as the use of derivative and non-derivative (e.g. fixed-interest loans) financial instruments. As a general rule, derivative financial instruments may be entered into for hedging purposes, i.e. they are not used for trading or speculative purposes.

As a rule, financial instruments for limiting the counterparty risk are entered into only with leading financial institutions with at least an investment grade rating.

Financial risk management is conducted by the division Accounting, Tax, Controlling, Finance and Investor Relations under the supervision of the CFO in line with the guidelines adopted by the Board of Management and the Supervisory Board. Risks are identified and measured by the Board of Management working together with the operative units of the Group. The CFO defines both the principles for interdivisional risk management and the guidelines for certain areas such as the management of interest rate and credit risks, the use of derivative and non-derivative financial instruments as well as the investment of liquidity surpluses.

2.22.2 Credit risk

The Group provides the majority of its services to members of the statutory social insurance scheme, and the remainder to persons who pay medical invoices themselves and who have taken out private health insurance. There are no significant concentrations with respect to individual payers. The cost of hospital services is normally settled by payers within the legally prescribed period. With regard to the default risks in financial year 2022, please refer to our comments in the sections "Trade receivables" and "Other financial assets". The maximum risk of default is equal to the aggregate amount of the financial assets (less impairments) recognised on the balance sheet. Counterparty risks from entering into financial transactions are minimised by adherence to rules and limits.

2.22.3 Liquidity risk

Careful liquidity management includes holding a sufficient reserve of cash, having the possibility of obtaining finance for an adequate amount under agreed credit lines, and being able to raise liquidity from market issuances. Given the dynamic nature of the market environment in which the Group operates, the objective of RHÖN-KLINIKUM AG is to maintain the necessary flexibility in finance matters by having sufficient credit lines available and access to the capital markets at all times. A minimum strategic liquidity of cash and free, immediately available credit lines is held in order to ensure the Group's ability to act at all times. To monitor liquidity risk, a liquidity report is prepared daily and a treasury report monthly. Short- to medium-term liquidity planning calculations are also carried out.

2.22.4 Interest rate risk

Interest rate risk results from uncertainty about future developments in the level of interest rates and affects all interest-bearing items as well as interest derivatives. RHÖN-KLINIKUM AG is therefore always exposed to interest rate risks.

As at the balance sheet date, 26.0% (previous year: 43.1%) of cash at banks was invested at a variable interest rate or callable daily, and 74.0% (previous year: 56.9%) at a fixed interest rate with a maximum residual term of up to 11 months (previous year: 11 months).

In July 2019, RHÖN-KLINIKUM AG placed a registered bond in the amount of € 60.0 million with a term of 20 years. In October 2018 a promissory note in the amount of € 100.0 million was issued, which was redeemed in financial year 2020 in the amount of € 10.0 million. The tranches exclusively bearing fixed interest with bullet maturities have terms of five, seven and ten years. The registered bond and the promissory note are subject to a change-of-control clause. The funds collected from both transactions are being used for general corporate finance. In 2017 a syndicated line of credit in the amount of € 100.0 million was entered into which was lowered to € 88.0 million in financial year 2020. As at the balance sheet date, this line had not been utilised (previous year: no utilisation).

As already in the previous year, no monitoring of interest rate risks was performed in financial year 2022 by means of sensitivity analyses given the low risk.

2.22.5 Management of equity and debt

The aim of the Management with regard to the handling of equity and debt is to adopt a strict policy of matching maturities (horizontal balance sheet structure) of the source and use of funds. Non-current assets should be funded on a long-term basis. The items of equity and non-current liabilities shown in the balance sheet are included under the source of long-term funds. This ratio should be at least 100%, and amounted to 139.1% in the year under review (previous year: 132.0%). Long-term appropriation of funds relates to financial assets and property, plant and equipment. Although given the personnel cost ratio of more than 50% the Group of RHÖN-KLINIKUM AG is frequently attributed to the services sector, our business model has a long-term focus and is for the most part investment-driven. As at 31 December 2022, 73.4% (previous year: 73.5%) of investments at the Group level was backed by equity.

Group growth is also managed by way of appropriate equity measures through resolutions on the appropriation of profits for the consolidated companies.

If debt capital is used, the Management focuses on the following management ratios for minimising risks. The aim is to limit the ratio between net financial debt (= financial liabilities less cash and cash equivalents) and EBITDA to a maximum 3.5-fold multiple.

3 | CRITICAL ESTIMATES AND ASSESSMENTS IN ACCOUNTING AND VALUATION

All estimates and assessments are subject to ongoing review and are based on past experience and other factors, including expectations with respect to future events which appear reasonable under the given circumstances.

The Group makes assessments and assumptions about the future. The estimates derived from these of course only rarely reflect actual future circumstances. These uncertainties in particular concern the following:

- the planning parameters taken as a basis of the impairment test for goodwill,
- assumptions relating to revenue recognition,
- assumptions and probabilities for determining provisions in particular,
- assumptions relating to the default risk of trade receivables, and
- assumptions relating to the recognition and measurement of income tax.

The estimates and assumptions that entail a significant risk of a substantial adjustment in carrying amounts of assets and liabilities during the next financial year are discussed in the following.

3.1 Estimated impairment of goodwill

To determine goodwill at fair value less costs to sell, the operating cash flows of the individual hospitals, with their inpatient, semi-inpatient and outpatient care structures, were discounted at the weighted average cost of capital (WACC) after tax of 6.78% (previous year: 5.20%). The carrying amounts do not exceed fair value less cost of sale. Based on this calculation, no impairment requirement was ascertained. Key assumptions having a substantial influence on fair value less costs to sell are WACC and the average EBIT margin. For further details, reference is made to our Note under 6.1. For the cash generating units, the recoverable amount is equal to the carrying amount as of an assumed cost of capital rate of 7.4% (previous year: 6.5%).

3.2 Revenue recognition

The Group generates revenues essentially from the provision of medical services. The hospitals of RHÖN-KLINIKUM AG, like all other hospitals in Germany, are subject to the statutory regulations on fees.

Revenue recognition is essentially based on a comparison of performance and consideration under a contract: a service performed gives rise to an asset, the consideration received to an obligation.

Treatment contracts between hospitals and patients or their health insurance funds correspond to contracts for services pursuant to section 630a et seq. BGB. Irrespective of who performs the payment in future, it is normally the case that the patient will likely be regarded as the customer. The scope of the performance obligations in the context of hospital treatment is essentially governed by statutory provisions.

The prices charged to the payers are stipulated by numerous laws and regulations. The patient receives and consumes the benefit simultaneous with performance of the service. Control is thus transferred and also revenue recognised for a specified period. Revenues are recognised in accordance with progress of service performance over the service performance period.

In order to create planning and revenue certainty, the remuneration regulations normally provide for prospective fee agreements. In practice, however, these negotiations take place only in the course of the financial year or even thereafter, creating uncertainties as to the service volume for which consideration is received at the balance sheet date. These are reflected in the balance sheet through objective, reliable estimates of receivables or liabilities based on empirical values. Past experience has shown that the inaccuracies relating to the estimates are negligible for the Group's financial position and results of operations.

The Group generates its revenue for the most part from the statutory health insurance funds. As a general rule, the various budgets for the individual hospitals are defined together with the statutory

health insurance funds at the beginning of each year. Diagnosis-related groups (German diagnosis-related groups after stripping out nursing staff costs, aG-DRGs) are measured nationally on a uniform basis through the aG-DRG catalogue (output method as defined in IFRS 15). The measurement ratios are reviewed and adjusted each year by Institut für das Entgeltsystem im Krankenhaus GmbH (InEK). Staffing expenses for bedside nursing are remunerated through separate nursing budgets.

If the service volume invoiced by a hospital (number, severity or type of service) at the end the financial year does not correspond to the budget negotiated for that year, this results in either revenue surpluses or shortfalls that are compensated by way of income compensation between the health insurance funds and the respective hospital. If the actual volumes exceed or fall short of the agreed total budget, only the additional variable costs are paid or saved variable costs deducted, using fixed rates. The receivables or liabilities arising as a result are reported in the consolidated balance sheet and revenues are corrected accordingly.

At the time the consolidated balance sheet was prepared, approved fee agreements existed at none of the hospitals with the exception of RHÖN-KLINIKUM AG due to the pandemic; this meant that any compensation payments for excess revenues or shortfalls were estimated. In hospitals in which no fee agreements had yet been concluded for 2022 or for previous years, we adhered strictly to the legal framework in our accounting. We assume that the agreements for 2022 and for previous years will not have any negative impact on the result in 2023.

Moreover, pursuant to section 275 German Social Insurance Code V (Sozialgesetzbuch V, SGB V) as well as section 17 of the German Hospital Financing Act (Krankenhausfinanzierungsgesetz, KHG), payers as a rule have a right of review with regard to the coded income by the Medizinischer Dienst Körperschaft des öffentlichen Rechts (Medical Review Board under Public Law, MD) (formerly Medizinischer Dienst der Krankenversicherung (Medical Review Board of the Statutory Health Insurance Funds, MDK)). In the assessment of trade receivables or trade payables and of revenues from hospital services rendered,

estimates are made with reference to the complaint rate of the MD and, based on empirical values, corresponding corrections in revenues taken into account for this. The final results from the reviews of the MD in turn have an influence on the income compensation for the respective financial year.

When the fourth wave of the COVID-19 pandemic hit in the autumn of 2021, the German legislator in November 2021 initially introduced a new care surcharge for COVID-19 patients admitted from 1 November 2021 to 19 March 2022. Its amount was calculated based on the average inpatient duration of stay of COVID-19 patients and was staggered by the respective daily lump sum amounts on which the relief payments were based. Just before the end of 2021, the German Federal Parliament (Bundestag), with the Act Strengthening Vaccine Protection against COVID-19 and Amending Further Regulations in connection with the COVID-19 Pandemic (Gesetz zur Stärkung der Impfprävention gegen COVID-19 und zur Änderung weiterer Vorschriften im Zusammenhang mit der COVID-19-Pandemie), moreover decided to once again grant hospitals, with retroactive effect to 15 November 2021, relief payments for beds kept available if they postpone elective operations or procedures to make capacities available for COVID-19 patients. This provision, which was initially limited in term to 31 December 2021, was initially extended to 19 March 2022 by the Second Regulation Amending the Regulation on Further Measures to Safeguard the Economic Viability of Hospitals (zweite Verordnung zur Änderung der Verordnung zur Regelung weiterer Maßnahmen zur wirtschaftlichen Sicherung der Krankenhäuser). By the Regulation Amending the Regulation on Further Measures to Safeguard the Economic Viability of Hospitals and Amending the Hygiene Flat Fee Regulation (Verordnung zur Änderung der Verordnung zur Regelung weiterer Maßnahmen zur wirtschaftlichen Sicherung der Krankenhäuser und zur Änderung der Hygienepauschaleverordnung) published on 29 March 2022, an extension beyond 19 March 2022 of these relief payments was adopted pursuant to section 21 (1b) of the KHG and of the care surcharge pursuant to section 21a of the KHG. Specifically, the current Regulation provided for an extension of the relief payments until 18 April 2022 and an extension of the care surcharge for the last time until 30 June 2022.

In this context, € 77.6 million (previous year: € 61.7 million) was reported within revenues in financial year 2022 as payment relating to COVID-19 legislation. These revenues are primarily attributable to income from keeping hospital beds available. Furthermore, € 3.2 million (previous year: € 1.7 million) were reported under other income as well as € 0.3 million (previous year: € 0.9 million) under the employee expense item.

3.3 Income taxes

Estimates are required for the recognition of tax provisions as well as deferred tax items.

For determining the actual value of deferred tax assets, it is essential to assess the probability of the reversal of the valuation differences and the extent to which it is possible to use the tax loss carry-forwards that led to the recognition of deferred tax assets. This depends on the generation of future taxable profits during the periods in which tax valuation differences are reversed and tax loss carry-forwards can be utilised. Uncertainties exist with regard to the interpretation of complex tax regulations as well as the amount and timing of future taxable income that result in changes in the tax income or expense in future periods. The Group recognises adequate provisions for the possible consequences of audits by the tax authorities. The amount of such provisions is based on factors such as experience from past tax audits and differing interpretations of substantive tax law by the taxable entity and the competent tax authorities on specific issues.

4 | COMPANY ACQUISITIONS

Consolidated companies

The ultimate parent company is RHÖN-KLINIKUM Aktiengesellschaft with its registered office in Bad Neustadt a. d. Saale. The consolidated companies are as follows:

	31 Dec. 2021	Additions	Disposals	31 Dec. 2022
Fully consolidated subsidiaries	29	1	–	30
Companies consolidated using the equity method	1	–	–	1
Other subsidiaries	9	–	–2	7
Consolidated companies	39	1	–2	38

In 2022, a new medical centre (MVZ) subsidiary was established: MVZ Rhön Diagnostik GmbH. The disposals result from the sale of shares in Tiplu GmbH and Siebensachen GmbH.

Acquisition of doctor's practices

In financial year 2022 a total of 2.5 physicians' practices were acquired for consideration whose conditions of validity as per agreement were satisfied during the reporting period of 2022. Consolidation in the Group also took place in financial year 2022. No costs were incurred from the acquisition of these physicians' practices. The revenues and annual results generated since their inclusion in the consolidated statements are of minor importance for the Group of RHÖN-KLINIKUM AG. The final purchase price allocation has the following impact on the Group's net assets in 2022:

in € million	
Purchase of physicians' practices, January to December 2022	Fair value post acquisition
Acquired assets and liabilities	0.0
Intangible assets	0.0
Property, plant and equipment	0.0
Other liabilities	0.0
Net assets acquired	0.0
+ Goodwill	0.3
Cost	0.3
./. Purchase price payments outstanding	0.0
./. Acquired cash and cash equivalents	0.0
Cash outflow on transaction	0.3

Goodwill amounting to € 0.3 million essentially includes synergy effects expected from the expansion of medical care centres. The goodwill recognised is likely to be tax-deductible.

Furthermore, 0.5 physicians' practices were transferred during the reporting period from the Physicians Association (Kassenärztliche Vereinigung) to the MVZ subsidiary at the Bad Berka site without consideration.

In financial year 2022, no doctor's practices were acquired whose conditions of validity as per agreement will be satisfied only in 2023.

5 | NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1 Revenues

The development of revenues by business areas and geographical regions was as follows:

in € million		
	2022	2021
Business areas		
Acute hospitals	1,391.4	1,349.6
Rehabilitation hospitals	30.0	27.6
Medical care centres	24.7	24.8
	1,446.1	1,402.0
Regions		
Bavaria	301.3	287.6
Thuringia	193.5	189.4
Brandenburg	163.7	163.0
Hesse	787.6	762.0
	1,446.1	1,402.0

According to IFRS 15, revenue proceeds are revenues generated from the provision of services and in financial year 2022 rose by € 44.1 million or 3.1% to reach € 1,446.1 million. Of that, our acute and rehabilitation hospitals accounted for € 1,421.4 million (previous year: € 1,377.2 million) and the medical care centres for € 24.7 million (previous year: € 24.8 million).

The revenues of financial year 2022 include an amount of € 77.6 million (previous year: € 61.7 million) in relief payments brought in by legislation, including revenue-offsetting claims (previous year: revenue-offsetting obligations) in connection with the COVID-19 pandemic. The reimbursements are mainly attributable to relief amounts for beds kept available as well as care surcharges paid to hospitals for extraordinary charges as a result of the coronavirus.

5.2 Other income

Other operating income comprises:

in € million		
	2022	2021
Income from services rendered	194.4	180.3
Income from grants and other allowances	13.3	8.9
Income from indemnification payments/ other reimbursements	1.8	1.2
Other	10.6	8.1
	220.1	198.5

Income from services rendered includes income from ancillary and incidental activities amounting to € 185.7 million (previous year: € 171.8 million) as well as income from rental and lease agreements amounting to € 8.7 million (previous year: € 8.5 million).

The Group received grants and other allowances as compensation for certain purpose-tied expenses in connection with publicly funded measures (e.g. costs of personnel and materials for research and teaching).

The rise in other income by € 21.6 million or 10.9% is mainly attributable to the higher income from ancillary and incidental activities resulting, among other things, from higher sales of drugs and cytostatics as well as higher reimbursements for training. Moreover, reimbursements under legislation in connection with the COVID-19 pandemic are included at the amount of € 3.2 million (previous year: € 1.7 million) as well as refunds of the legislature in connection with the compensation for increased energy expenses from resources of the health fund at the amount of € 2.0 million (previous year: € 0.0 million).

5.3 Materials and consumables used

in € million		
	2022	2021
Cost of raw materials, consumables and supplies	400.5	388.7
Cost of purchased services	46.1	41.7
	446.6	430.4

As a result of higher purchasing prices, materials and consumables used witnessed an increase, disproportionate to the rise in revenues, by € 16.2 million or 3.8% in financial year 2022 compared with the same period of the previous year. The cost-of-materials ratio climbed from 30.7% to 30.9%.

5.4 Employee benefits expense

in € million		
	2022	2021
Wages and salaries	793.3	768.7
Social insurance contributions	68.0	66.3
Expenditure for post-employment benefits		
Defined contribution plans	88.2	86.1
Defined benefit plans	0.3	0.3
	949.8	921.4

Expenses for defined contribution plans concern the statutory pension insurance agency, payments to the federal and state pension scheme (VBL) and to Bayerische Versorgungskammer-Zusatzversorgung (BVK). The defined benefit plans relate to the benefit commitments of Group companies, and comprise commitments for retirement pensions, invalidity pensions and pensions for surviving dependants as well as severance payments for a member of the Board of Management and one further senior executive (previous year: two members of the Board of Management) after termination of the employment relationship.

In financial year 2022, contribution payments to the pension scheme VBL were made in the amount of € 25.9 million (previous year: € 25.1 million). Payments to the BVK amounted to € 0.7 million (previous year: € 0.8 million) in 2022. As at the reporting date of 31 December 2022, 9,026 employees (previous year: 9,038 employees) with a claim to supplementary pension benefits were registered with VBL and 315 employees (previous year: 360 employees) with the BVK.

Reimbursements for maternal leave, income from integration grants as well as reimbursements of personnel expenses for quarantined employees were recognised in the amount of € 11.1 million (previous year: € 13.4 million) in expenses for wages and salaries.

Employee benefits expenses include a figure of € 2.7 million (previous year: € 1.7 million) for severance payments.

5.5 Depreciation and impairment

This item includes amortisation of intangible assets and depreciation of property, plant and equipment and investment property. The depreciation item declined slightly compared with the same period of the previous year by € 1.2 million or 1.7% to € 69.5 million.

5.6 Other expenses

Other operating expenses break down as shown in the following table:

in € million		
	2022	2021
Maintenance	61.0	56.8
Charges, subscriptions and consulting fees	52.6	42.9
Insurance	11.9	10.5
Administrative and IT costs	9.8	9.7
Other personnel and continuing training costs	7.3	5.3
Rents and leaseholds	4.3	3.8
Travelling, entertaining and representation expenses	1.9	1.2
Losses on disposal of non-current assets	0.2	0.1
Secondary taxes	0.3	0.2
Other	14.9	16.8
	164.2	147.3

Other expenses saw an increase from € 147.3 million by € 16.9 million to € 164.2 million. The increase is essentially attributable to higher payments for training facilities, maintenance and servicing requirements, in addition to higher personnel and continued training expenses as well as insurance expenses.

5.7 Result from impairment on financial assets

The result from the impairment on financial assets in the amount of € 0.0 million (previous year: negative result of € 0.2 million) results from the adoption of IFRS 9, which among other things governs the future expected losses of financial assets. The improvement in the negative result recorded in the same period of previous year, taking account of higher receivables owed from payers, is essentially attributable to lower expected credit losses calculated on the basis of the sovereign default risk for Germany. Regarding the default risk of financial assets, we refer to the comments on the finance result.

5.8 Research costs

Research activities relate primarily to process optimisations in the area of inpatient hospital care and not to making marketable products. The research results are therefore generally produced as a result of or in objective connection with the activities of healthcare provision. For this reason, differentiating and measuring these in isolation is possible only to a very limited extent. Depending on the volume of costs to be attributed to research activities, annual research expenditure is roughly estimated to be within a range of 0.1% to 0.2% of revenues. They are primarily accounted for by personnel expenses and other expenses. As part of the takeover of the two university and research sites Giessen and Marburg, in addition we committed ourselves to provide funding to the two medical faculties in an amount of at least € 2.0 million p.a.

5.9 Finance result – net

The finance result is shown as follows:

in € million		
	2022	2021
Result of investments accounted for using the equity method		
Income of investments accounted for using the equity method	0.1	0.1
Expense of investments accounted for using the equity method	–	–
	0.1	0.1
Finance income		
Bank balances	1.1	0.1
Interest income from tax assets	0.0	0.2
Other interest income	0.2	0.2
	1.3	0.5
Finance expenses		
Liabilities to banks	–2.3	–2.1
Interest expenses from tax liabilities	–0.9	–0.2
Other interest expenses	–0.9	–0.9
	–4.1	–3.2
Result of impairment on financial investments as defined in IFRS 9		
Income from impairment on financial investments	0.2	–
Expense from impairment on financial investments	–	–0.6
	0.2	–0.6
	–2.5	–3.2

The negative finance result improved in financial year 2022 by € 0.7 million to € 2.5 million. In this regard it has to be taken into account that an income item from the impaired financial assets under IFRS 9 was recognised in the amount of € 0.2 million (previous year: expense of € 0.6 million).

The net interest income under IFRS 9 for financial assets and liabilities which are not included in the category "financial assets and liabilities shown at fair value in profit and loss" amounted to € 3.0 million in financial year 2022 (previous year: € 4.1 million). The amount comprises income of € 1.3 million (previous year: € 0.2 million) and expenses of € 4.3 million (previous year: € 4.3 million).

5.10 Income taxes

Income taxes consist of the corporate income tax including the solidarity surcharge, and to a lesser extent of trade tax. This item also includes deferred taxes resulting from differences between the IFRS and tax balance sheets as well as from consolidation adjustments and expected realisable tax loss carry-forwards which, as a rule, have no expiry date.

Income tax comprises the following:

in € million		2022	2021
Current income tax		6.0	-2.4
Deferred taxes		0.7	-0.5
		6.7	-2.9

At an unchanged rate of taxation, the income tax expense item rose by € 9.6 million compared with the same period last year. Here, it has to be borne in mind that the figure of € 5.1 million from the previous year was helped by the reversal of provisions formed in the context of risk provisioning for income tax risks relating to the sale of subsidiaries. Moreover, the effect of a higher tax assessment basis in financial year 2022 was recognised with effect on the income statement. The income tax burden stands at 20.0% (previous year: income tax relief of 10.5%).

The nominal tax expense for earnings before taxes is reconciled with the income tax expense as follows:

in € million		2022		2021	
		in %		in %	
Earnings before taxes		33.6	100.0	27.4	100.0
Nominal tax expense (tax rate 15.0%)		5.0	15.0	4.1	15.0
Solidarity surcharge (tax rate 5.5%)		0.3	0.8	0.2	0.8
Recognition of previous loss carry-forwards not recognised/ derecognition of loss carry-forward recognised and loss carry-forwards not applied		0.2	0.6	0.1	0.4
Trade tax		0.6	1.8	0.9	3.3
Increase in tax liability due to non-deductible charges		0.6	1.8	0.4	1.5
Taxes, previous years		0.0	0.0	-3.5	-12.8
Additional expense from dividend payment		0.0	0.0	0.0	0.0
Elimination of items not relevant for taxation/other		0.0	0.0	-5.1	-18.6
Effective income tax expense		6.7	20.0	-2.9	-10.5

In financial year 2021, "Tax of previous years" included among other things income from trade tax, resulting from the audit for previous years, in the amount of € 4.0 million.

"Items of no relevance for taxation/other" in the previous year included income from the reversal of tax provisions in the amount of € 5.1 million classified as not taxable in the calculation of taxable income.

Further details of how deferred tax has been allocated to assets and liabilities are given in the Notes to the consolidated balance sheet.

5.11 Non-controlling interests in profit

This is the share of profit attributable to minority shareholders.

5.12 Earnings per share

Earnings per share in accordance with IAS 33 is calculated using the share of consolidated profit attributable to the shareholders of RHÖN-KLINIKUM AG and the weighted average number of shares in issue during the year.

The following table sets out the development in ordinary shares outstanding:

	No. of shares on 1 Jan. 2022	No. of shares on 31 Dec. 2022
Non-par shares	66,962,470	66,962,470
Treasury shares	-24,000	-24,000
	66,938,470	66,938,470

The number of shares is unchanged. For disclosures on equity, please refer to the Note 6.12.

Earnings per share are calculated as follows:

	Ordinary shares
Share in consolidated profit (€ '000)	25,144
(previous year)	28,295
Weighted average number of shares outstanding, in thousands	66,938
(previous year)	(66,938)
Earnings per share in €	0.38
(previous year)	(0.42)

Diluted earnings per share are identical to undiluted earnings per share, as there were no stock options or convertible debentures outstanding at the respective balance sheet dates.

6 | NOTES TO THE CONSOLIDATED BALANCE SHEET

6.1 Goodwill and other intangible assets

in € million

	Goodwill	Other intangible assets	Total
Cost			
1 Jan. 2022	165.2	59.3	224.5
Changes in consolidated companies	0.3	0.0	0.3
Additions	0.0	2.4	2.4
Disposals	0.0	0.0	0.0
Transfers	0.0	0.1	0.1
31 Dec. 2022	165.5	61.8	227.3
Cumulative depreciation and impairment			
1 Jan. 2022	0.0	42.9	42.9
Depreciation	0.0	5.0	5.0
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
31 Dec. 2022	0.0	47.9	47.9
Balance sheet value as at 31 Dec. 2022	165.5	13.9	179.4

in € million

	Goodwill	Other intangible assets	Total
Cost			
1 Jan. 2021	164.8	55.2	220.0
Changes in consolidated companies	0.4	0.0	0.4
Additions	0.0	4.6	4.6
Disposals	0.0	0.6	0.6
Transfers	0.0	0.1	0.1
31 Dec. 2021	165.2	59.3	224.5
Cumulative depreciation and impairment			
1 Jan. 2021	0.0	38.4	38.4
Depreciation	0.0	5.1	5.1
Disposals	0.0	0.6	0.6
Transfers	0.0	0.0	0.0
31 Dec. 2021	0.0	42.9	42.9
Balance sheet value as at 31 Dec. 2021	165.2	16.4	181.6

The item "Other intangible assets" primarily includes software. There are no restrictions on title and/or other rights related to the assets.

Goodwill is subjected to an annual impairment test for its respective cash generating unit (each hospital with its inpatient, semi-inpatient and outpatient care structures, unless the related goodwill of co-operating units is monitored at a higher level). This impairment test is performed on 1 October of each year. The carrying amount of the cash generating unit is compared with the recoverable amount for the unit which was determined at the fair value less costs to sell of the unit. The fair value is calculated on the basis of a discounted cash flow method (DCF method). In this regard, a corresponding present value is projected for a further five years with assumptions on long-term growth rates on the basis of an operative detailed five-year plan – which also includes expectations on future market development in the healthcare system – and calculated with subsequent recognition of a perpetual annuity. The company targets also reflect the heightened regulatory interference by the German legislator, such as the Regulation on Nursing Staff Floors (Pflegepersonaluntergrenzen-Verordnung, PpUGV), the Nursing Staff Strengthening Act (Pflegepersonalstärkungsgesetz, PpSG) and the minimum volume requirements. The calculated cash flows are discounted at the WACC to calculate the present value of the perpetual annuity. In view of unforeseeable measures by the legislature, a discount of 0.5% (previous year: 0.5%) was included in the discounting factor of the perpetual annuity (growth in the perpetual annuity). This forms an integral part of the Company's planning and is accordingly based on the management's actual expectations for the respective unit as well as on the statutory framework in the healthcare system. We believe that it is only with this longer detailed view that the measures already planned at the time of the company acquisition (e.g. demolition and rebuilding, modernisation measures) can be correctly recognised. At the end of each year, a review was carried out to establish whether the economic situation continues to support the results of the impairment test in the same way as before. This was the case on 31 December 2022.

Goodwill of the acquired doctor's practices was tested for impairment as at 31 December 2022 based on data from the companies' current planning. This did not reveal any indications that the goodwill had changed negatively between the contract date and the balance sheet date.

The weighted cost of capital of a potential investor from the health-care sector is used as the discount rate at the time of measurement, taking into account the tax shield arising from theoretical debt financing ("tax shield"). This discount rate was defined at 6.78% for 2022 (previous year: 5.20%). Significant goodwill relates to the following cash generating units:

in € million		
	31 Dec. 2022	31 Dec. 2021
Units		
Universitätsklinikum Gießen und Marburg	137.5	137.5
Zentralklinik Bad Berka	16.6	16.5
RHÖN-KLINIKUM Campus Bad Neustadt	6.5	6.5
Other goodwill of less than € 5.0 million	4.9	4.7
Balance sheet value	165.5	165.2

For the calculation of fair value of the business generating units less cost of sale, cash flows were forecast on the basis of past experience, current operating results and best-possible estimates of future management performance as well as market assumptions. The values in use could not be taken as a basis because the carrying amounts are already exceeded by fair values less cost of sale. The calculated fair value for the business generating units was attributed to level 3 of the hierarchy levels of fair values. Fair value less cost of sale is primarily defined by the terminal value (present value or perpetual annuity) which is particularly sensitive to changes in assumptions on the long-term growth rate of revenues and on the discount rate. Whereas the discount rate was defined uniformly for all business generating units, the growth rate is defined individually per entity. The discount rate reflects the current market assessment of the entities' specific risks. The growth rates take account of external macroeconomic data and sector-specific trends. For planning purposes, the units accounting for the main portion of goodwill are assumed to have a homogenous structure.

The table below shows the assumptions of long-term growth rates for revenues by which the Company planning is projected by a further five years which were used in the impairment test of the business generating units to which material goodwill was attributed to determine fair value less cost of sale:

in %				
	2022		2021	
	Long-term growth rate – revenues	WACC	Long-term growth rate – revenues	WACC
Universitätsklinikum Gießen und Marburg	3.00	6.78	3.00	5.20
Zentralklinik Bad Berka	3.00	6.78	3.00	5.20
RHÖN-KLINIKUM Campus Bad Neustadt	3.00	6.78	3.00	5.20

The assumptions for the other business generating units are comparable.

The values of revenues in the ten-year planning period of the groups of cash generating units to which material goodwill was attributed are based on average organic growth rates of between 2.8% and 3.4% (previous year: 2.3% and 3.1%).

In connection with the impairment test, a sensitivity analysis was also performed. Within the test the following assumptions were used:

- EBIT declines by 10%
- WACC increase by 0.5%

As a result of the sensitivity analysis it was determined that a decline in EBIT by 10% does not result in any impairment requirement (previous year: no impairment requirement). An increase in WACC by 0.5% likewise does not give rise to an impairment requirement (previous year: no impairment requirement).

6.2 Property, plant and equipment

in € million

	Land and buildings	Technical plant and equipment	Operating and office equipment	Plant under construction	Total
Cost					
1 Jan. 2022	1,215.8	60.4	389.6	66.6	1,732.4
Changes in consolidated companies	0.0	0.0	0.0	0.0	0.0
Additions	7.1	0.6	8.9	17.6	34.2
Disposals	0.8	0.1	11.5	0.1	12.5
Transfers	12.1	0.7	0.8	-13.7	-0.1
31 Dec. 2022	1,234.2	61.6	387.8	70.4	1,754.0
Cumulative depreciation and impairment					
1 Jan. 2022	537.1	45.7	297.0	0.0	879.8
Changes in consolidated companies	0.0	0.0	0.0	0.0	0.0
Depreciation	32.7	2.7	28.2	0.0	63.6
Disposals	0.6	0.1	11.2	0.0	11.9
Transfers	0.0	0.0	0.0	0.0	0.0
31 Dec. 2022	569.2	48.3	314.0	0.0	931.5
Balance sheet value as at 31 Dec. 2022	665.0	13.3	73.8	70.4	822.5

in € million

	Land and buildings	Technical plant and equipment	Operating and office equipment	Plant under construction	Total
Cost					
1 Jan. 2021	1,175.7	58.8	381.1	75.2	1,690.8
Changes in consolidated companies	0.0	0.0	0.0	0.0	0.0
Additions	17.3	0.8	15.0	21.0	54.1
Disposals	3.1	0.1	9.1	0.1	12.4
Transfers	25.9	0.9	2.6	-29.5	-0.1
31 Dec. 2021	1,215.8	60.4	389.6	66.6	1,732.4
Cumulative depreciation and impairment					
1 Jan. 2021	506.6	42.8	275.8	0.0	825.2
Changes in consolidated companies	0.0	0.0	0.0	0.0	0.0
Depreciation	31.5	3.0	30.0	0.0	64.5
Disposals	1.0	0.1	8.8	0.0	9.9
Transfers	0.0	0.0	0.0	0.0	0.0
31 Dec. 2021	537.1	45.7	297.0	0.0	879.8
Balance sheet value as at 31 Dec. 2021	678.7	14.7	92.6	66.6	852.6

During the financial year, borrowing costs of € 0.8 million (previous year: € 1.0 million) were related to financing the acquisition or production of qualifying assets and were recognised in additions to property, plant and equipment. An average interest rate of 1.9% (previous year: 2.4%) was used, which reflects the Group's general costs of borrowing from banks.

Similar to the previous year, the Group has no registered charges on real property as collateral for bank loans.

Public grants related to assets are deducted from the cost of the asset for which they are given, reducing the depreciation over the period. The deducted amortised amount of assistance granted under the Hospital Financing Act (Krankenhausfinanzierungsgesetz, KHG) and which was invested in line with the applicable conditions totals € 144.5 million (previous year: € 151.7 million). To secure conditionally repayable single grants under the KHG (e.g. for the construction of new hospitals or major extensions) totalling € 1.5 million (previous year: € 1.7 million), the Group holds registered charges on real property in the amount of € 4.1 million (previous year: € 4.1 million). There are no reasons to assume that these grants will have to be repaid.

Buildings, technical equipment and medical equipment include as at 31 December 2022 rights of use pursuant to IFRS 16 in which the Group is the lessee. The rights of use are as follows:

in € million			
	Land and buildings	Operating and office equipment	Total
Cost			
1 Jan. 2022	5.6	13.4	19.0
Addition to consolidated companies	0.0	0.0	0.0
Additions	1.0	0.8	1.8
Disposals	0.1	1.2	1.3
31 Dec. 2022	6.5	13.0	19.5
Cumulative depreciation and impairment			
1 Jan. 2022	1.8	7.2	9.0
Depreciation	0.9	2.4	3.3
Disposals	0.1	1.0	1.1
31 Dec. 2022	2.6	8.6	11.2
Balance sheet value as at 31 Dec. 2022	3.9	4.4	8.3

in € million			
	Land and buildings	Operating and office equipment	Total
Cost			
1 Jan. 2021	4.2	13.9	18.1
Addition to consolidated companies	0.0	0.0	0.0
Additions	1.7	0.7	2.4
Disposals	0.3	1.2	1.5
31 Dec. 2021	5.6	13.4	19.0
Cumulative depreciation and impairment			
1 Jan. 2021	1.2	5.8	7.0
Depreciation	0.9	2.5	3.4
Disposals	0.3	1.1	1.4
31 Dec. 2021	1.8	7.2	9.0
Balance sheet value as at 31 Dec. 2021	3.8	6.2	10.0

6.3 Deferred tax assets

Deferred tax assets and liabilities are netted if there is an enforceable right to offset current tax assets against current tax liabilities and if the deferred taxes exist against the same tax authority. The following amounts were netted:

	31 Dec. 2022		31 Dec. 2021	
	Assets	Liabilities	Assets	Liabilities
Tax loss carry-forwards	0.0	0.0	0.1	0.0
Property, plant and equipment/ intangible assets	0.0	6.5	0.0	6.7
Interest-bearing liabilities	0.0	0.1	0.0	0.2
Recognition differences for subsidiaries	0.0	1.3	0.0	1.0
Other assets and liabilities	9.0	0.7	9.7	0.8
Total	9.0	8.6	9.8	8.7
Balance sheet value	0.4		1.1	

Deferred tax assets for tax loss carry-forwards are recognised in the amount of the associated tax benefits that can probably be realised as a result of future taxable profits. Tax loss carry-forwards in connection with previous hospital acquisitions are included in the tax base for recognising deferred tax assets if they are sufficiently determinable for tax purposes. In a tax-detrimental sale of shares in companies, any existing deferred tax is transferred to loss carry-forwards. Deferred tax assets from tax loss carry-forwards are recognised on the basis of tax planning calculations for a period of five years. The tax base used for deferred taxes is € 0.0 million (previous year: € 0.2 million). On the balance sheet date, tax losses carried forward which have so far not been utilised amounted to € 6.7 million (previous year: € 5.6 million); no deferred tax assets were recognised in relation to € 6.7 million (previous year: € 5.4 million) of this figure. In Germany, tax loss carry-forwards can reduce the taxable result for an unlimited term. The annual taxable result can reduce tax loss carry-forwards fully up to an amount of € 1.0 million, and beyond that only at the rate of 60.0% of the remaining current taxable result.

Deferred taxes from property, plant and equipment result from the difference between their useful lives defined in tax law and the economic depreciation periods in accordance with IFRSs. In addition, accelerated tax depreciation and write-downs were corrected in IFRS.

Retained earnings of subsidiaries totalling € 167.9 million (previous year: € 131.8 million), which on distribution lead to non-tax-deductible expenses of 5.0%, were included in the consolidated financial statements in the amount of the applicable tax rate for deferred tax liabilities.

Changes in deferred taxes are shown as follows:

in € million	31 Dec. 2022	31 Dec. 2021
Deferred tax assets at beginning of year	1.1	1.5
Recognition of deferred taxes directly in equity in connection with changes in the fair value of investments recognised directly in equity	-0.1	-0.9
Recognition of deferred taxes directly in equity in connection with revaluation of defined benefit pension plans recognised in equity	0.0	0.0
Recognition of deferred taxes directly in equity in connection with company acquisitions	-	-
Expense/income from current netting in the income statement	-0.6	-0.5
Deferred tax assets at end of year	0.4	1.1

6.4 Financial investments accounted for using the equity method

6.4.1 Investments accounted for using the equity method

As in the previous year, one joint venture was measured in the consolidated financial statements using the equity method:

Name of company	Registered office	Share in %
Joint ventures		
Energiezentrale Universitätsklinikum Gießen GmbH	Gießen	50.0

6.4.2 Joint ventures

The object of enterprise of the joint venture is to carry on, together with Stadtwerke Gießen, the supply of energy to the university hospital in Giessen. In addition to RHÖN-KLINIKUM AG with an interest of 50%, Stadtwerke Gießen AG holds an interest of 50% in the joint venture. The table below provides a summary of the aggregated results data and aggregated carrying amounts of the joint venture accounted for using the equity method:

in € million	2022	2021
Results data and carrying amounts of joint venture accounted for using the equity method		
Revenues	0.4	0.4
Earnings after tax	0.2	0.2
Pro rata earnings after tax	0.1	0.1
Pro rata total comprehensive income after tax	0.1	0.1
Carrying amount of joint venture accounted for using the equity method	0.5	0.4

As at the balance sheet date, the joint venture reports assets of € 1.1 million (previous year € 0.9 million) as well as equity of € 1.0 million (previous year: € 0.9 million).

6.5 Other financial assets (non-current)

Other non-current financial assets break down as follows:

in € million		
	31 Dec. 2022	31 Dec. 2021
Participating interests	13.3	17.5
	13.3	17.5

The equity interests relate to interests held by the company RHÖN-Innovations GmbH in the companies Inovytec Medical Solutions Ltd., Telesofia Medical Ltd. and CLEW Medical Inc. The interests in Tiplu GmbH and Siebensachen GmbH were sold in 2022. The interests are measured at fair value in accordance with IFRS 9. The investments are measured at fair value directly in equity (fair value through other comprehensive income, without recycling). The carrying amount of € 13.3 million (previous year: € 17.5 million) corresponds to the maximum default risk.

Moreover, € 0.0 million (previous year: € 0.0 million) relates to immaterial equity interests which are measured at fair value.

Like at the previous year's balance sheet date, no long-term fixed deposit investments and according no impairments were to be recognised according to IFRS 9 at the balance sheet date of 31 December 2022.

6.6 Inventories

Inventories in the amount of € 33.3 million (previous year: € 33.1 million) are attributable to raw materials, consumables and supplies and mainly consist of medical supplies. Impairments of € 3.7 million (previous year: € 3.7 million) were effected. All inventories are owned by RHÖN-KLINIKUM AG and the companies affiliated with RHÖN-KLINIKUM AG. There are no assignments or pledges of inventories.

6.7 Trade receivables

As at the balance sheet date of 31 December 2022, we report trade receivables in the amount of € 228.6 million (previous year: € 212.9 million). The fair values of trade receivables essentially correspond to their carrying amounts since they are primarily short-term in character.

Trade receivables as well as impairments within the meaning of IFRS 9 show the following maturity structure as at the balance sheet date of 31 December 2022:

in € million		
	Gross carrying amount	Expected credit loss
Impairment matrix 31 Dec. 2022		
Not overdue	191.7	0.3
Between 0 and 30 days overdue	16.1	0.1
Between 31 and 90 days overdue	8.9	0.1
Between 91 and 180 days overdue	5.7	0.3
More than 180 days overdue	7.2	0.2
Total	229.6	1.0

Trade receivables as well as impairments within the meaning of IFRS 9 had the following maturity structure as at the balance sheet date of 31 December 2021:

in € million		
	Gross carrying amount	Expected credit loss
Impairment matrix 31 Dec. 2021		
Not overdue	176.8	0.3
Between 0 and 30 days overdue	11.5	0.1
Between 31 and 90 days overdue	11.4	0.4
Between 91 and 180 days overdue	6.8	0.1
More than 180 days overdue	7.4	0.1
Total	213.9	1.0

The development of impairments pursuant to IFRS 9 recognised under the item "Trade receivables" is shown in the table below:

in € million		
	2022	2021
Impairment		
As at 1 Jan. pursuant to IFRS 9	1.0	0.8
Changes in consolidated companies	–	–
Allocation	1.0	1.0
Utilisation	–	–
Write-back	1.0	0.8
Currency translation difference	–	–
As at 31 Dec. pursuant to IFRS 9	1.0	1.0

With regard to the impairments on trade receivables, reference is made to the further Notes in the section "Accounting policies".

Trade receivables were derecognised in the income statement in the amount of € 13.2 million in financial year 2022 (previous year: € 4.6 million). Settlement mechanisms in accordance with the Hospital Remuneration Act (KHEntgG) partially compensated for these defaults. Inflows of € 0.1 million (previous year: € 0.1 million) were recognised in the income statement in relation to previously derecognised trade receivables.

The item "Trade receivables" includes services for patients not yet discharged in the amount of € 13.3 million (previous year: € 15.8 million).

6.8 Other financial assets (current)

in € million

	31 Dec. 2022	31 Dec. 2021
	< 1 year	< 1 year
Time deposit < 1 year	219.0	165.8
Receivables under the KHEntgG	105.1	50.5
Remaining other financial assets	8.6	7.6
	332.7	223.9

Receivables under the German Hospital Remuneration Act (Krankenhausentgeltgesetz, KHEntgG) relate to compensation claims under federal hospital compensation legislation (Hospital Remuneration Act (Krankenhausentgeltgesetz, KHEntgG)) and the Federal Hospital Nursing Rate Ordinance (Bundespfllegesatzverordnung, BpflV) as well as compensation claims against the training fund. Stated receivables under the KHEntgG do not include any impairments.

Remaining other financial assets relate among others to receivables from services rendered which are not primarily related to patient treatments at hospitals (€ 7.0 million, previous year: € 6.5 million), receivables due from employees in particular from invoices as part of the liquidation right of head physicians (€ 1.9 million, previous year: € 2.0 million), receivables in connection with training of paramedics (€ 0.5 million, previous year € 0.0 million), as well as trade receivables (€ 0.5 million, previous year: € 0.7 million). The remaining other financial assets include impairments amounting to € 1.8 million (previous year: € 1.8 million). No reversals of impairment losses were made.

Other financial assets (current) attributable to fixed deposits, as well as corresponding impairments within the meaning of IFRS 9 are divided into the following rating classes as at 31 December 2022:

in € million

	Gross carrying amount	Expected credit loss
Impairment matrix according to S&P rating classes 31 Dec. 2022		
A	145.0	0.5
BBB	75.0	0.5
Total	220.0	1.0

Other financial assets (current) attributable to fixed deposits, as well as corresponding impairments within the meaning of IFRS 9 were divided into the following rating classes as at 31 December 2021:

in € million

	Gross carrying amount	Expected credit loss
Impairment matrix according to S&P rating classes 31 Dec. 2021		
A	80.0	0.2
BBB	87.0	1.0
Total	167.0	1.2

The remaining other financial assets (current, not including fixed deposits) as well as the corresponding impairments within the meaning of IFRS 9 show the following maturity structure as at the balance sheet date of 31 December 2022:

in € million

	Gross carrying amount	Expected credit loss
Impairment matrix 31 Dec. 2022		
Not overdue	112.8	0.1
Between 0 and 30 days overdue	0.8	0.0
Between 31 and 90 days overdue	0.1	0.0
Between 91 and 180 days overdue	0.1	0.0
More than 180 days overdue	0.1	0.1
Total	113.9	0.2

The remaining other financial assets (current, not including fixed deposits) as well as the corresponding impairments as defined within the meaning of IFRS 9 had the following maturity structure as at the balance sheet date of 31 December 2021:

in € million		
	Gross carrying amount	Expected credit loss
Impairment matrix 31 Dec. 2021		
Not overdue	57.6	0.1
Between 0 and 30 days overdue	0.5	0.1
Between 31 and 90 days overdue	0.1	0.0
Between 91 and 180 days overdue	0.1	0.0
More than 180 days overdue	0.1	0.1
Total	58.4	0.3

The development of the impairments recognised under the item "Other financial assets (current)" pursuant to IFRS 9 is shown in the table below:

in € million		
	2022	2021
Impairment		
As at 1 Jan. pursuant to IFRS 9	1.5	0.9
Changes in consolidated companies	–	–
Allocation	1.2	1.5
Utilisation	–	–
Write-back	1.5	0.9
Currency translation difference	–	–
As at 31 Dec. pursuant to IFRS 9	1.2	1.5

Of the impairments as at the balance sheet date in the amount of € 1.2 million (previous year: € 1.5 million), € 1.0 million (previous year: € 1.2 million) is attributable to fixed deposits.

Within the Group, settlement receivables due from and settlement liabilities to the payers under fee/budget agreements of the current year and the previous years are stated on a netted basis. On a gross basis, the statement is as follows:

in € million		
	31 Dec. 2022	31 Dec. 2021
Receivables according to the KHEntgG (gross)	147.9	94.3
Liabilities according to the KHEntgG (gross)	–42.8	–43.8
Balance sheet value	105.1	50.5

Regarding the statement on a gross basis of the corresponding liabilities in accordance with the KHEntgG, please refer to the section "Other financial liabilities".

6.9 Other assets (current)

Of other current assets in the amount of € 12.5 million (previous year: € 10.4 million), essentially € 6.1 million (previous year: € 6.3 million) is attributable to prepaid expenses, in particular maintenance contracts relating to hardware and software, as well as € 5.3 million (previous year: € 3.6 million) to reimbursement claims against insurers under liability claims.

6.10 Current income tax assets

Current income tax assets essentially include claims against tax authorities for reimbursement of corporate income tax.

6.11 Cash and cash equivalents

in € million		
	31 Dec. 2022	31 Dec. 2021
Cash with banks and cash on hand	77.3	126.0
Short-term bank deposits	0.0	0.3
	77.3	126.3

The decline in cash with banks and cash on hand is attributable to an increase in short-term fixed deposit investments as a result of an improved interest rate environment for time deposits relative to overnight money deposits. As far as possible, freely disposable funds were reallocated at matching maturities into fixed deposit investments with a remaining term of < 1 year (> 3 months) and reported under the item "Other financial assets (current)". In the previous year, there were short-term bank balances with an initial term of < 3 months. The effective interest rate for these bank balances was 0.00%. The average remaining term of these deposits was 30 days.

The high level of cash with banks and cash on hand ensures flexibility in controlling cash outflows in connection with extensive construction measures.

The item includes demand deposits with restricted use in the amount of € 0.8 million (previous year: € 0.9 million).

Cash and bank overdrafts are aggregated as follows for the purpose of the statement of cash flows:

in € million		
	31 Dec. 2022	31 Dec. 2021
Cash and cash equivalents	77.3	126.3
Bank overdrafts	0.0	0.0
Cash position	77.3	126.3

6.12 Equity

The registered share capital of RHÖN-KLINIKUM AG was € 167,406,175 (previous year: € 167,406,175). It is divided into 66,962,470 (previous year: 66,962,470) fully paid-up non-par value bearer shares each with a notional value in the registered share capital of € 2.50 per share.

	Number	Arithmetic share in registered share capital in €
Ordinary shares as at 1 Jan. 2022	66,962,470	167,406,175
Changes in 2022	–	–
Ordinary shares as at 31 Dec. 2022	66,962,470	167,406,175

The premium from the capital increase in the amount of € 396.0 million (previous year: € 396.0 million) as well as the amounts of € 178.2 million (previous year: € 178.2 million) attributable to the shares redeemed in the previous years are reported in the capital reserve.

Other reserves at the balance sheet date amounting to € 482.3 million (previous year: € 456.8 million) comprise earnings generated in prior years of companies included in the consolidated annual report amounting (to the extent not paid out to shareholders) in the amount of € 482.3 million (previous year: € 456.8 million) as well as effects of consolidation adjustments.

The total result (sum of consolidated profit and other earnings) for financial year 2022 stands at € 27.3 million (previous year: € 34.9 million). This includes gains from the revaluation of defined benefit pension plans amounting to € 0.1 million after tax (previous year: € 0.0 million) as well as income from changes in the fair value of equity investments in the amount of € 0.3 million (previous year: € 4.7 million).

Treasury shares are valued at € 0.1 million (previous year: € 0.1 million) and deducted from equity. The level of treasury shares developed as follows during the financial year:

	Number
Ordinary shares as at 1 Jan. 2022	24,000
Changes in 2022	–
Ordinary shares as at 31 Dec. 2022	24,000

In accordance with the provisions of the German Stock Corporation Act (Aktiengesetz, AktG), the amount of dividends distributable to shareholders is based on the net distributable profit shown in the annual financial statements of RHÖN-KLINIKUM AG which are prepared in accordance with the German Commercial Code (HGB). During the last Annual General Meeting, the shareholders approved the proposal of the Board of Management and of the Supervisory Board to allocate net distributable profit fully to other profit reserves and to waive a dividend payment in financial year 2022 and to allocate net distributable profit fully to other profit reserve.

Non-controlling interests in equity of € 27.6 million (previous year: € 26.5 million) relate to interests held by non-Group third parties in the following consolidated subsidiaries:

in %		
	Minority interests	
	31 Dec. 2022	31 Dec. 2021
Hospital companies		
Universitätsklinikum Gießen und Marburg GmbH, Giessen	5.0	5.0
Zentralklinik Bad Berka GmbH, Bad Berka	12.5	12.5
Medical care centre companies		
MVZ UKGM GmbH, Marburg	5.0	5.0
MVZ Rhön Diagnostik GmbH	5.0	–
MVZ Zentralklinik GmbH, Bad Berka	12.5	12.5

6.13 Financial liabilities

in € million

	31 Dec. 2022		31 Dec. 2021	
	Residual term > 1 year		Residual term > 1 year	
Non-current financial liabilities				
Liabilities to lenders	141.7	–	148.6	–
Total non-current financial liabilities	141.7	–	148.6	–
Current financial liabilities				
Liabilities to lenders	–	8.0	–	1.0
Total current financial liabilities	–	8.0	–	1.0
Total financial liabilities	141.7	8.0	148.6	1.0

In July 2019, RHÖN-KLINIKUM AG placed a registered bond in the amount of € 60.0 million with a term of 20 years. In October 2018 a promissory note in the amount of € 100.0 million was issued, which

was redeemed in financial year 2020 in the amount of € 10.0 million. The tranches exclusively bearing fixed interest with bullet maturities have terms of five, seven and ten years. The registered bond and the promissory note are subject to a change-of-control clause. The funds collected from both transactions are being used for general corporate finance. In 2017 a syndicated line of credit in the amount of € 100.0 million was entered into which was lowered to € 88.0 million in financial year 2020. As at the balance sheet date, this line had not been utilised. The syndicated loan is subject to a financial covenant. This financial ratio limits net financial debt to a maximum of 3.5 times EBITDA. The financial ratio was complied with by RHÖN-KLINIKUM AG in financial year 2022 (previous year: complied with).

The funds collected are used for general corporate finance to ensure sufficient funds for investments planned in the medium- to short-term. The reported financial liabilities amounting to € 150.0 million (previous year: € 150.0 million) decrease by the costs incurred in connection with the borrowing in the amount of € 1.4 million (previous year: € 1.4 million).

The contractual interest adjustment dates relating to the interest-bearing liabilities are as follows:

in € million

	31 Dec. 2022			31 Dec. 2021		
	Interest rate in % ¹	Nominal amount	Carrying amount of loans	Interest rate in % ¹	Nominal amount	Carrying amount of loans
Fixed interest period ends						
Liabilities to lenders						
2023–2026	1.26	38.0	37.9	1.25	38.0	37.9
2027	–	–	–	–	–	–
2028	1.82	52.0	51.8	1.82	52.0	51.8
> 2028	2.35	60.0	58.9	2.35	60.0	58.9
Interest on loans			1.0			1.0
		150.0	149.6		150.0	149.6

¹ Weighted interest rate.

The effective interest rates at balance sheet date are:

	31 Dec. 2022	31 Dec. 2021
Liabilities to banks	1.89	1.90

The remaining terms of the financial liabilities are:

	31 Dec. 2022	31 Dec. 2021
Up to 1 year	8.0	1.0
Between 1 and 5 years	30.9	37.9
More than 5 years	110.7	110.7
Total	149.6	149.6

As in the previous year, the financial liabilities stated are not secured by registered charges on real property.

6.14 Provisions for post-employment benefits

The Group provides post-retirement benefits for eligible employees under its company pension scheme, which comprises both defined benefit and defined contribution pension plans. Obligations under this scheme include current pension payments as well as future pension entitlements.

Defined benefit obligations are financed by recognising provisions. Amounts relating to defined contribution plans are recognised immediately in profit or loss.

One member of the Board of Management and one further senior executive (previous year: two members of the Board of Management) are covered by a plan providing for post-retirement benefits. In addition to their regular remuneration these persons, on termination of their employment as members of the Board of Management, receive a post-retirement benefit depending on the length of service and level of remuneration and not exceeding 1.5 times the last annual remuneration. The scope of the obligation was calculated based on the individual contract terms and not on a uniform retirement age as with the other pension plans. In this connection there are risks associated with changes in the assessment basis. These essentially relate to the dependence on the last salary and last variable remuneration components. If the development of

this assessment basis turns out to be different from what is assumed in the provision calculations, this might give rise to a subsequent financing requirement.

The provision volume on the balance sheet relates only to one-off payments:

	31 Dec. 2022	31 Dec. 2021
Commitment for one-off payments	0.5	1.4
Provision for pensions (defined benefit liability)	0.5	1.4

The calculation of pension provisions is based on the following assumptions:

	31 Dec. 2022	31 Dec. 2021
Rate of interest	3.58	1.01
Projected increase in wages and salaries	2.50	2.50

As in the previous year, we used Prof. Dr Klaus Heubeck's 2018G tables as actuarial tables. All pension costs are reported under the employee expense item.

The development of the defined benefit obligation in financial year 2022 compared with the previous year is shown in the following:

	2022	2021
As at 1 Jan.	1.4	1.1
Service time cost	0.3	0.3
Interest expense	0.0	0.0
Losses from plan changes	0.0	0.0
Pension payments	0.0	0.0
Actuarial gains/losses from changes in financial assumptions	-0.1	0.0
Experience-based adjustments	-0.1	0.0
Payments rendered	-1.0	0.0
As at 31 Dec.	0.5	1.4

The commitments have a term of > 1 year. There are no reimbursement claims resulting from pension liability insurance policies entered into by reason of pension commitments to employees.

The weighted average duration of the pension liabilities is two years (previous year: three years). The sensitivity of the pension obligations in terms of fluctuation range due to changes in the various actuarial valuation assumptions is shown in the table below:

	Change in assumption in percentage points	Increase in assumption	Reduction in assumption
Impact on the commitment (%) as at 31 Dec. 2022			
Interest rate	0.2	0.0	0.0
Remuneration trend	0.2	0.0	0.0
Mortality	+/- 1 year	0.0	0.0

	Change in assumption in percentage points	Increase in assumption	Reduction in assumption
Impact on the commitment (%) as at 31 Dec. 2021			
Interest rate	0.2	-0.6	0.6
Remuneration trend	0.2	0.6	-0.6
Mortality	+/- 1 year	0.1	-0.1

The effects of the sensitivity were calculated using the same method as the obligations at the end of the year. In this regard, effects of a simultaneous change in several assumptions were not examined. Since the commitments remaining at the end of the financial year are capital commitments, no, or no material, changes result from the change in the pension trend; consequently, no disclosure of sensitivity in this regard was made.

6.15 Other provisions

Other provisions developed as follows in the financial year:

in € million	1 Jan. 2022	Use	Reversal	Allocation	31 Dec. 2022	of which < 1 year	of which > 1 year
Liability risks	10.7	0.2	0.1	3.5	13.9	13.9	0.0
Other provisions	21.5	13.9	4.2	16.7	20.1	20.1	0.0
	32.2	14.1	4.3	20.2	34.0	34.0	0.0

The provisions for liability risks relate to claims for damages by third parties. These compare with repayment claims from insurers in the amount of € 5.3 million (previous year: € 3.6 million) against insurers; these are shown under other assets (current). In the assessment of the Board of Management, the settlement of these liability events using the provisions will not entail any significant additional expenses. The timing of cash outflows from liability risks, which generally may occur

in the short term, essentially depends on the course and outcome of specific liability cases.

The other provisions include provisions for recovery risks in the amount of € 18.4 million (previous year: € 15.8 million) as well as for risk provisioning for legal and non-income-tax risks in the amount of € 1.7 million (previous year: € 5.7 million).

Compared with the previous year, their maturities are as follows:

	31 Dec. 2022		31 Dec. 2021	
	of which < 1 year	of which > 1 year	of which < 1 year	of which > 1 year
Liability risks	13.9	0.0	10.7	0.0
Other provisions	20.1	0.0	21.5	0.0
	34.0	0.0	32.2	0.0

The Group of RHÖN-KLINIKUM AG has contingent liabilities of up to a maximum rounded amount of € 0.0 million (previous year: € 0.0 million). These constitute liabilities as part of the performance process. At the present time RHÖN-KLINIKUM AG does not expect any significant usage in future.

6.16 Trade payables

	31 Dec. 2022		31 Dec. 2021	
	< 1 year	> 1 year	< 1 year	> 1 year
Trade payables	70.0	0.0	72.5	0.0

Trade payables exist with regard to third parties.

6.17 Other financial liabilities

	31 Dec. 2022		31 Dec. 2021	
	< 1 year	> 1 year	< 1 year	> 1 year
Liabilities under KHEntgG	–	–	–	–
Purchase prices	0.7	–	0.7	–
Leases	2.9	5.6	3.1	7.1
Other financial liabilities	8.0	14.6	8.3	10.5
Other financial liabilities (financial instruments)	11.6	20.2	12.1	17.6

The purchase prices from Company purchases relate to contractually stipulated obligations.

The carrying amounts of the current financial liabilities recognised under this item correspond to their fair values. The carrying amounts of other non-current liabilities have been discounted using the effective interest method on the basis of historical market rates.

Similar to the previous year, the remaining non-current financial liabilities have a remaining term of less than five years. Of the figure stated for remaining non-current financial liabilities with remaining terms of less than five years, € 10.0 million (previous year: € 4.0 million) is attributable to the contractual intended payment obligations recognised as at the balance sheet date, € 3.8 million (previous year: € 5.6 million) to obligations arising from research grants owed to the universities in Giessen and Marburg as well as € 0.8 million (previous year: € 0.9 million) to other obligations.

Within the Group, settlement receivables due from and settlement liabilities to payers under fee/budget agreements of the current year and the previous years are stated on a netted basis.

in € million

	31 Dec. 2022	31 Dec. 2021
Liabilities according to the KHEntgG (gross)	42.8	43.8
Receivables according to the KHEntgG (gross)	-42.8	-43.8
Balance sheet value	0.0	0.0

Regarding the statement on a gross basis of receivables in accordance with the KHEntgG on the assets side, please refer to the section "Other financial assets (current)".

6.18 Other liabilities

in € million

	31 Dec. 2022		31 Dec. 2021	
	< 1 year	> 1 year	< 1 year	> 1 year
Personnel liabilities	79.4	0.0	79.7	0.0
Liabilities under KHG	48.8	0.0	27.1	0.0
Operating taxes and social security contributions	13.6	0.0	14.0	0.0
Deferred income	3.4	0.0	9.8	0.0
Prepayments	0.6	0.0	0.4	0.0
Other liabilities	10.6	0.0	10.0	0.0
Other liabilities (non-financial instruments)	156.4	0.0	141.0	0.0

Personnel liabilities relate in particular to performance-linked remuneration, obligations arising from still outstanding holiday leave entitlement as well as overtime obligations and on-call services. Moreover, severance payment obligations are recognised under this item.

The liabilities under the KHG relate to government grants not yet used in accordance with the conditions for their use granted under state legislation for hospital financing as well as the Hospital Future Act (Krankenhauszukunftsgesetz, KHZG).

The remaining liabilities essentially include third-party funds from, among other things, ongoing studies not yet appropriated.

6.19 Current income tax liabilities

Current income tax liabilities in the amount of € 11.2 million (previous year: € 14.6 million) comprise corporate income tax, solidarity surcharge and trade tax not yet assessed for the past financial year and previous years.

6.20 Derivative financial instruments

As at the previous year's balance sheet date, no derivative financial instruments exist.

6.21 Additional disclosures regarding financial instruments

6.21.1 Carrying amounts, recognised figures and fair values according to measurement categories

The table below presents the carrying amounts and fair values of the individual financial assets and liabilities for each individual category of financial instruments pursuant to IFRS 9 as at 31 December 2022:

in € million

	Measurement category according to IFRS 9
ASSETS	
Non-current assets	
Other financial assets	
of which investments	Measured at fair value directly in equity (fair value through other comprehensive income, without recycling)
of which investments	Measured at fair value through profit or loss
of which other	Measured at amortised cost
Current assets	
Trade receivables and other financial assets	Measured at amortised cost
Cash and cash equivalents	Measured at amortised cost
LIABILITIES	
Non-current liabilities	
Financial liabilities	Financial liabilities measured at amortised cost
Other financial liabilities	
of which other financial liabilities	Financial liabilities measured at amortised cost
of which leases	n. a.
Current liabilities	
Trade payables	Financial liabilities measured at amortised cost
Financial liabilities	Financial liabilities measured at amortised cost
Other financial liabilities	
of which other financial liabilities	Financial liabilities measured at amortised cost
of which leases	n. a.
Aggregated according to measurement categories, the above figures are as follows:	
	Financial assets measured at amortised cost
	Financial assets measured at fair value directly in equity (fair value through other comprehensive income, without recycling)
	Financial assets measured at fair value through profit or loss
	Financial liabilities measured at amortised cost

	31 Dec. 2022		31 Dec. 2021	
	Carrying amount	of which financial instruments Fair value	Carrying amount	of which financial instruments Fair value
	13.3	13.3	17.5	17.5
	13.3	13.3	17.5	17.5
	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
	561.3	561.3	436.8	436.8
	77.3	77.3	126.3	126.3
	141.7	141.7	148.6	158.4
	20.2	20.2	17.6	10.9
	14.6	14.6	10.5	10.9
	5.6	5.6	7.1	-
	70.0	70.0	72.5	72.5
	8.0	8.0	1.0	1.0
	11.6	11.6	12.1	9.0
	8.7	8.6	9.0	9.0
	2.9	-	3.1	-
		638.6		563.1
		13.3		17.5
		0.0		0.0
		243.0		251.8

The fair values of financial assets and liabilities accounted for as defined in IFRS 9 as at 31 December 2022 are classified as follows to the three levels of the fair value hierarchy:

	in € million			Total	Total
	Level 1	Level 2	Level 3	31 Dec. 2022	31 Dec. 2021
Other non-current financial assets (investments)	–	3.8	9.5	13.3	17.5
Other non-current financial assets (remaining)	–	0.0	–	0.0	0.0
Trade receivables, other current financial assets	–	561.3	–	561.3	436.8
Non-current financial liabilities	–	119.6	–	119.6	158.4
Other non-current financial liabilities	–	20.0	–	20.0	18.0
Current trade liabilities	–	70.0	–	70.0	72.5
Current financial liabilities	–	7.8	–	7.8	1.0
Current other financial liabilities	–	11.5	–	11.5	12.1

The levels of the fair value hierarchy and their application to assets and liabilities are described below.

- Level 1: Listed market prices for identical assets or liabilities on active markets
- Level 2: Other information in the form of listed market prices which are directly (e.g. prices) or indirectly (e.g. derived from prices) observable
- Level 3: Information on assets and liabilities not based on observable market data.

The principal part of financial assets is measured at RHÖN-KLINIKUM AG, pursuant to IFRS 9, at amortised cost. Trade receivables, other financial assets as well as cash and cash equivalents covered by this in general have short remaining maturities. Their carrying amounts as at the reporting date therefore correspond to their fair values. The fair values of other non-current financial assets were calculated on the basis of the current level of interest rates.

Investments in the amount of € 13.3 million (previous year: € 17.5 million) are measured as of acquisition pursuant to IFRS 9 at fair value directly in equity (fair value through other comprehensive income, without recycling). These investments relate to start-up equity interests whose market value was calculated based on current equity transactions between market participants in the context of additional financing rounds or applying the DCF method. The investments are divided into foreign investments in the amount of € 13.3 million (previous year: € 13.0 million) and domestic investments in the amount of € 0.0 million (previous year: € 4.5 million), with foreign investments being attributable to Level 2 and Level 3 (previous year: both foreign and domestic investments attributable to Level 3). The domestic investments were sold in 2022. Moreover, additional immaterial investments amounting to € 0.0 million are measured at fair value (fair value through profit or loss). Changes in the market valuation of investments, which are measured at fair value directly in equity (fair value through other comprehensive income, without recycling), resulted in total in gains in the amount of € 0.3 million (previous year: € 4.7 million) (after tax), which are recognised directly in equity under other comprehensive income (OCI).

The fair value of non-current other financial obligations and non-current financial liabilities of RHÖN-KLINIKUM AG is calculated on the basis of the discounted cash flow. A risk- and maturity-related rate appropriate for RHÖN-KLINIKUM AG has been used for discounting purposes. For trade payables, other financial obligations and financial liabilities with short remaining maturities, the carrying amounts correspond to their fair values on the reporting date. The fair value of liabilities under leases was calculated using a market interest curve as at the balance sheet date and corresponds to their carrying amount.

6.21.2 Net gains or losses by measurement category

The net result by measurement category according to IFRS 9 for financial year 2022 is as follows:

in € million

	From share price gains	From subsequent measurement		From disposal	Net result
		At fair value	Impairment		2022
Financial assets measured at amortised cost	0.0	0.0	-0.2	13.2	13.0
Total	0.0	0.0	-0.2	13.2	13.0

+ = cost, - = income

The net result by measurement category according to IFRS 9 for financial year 2021 is as follows:

in € million

	From share price gains	From subsequent measurement		From disposal	Net result
		At fair value	Impairment		2021
Financial assets measured at amortised cost	0.0	0.0	0.8	4.5	5.3
Total	0.0	0.0	0.8	4.5	5.3

+ = cost, - = income

6.21.3 Financial liabilities (maturity analysis)

The following table sets out the contractually agreed (undiscounted) interest payments and redemption payments of the original financial liabilities:

in € million	Cash outflows		
	2023	2024–2029	> 2029
Financial liabilities – promissory note	-8.4	-88.5	0.0
Financial liabilities – registered bond	-1.4	-8.5	-74.1
Trade payables	-70.0	0.0	0.0
Other financial liabilities	-8.7	-14.9	0.0
Liabilities under leases	-3.0	-5.7	0.0
	-91.5	-117.6	-74.1

The following table shows the maturity analysis of the previous year:

in € million	Cash outflows		
	2022	2023–2028	> 2028
Financial liabilities – promissory note	-1.4	-96.9	0.0
Financial liabilities – registered bond	-1.4	-8.5	-75.5
Trade payables	-72.5	0.0	0.0
Other financial liabilities	-9.0	-10.9	0.0
Liabilities under leases	-3.2	-7.3	0.0
	-87.5	-123.6	-75.5

The above table includes all financial liabilities held as at the balance sheet date and for which payments had been contractually agreed. Planned payments for new liabilities in the future have not been included in the calculations. Interest payments were included in the future cash flows under agreements in effect as at the balance sheet date. Current liabilities and liabilities which can be terminated at any time are shown under the shortest time horizon.

7 | STATEMENT OF CASH FLOWS

The statement of cash flows shows how the item “Cash and cash equivalents” of RHÖN-KLINIKUM Group has changed in the year under review as a result of cash inflows and outflows. The impact of acquisitions, divestments and other changes in consolidated companies has been eliminated. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating activities, investing activities as well as financing activities. The liquidity shown in the statement of changes in financial position includes cash on hand, cheques as well as cash with banks. For the purposes of the statement of cash flows, bank overdrafts are deducted from cash and cash equivalents. As at 31 December 2022, as in the previous year, there were no bank overdrafts.

Cash and cash equivalents decreased in financial year 2022 by € 49.0 million (previous year: increase by € 35.3 million). In this context, a positive operating cash flow was achieved in the amount of € 41.3 million (previous year: € 97.5 million). In addition to the decline in cash generated from operating activities by € 56.2 million, cash used in investment activity increased by € 27.9 million. Moreover, cash used in financing activity increased by € 0.2 million.

The decline in cash generated from operating activities results among other things from the accumulation of receivables according to the German Hospital Financing Act (Krankenhausfinanzierungsgesetz, KHG). The COVID-19 pandemic had resulted in delays in budget negotiations, especially for the nursing budget. This was met with the opposite effect of an increase in the liabilities not yet used in accordance with the conditions for their use in accordance with the KHG and in particular in accordance with the Hospital Future Act (Krankenhauszukunftsgesetz). In 2022, as a result of the reversal in interest rates, fixed deposit investments were made in the amount of € 53.0 million (previous year: € 0.0 million). This was met with the opposite effect of a decrease in investments in property, plant and equipment and intangible assets.

The cash flow statement included a total of € 4.1 million (previous year: € 9.2 million) in non-cash obligations from outstanding construction invoices as a correction to investments in property, plant and equipment as well as intangible assets.

The statement of cash flows sets out the change in cash and cash equivalents between two balance sheet dates. In the RHÖN-KLINIKUM Group, this item exclusively comprises cash and cash equivalents attributable to continuing operations because no operations were discontinued.

In financial year 2022, financial liabilities changed as follows:

in € million

	31 Dec. 2021	Cash changes	Non-cash changes	Change in consolidated companies	31 Dec. 2022
Lease obligations	10.2	-3.5	1.8	-	8.5
Current financial liabilities	1.0	-1.0	8.0	-	8.0
Non-current financial liabilities	148.5	-	-6.9	-	141.6
Total liabilities from finance activities	159.7	-4.5	2.9	0.0	158.1

Financial liabilities changed in financial year 2021 as follows:

in € million

	31 Dec. 2020	Cash changes	Non-cash changes	Change in consolidated companies	31 Dec. 2021
Lease obligations	11.2	-3.5	2.5	-	10.2
Current financial liabilities	0.9	-0.9	1.0	-	1.0
Non-current financial liabilities	148.5	-	0.0	-	148.5
Total liabilities from finance activities	160.6	-4.4	3.5	0.0	159.7

8 | SHAREHOLDINGS

8.1 Companies included in the consolidated annual report

in € '000			
	Interest held in %	Equity	Result for the year
Hospital companies			
Haus Saaletal GmbH, Bad Neustadt a. d. Saale ¹	100.0	1,516	0
Klinikum Frankfurt (Oder) GmbH, Frankfurt (Oder) ¹	100.0	73,677	0
RHÖN-Kreislinik Bad Neustadt GmbH, Bad Neustadt a. d. Saale ¹	100.0	350	0
Universitätsklinikum Gießen und Marburg GmbH, Giessen	95.0	174,918	14,134
Zentralklinik Bad Berka GmbH, Bad Berka	87.5	143,502	10,369

¹ The company claims the exemptions pursuant to section 264 (3) HGB from preparing notes and, to the extent required by law, from preparing a management report as well as disclosure.

in € '000			
	Interest held in %	Equity	Result for the year
Medical care centre companies			
MVZ Bad Neustadt/ Saale GmbH, Bad Neustadt a. d. Saale ¹	100.0	370	0
MVZ des Klinikums Frankfurt (Oder) GmbH, Frankfurt (Oder)	100.0	-314	-662
MVZ MED GmbH, Bad Neustadt a. d. Saale	100.0	125	-370
MVZ Rhön Diagnostik GmbH, Giessen	95.0	17	-8
MVZ UKGM GmbH, Marburg	95.0	1,444	780
MVZ Zentralklinik GmbH, Bad Berka	87.5	1,994	0

¹ The company claims the exemptions pursuant to section 264 (3) HGB from preparing notes and, to the extent required by law, from preparing a management report as well as disclosure.

in € '000			
	Interest held in %	Equity	Result for the year
Research and education companies			
ESB – Gemeinnützige Gesellschaft für berufliche Bildung mbH, Bad Neustadt a. d. Saale	100.0	2,246	23
gemeinnützige Gesellschaft zur Förderung der klinischen Forschung auf dem Gebiet der Humanmedizin und zur Betreuung von Patienten an den Universitäten Gießen und Marburg mbH, Marburg	100.0	35	0

in € '000			
	Interest held in %	Equity	Result for the year
Property companies			
BGL Grundbesitzverwaltungs-GmbH, Bad Neustadt a. d. Saale	100.0	36,742	1,181

in € '000			
	Interest held in %	Equity	Result for the year
Service companies			
RHÖN-Cateringgesellschaft mbH, Bad Neustadt a. d. Saale ¹	100.0	58	0
RHÖN-KLINIKUM Business Services GmbH, Bad Neustadt a. d. Saale ¹	100.0	15	0
RHÖN-KLINIKUM IT Service GmbH, Bad Neustadt a. d. Saale ¹	100.0	15	0
RHÖN-KLINIKUM Service Einkauf + Versorgung GmbH, Bad Neustadt a. d. Saale ¹	100.0	21	6
RHÖN-KLINIKUM Services GmbH, Bad Neustadt a. d. Saale ¹	100.0	3,368	146
RK Reinigungsgesellschaft Nordost mbH i. L., Bad Neustadt a. d. Saale	100.0	0	4
UKGM Service GmbH, Bad Neustadt a. d. Saale	100.0	69	1

¹ The company claims the exemptions pursuant to section 264 (3) HGB from preparing notes and, to the extent required by law, from preparing a management report as well as disclosure.

in € '000

	Interest held in %	Equity	Result for the year
Other companies/shelf companies			
Energiezentrale Universitätsklinikum Gießen GmbH, Giessen	50.0	1,025	153
Kinderhort Salzburger Leite gemeinnützige Gesellschaft mbH, Bad Neustadt a. d. Saale	100.0	183	-9
KLINIK "HAUS FRANKEN" GMBH Bad Neustadt/Saale i. L., Bad Neustadt a. d. Saale	100.0	678	-10
Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft mbH, Bad Neustadt a. d. Saale	100.0	-35,693	1,722
Psychosomatische Klinik GmbH Bad Neustadt/Saale, Bad Neustadt a. d. Saale	100.0	13	-8
PTZ GmbH, Marburg	100.0	308	-12
RHÖN-KLINIKUM Energie für Gesundheit GmbH, Bad Neustadt a. d. Saale ¹	100.0	1,500	0
RHÖN-Innovations GmbH, Bad Neustadt a. d. Saale	100.0	4,864	-357
RK Klinik Betriebs GmbH Nr. 35 i. L., Bad Neustadt a. d. Saale	100.0	0	4
Wolfgang Schaffer GmbH i. L., Bad Neustadt a. d. Saale	100.0	0	4

¹The company claims the exemptions pursuant to section 264 (3) HGB from preparing notes and, to the extent required by law, from preparing a management report as well as disclosure.

8.2 Other companies according to section 313 (2) No. 2 et seq. HGB

in € '000

	Interest held in %	Equity	Result for the year
4QD – Qualitätskliniken.de GmbH, Berlin ¹	20.0	217	-66
Bäderland Bayerische Rhön GmbH & Co. KG, Bad Kissingen ¹	0.1	15	7
CLEW Medical Inc., Delaware (USA) ²	8.8	4,044	-4,725
HOSPIZ MITTELHESSEN gemeinnützige GmbH, Wetzlar ¹	13.6	542	11
Inovytec Medical Solutions Ltd., Hod Hasharon (Israel) ²	10.2	9,037	-949
Seniorenpflegeheim GmbH Bad Neustadt a. d. Saale, Bad Neustadt a. d. Saale ¹	25.0	1,290	-196
Telesofia Medical Ltd., Tel Aviv (Israel) ²	12.2	-52	69

¹ Figures according to annual financial statements of 31 December 2021.

² Figures according to annual financial statements of 31 December 2021, converted at closing/average exchange rate on 31 December 2022.

9 | OTHER DISCLOSURES

9.1 Average annual number of employees

	2022	2021	Change	
	Number ¹	Number ¹	Number ¹	in %
Medical doctors	1,069	1,075	-6	-0.6
Nursing services	5,260	5,249	11	0.2
Medical-technical services	2,542	2,571	-29	-1.1
Functional	1,581	1,589	-8	-0.5
Supply and misc. services	1,816	1,919	-103	-5.4
Technical	261	265	-4	-1.5
Administrative	1,008	1,048	-40	-3.8
Other personnel	303	307	-4	-1.3
	13,840	14,023	-183	-1.3

¹ Headcount, excluding board members, managing directors, apprentices, trainees and those in alternative national service.

9.2 Other financial obligations

in € million

	31 Dec. 2022	31 Dec. 2021
Order commitments	22.0	24.7
Other		
Due in subsequent year	41.4	36.8
Due in 2 to 5 years	15.5	18.1
Due in 5 years	1.4	1.9
Total other	58.3	56.8

Of the figure for order commitments, € 1.7 million (previous year: € 2.6 million) is attributable to intangible assets, and € 10.9 million (previous year: € 12.8 million) to property, plant and equipment.

The remaining other financial obligations are mainly attributable to service agreements (maintenance agreements, agreements concerning the sourcing of products, agreements relating to laundry services, etc.).

As at the balance sheet date, there are no obligations under loan commitments to associates (previous year: no obligations). The agreement from 2017 with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals provided for investment commitments in the amount of at least € 100.0 million until the end of 2021. As at the balance sheet date of the previous year, already € 173.1 million of that had been fulfilled. In financial year 2022, a further amount of € 27.4 million was invested, bringing the total investment volume as at the balance sheet date of 31 December 2022 to € 200.5 million. Otherwise, reference is made to chapter 9.8 "Events after the reporting date".

In addition, absolute bank guarantee undertakings (selbstschuldnerische Bürgschaftserklärungen) not limited by contract exist for claims of the Physicians Associations (kassenärztliche Vereinigungen) and health insurance funds against medical care centre (MVZ) subsidiaries from their accredited physician activities. The contract performance guarantee of a MVZ subsidiary in the amount of € 0.3 million as security for advance payments of the Physicians Association was terminated in financial year 2022.

As part of the construction of the new hospital in Bad Neustadt a. d. Saale, a bank guarantee in the amount of € 0.1 million (previous year: € 0.1 million) was granted to secure the reforestation agreement with the Free State of Bavaria.

Moreover, one aval guarantee (Aval-Bürgschaftserklärung) in the amount of € 3.5 million (previous year: € 3.5 million) exists for claims to government grants of the Free State of Bavaria. Furthermore, an absolute guarantee (selbstschuldnerische Bürgschaft) exists for claims to government grants of the Free State of Bavaria in the amount of € 0.2 million (previous year: € 0.2 million). Rental guarantees of € 0.0 million (previous year: € 0.0 million) also exist.

It is no longer expected that any claims will be made under the guarantees.

9.3 Leases within the Group

Standard IFRS 16 defines a lease as a contract which conveys the right to use an asset for a period of time in exchange for consideration. Within the Group, the modified retroactive approach was applied. Numerous property leases contain renewal options.

For leases with a term of twelve months maximum amounting to € 0.1 million (previous year: € 0.1 million) as well as for leases relating to low-value assets in the amount of € 0.3 million (previous year: € 0.4 million), no rights of use and no lease liabilities are recognised within the Group of RHÖN-KLINIKUM AG. The lease rates are recognised as before within the income statement. Interest expenses from leases amounting to € 0.2 million (previous year: € 0.2 million) in financial year 2022.

Further details on leases are provided in sections 6.2, 6.17 and 6.21.3.

9.3.1 Obligations of lessees

Under leases, the Group mainly rents copier and printer systems as well as laboratory equipment. In the Group, there is a principle of always acquiring ownership of operating assets.

in € million

	2022	2021
Liabilities from leases – minimum lease payments		
Due in subsequent year	2.9	3.1
Due in two to five years	5.1	6.5
Due in five years	0.7	0.9
	8.7	10.5
Future financing costs under leases	-0.2	-0.3
Present value of liabilities under leases	8.5	10.2

in € million

	2022	2021
Present value of liabilities under leases		
Due in subsequent year	2.9	3.1
Due in two to five years	5.6	7.1
Due in five years	-	-
	8.5	10.2

9.3.2 Investment property

The Group lets residential space to employees, office and commercial space to third parties (e.g. cafeteria), as well as premises to doctors cooperating with the hospital and to joint laboratories as part of cancellable operating leases.

The most significant operating lease contracts by amount stem from the letting of property to third parties.

The largest item in absolute terms is the letting of a property to a nursing home operator. Based on the provisions of IFRS 13.97, fair value is calculated for the assets to be stated according to IAS 40. The fair value determined in this regard cannot be observed on an active market nor can be derived from a quoted market price and are thus classified to Level 3 of the fair value hierarchy of IFRS 13. The fair value is determined using a capitalised value approach in which the corresponding components of the income cost approach such as gross profit, expected return on land value and standard land value are used as input factors. On the basis of the capitalised value of potential earnings, no material differences between the fair value of the properties and their carrying amounts shown below are seen. For this reason, no external fair value expertise was obtained.

Since the lease agreement was terminated by the operator of the retirement and nursing home in financial year 2021, the useful life was adjusted in the previous year to the termination notice period. Rental income of € 0.4 million (previous year: € 0.4 million) was generated in financial year 2022. Based on the higher depreciation, the operating costs for the investment properties amounted to € 1.0 million in the financial year (previous year: € 1.0 million). They are accounted for entirely by properties with which rental income was generated.

in € million

	2022	2021
	Total	Total
Cost		
1 Jan.	5.0	5.0
Additions	0.0	0.0
Disposals	0.0	0.0
31 Dec.	5.0	5.0
Cumulative depreciation		
1 Jan.	3.7	2.8
Depreciation	1.0	0.9
Disposals	0.0	0.0
31 Dec.	4.7	3.7
Balance sheet value as at 31 Dec.	0.3	1.3

There is also income from non-terminable leases. The minimum lease payments to be received in future within one year are € 0.7 million (previous year: € 0.7 million). The minimum lease payments for the period of one to five years are € 1.6 million (previous year: € 1.8 million) and those having a maturity date exceeding five years are € 1.0 million (previous year: € 1.0 million).

9.4 Related parties

According to the definition of IAS 24.9, related parties are those related to the reporting entity. Such parties are in particular natural persons who control the reporting entity or are involved in its joint management, exercise a material influence or hold a key position in the corporate management of the reporting entity. The same is true of close relatives of such persons. A person's close relatives are family members who may be assumed to be capable of influencing such person or being influenced by such person in their transactions with

the Company. That includes children and spouses of life partners of such person, children of the spouse of life partner of such person, and dependants of such person or of the spouse of life partner of such person. Also included are companies of the same corporate group and companies subject to or exercising a material influence.

Companies in the RHÖN-KLINIKUM Group enter into transactions with related parties in certain cases. These in particular include lettings of buildings as well as services related to nursing as well as supply of staff. Such service or lease relations are arranged at arm's length terms.

Related companies are accordingly defined as all companies in which we own an interest of between 20.0% and 50.0% or which were not included in the consolidated financial statements on the grounds of materiality (for the companies of the Group, please refer to the list of shareholdings in these Notes). Jointly managed joint ventures are also deemed to be related companies. From the point of view of the Group, the volume of transactions with related companies in financial year 2022 was as follows:

in € '000

	Expenses 2022	Income 2022	Receivables 31 Dec. 2022	Liabilities 31 Dec. 2022
Seniorenpflegeheim GmbH Bad Neustadt a. d. Saale, Bad Neustadt a. d. Saale	–	370	1	–
4QD – Qualitätskliniken.de GmbH, Berlin	5	–	–	–
HOSPIZ MITTELHESSEN gemeinnützige GmbH, Wetzlar	9	–	–	–
	14	370	1	–

From the point of view of the Group, the volume of transactions with companies consolidated using the equity method in financial year 2022 was as follows:

in € '000

	Expenses 2022	Income 2022	Receivables 31 Dec. 2022	Liabilities 31 Dec. 2022
Energiezentrale Universitätsklinikum Gießen GmbH, Giessen	714	–	–	81
	714	0	0	81

The receivables and liabilities result from supply and service relationships.

The members of management in key positions as well as close family relatives are treated as related parties. The Board of Management of RHÖN-KLINIKUM AG, the members of the Supervisory Board, as well as the members of management in key positions of a parent company were included among the members of management in key positions.

Direct and indirect parent companies are the companies specified under Note 1 "General information" as well as Dr Bernard große Broermann.

In the year under review, members of the Supervisory Board of RHÖN-KLINIKUM AG, or companies and entities related with these as well as companies within the meaning of IAS 24, rendered the following services at arm's length terms:

in € '000

Related party	Companies as defined by IAS 24	Nature of services	Expenses	
			2022	2021
Dr Bernard große Broermann	Asklepios Kliniken Konzern	Purchase of services and medical products	8,519	4,027
	of which Asklepios Kliniken GmbH & Co. KGaA	Purchase of services and medical products	2,773	2,127
Prof. Dr Gerhard Ehninger (until 15 January 2021)	AgenDix – Applied Genetic Diagnostics – Gesellschaft für angewandte molekulare Diagnostik mbH	Laboratory services	–	1
Peter Berghöfer		Supervisory board activity at an affiliated company	4	5
Hafid Rifi		Supervisory board activity at an affiliated company	2	2
Marco Walker (from 9 March 2021)		Supervisory board activity at an affiliated company	3	3
Regina Dickey (from 31 August 2021)		Supervisory board activity at an affiliated company	4	1
Dr Cornelia Süfke (from 31 August 2021)		Supervisory board activity at an affiliated company	3	1
Dr Jan Liersch (from 23 September 2022)		Supervisory board activity at an affiliated company	1	–
Prof. Dr Bernd Griewing		Employee expenses, medical treatments	207	29
Eugen Münch		Fee for services	693	656

As in the previous year, the expenses were recognised in the income statement under the item "Materials and consumables" as well as the item "Other expenses". As in the previous year, no impairments were to be recognised in financial year 2022.

The following services were recognised in the income statement under other income:

in € '000

Related party	Companies as defined by IAS 24	Nature of services	Income	
			2022	2021
Dr Bernard große Broermann	Asklepios Kliniken Group	Services, pharmacy services and medical products	6,550	1,820
	of which Asklepios Kliniken GmbH & Co. KGaA	Services and medical products	0	166
Eugen and Ingeborg Münch		Telephone costs, medical services	14	1
Dr Stefan Stranz		Services	2	2

As at the balance sheet date of 31 December 2022, the following trade payables existed:

in € '000

Related party	Companies as defined by IAS 24	Nature of services	Liabilities	
			2022	2021
Dr Bernard große Broermann	Asklepios Kliniken Group	Purchase of services and medical products	2,048	1,241
	of which Asklepios Kliniken GmbH & Co. KGaA	Services and medical products	1,271	1,165
Eugen Münch		Fee for services	198	62

As at the balance sheet date of 31 December 2022, the following trade receivables existed:

in € '000

Related party	Companies as defined by IAS 24	Nature of services	Receivables	
			2022	2021
Dr Bernard große Broermann	Asklepios Kliniken Group	Services, pharmacy services and medical products	1,091	283
	of which Asklepios Kliniken GmbH & Co. KGaA	Services and medical products	0	0
Dr Stefan Stranz		Medical services	0	1

The employee representatives on the Supervisory Board employed at RHÖN-KLINIKUM AG or its subsidiaries received the following remuneration within the scope of their employment contracts in the past financial year:

in € '000

	Fixed	Profit-linked	Total 2022	Total 2021
Peter Berghöfer	215	6	221	211
Regina Dickey	51	1	52	48
Peter Dücke	32	1	33	38
Prof. (apl.) Dr med. Leopold Eberhart	129	0	129	192
Dr med. Martin Mandewirth	177	2	179	156
PD Dr med. Thomas Pillukat	147	14	161	169
Oliver Salomon	57	1	58	56
	808	25	833	870

The above costs are shown under employee benefit expenses in the income statement.

9.5 Total payments of Supervisory Board, the Board of Management and the Advisory Board

The total expenditures (excluding VAT) for members of the Supervisory Board are broken down below:

in € '000		
	2022	2021
Total payments		
Dr Jan Liersch	107	96
Georg Schulze	62	57
Hafid Rifi	68	67
Peter Berghöfer	46	41
Nicole Mooljee Damani (until 8 January 2022)	2	29
Dr Julia Dannath-Schuh	30	30
Regina Dickey	46	42
Peter Ducke	41	33
Prof. (apl.) Dr med. Leopold Eberhart	44	41
Prof. Dr Gerhard Ehninger (until 15 January 2021)	0	2
Irmtraut Gürkan	41	41
Kai Hankeln	36	34
Dr med. Martin Mandewirth	37	32
PD Dr med. Thomas Piilukat	42	33
Christine Reißner	36	32
Oliver Salomon	36	31
Dr Cornelia Süfken (from 2 March 2022)	29	0
Marco Walker (from 9 March 2021)	32	25
	735	666

As at the balance sheet date, liabilities to members of the Supervisory Board in the amount of € 0.6 million (previous year: € 0.5 million) exist.

The total payments of the Board of Management break down as follows:

in € '000

**Incumbent member of
Board of Management**

Prof. Dr Tobias Kaltenbach
(Chairman of the Board of Management from 1 November 2022)

	Remuneration earned in financial year					Inflow ¹				
	2022	in %	2021	in %	2022 (min.)	2022 (max.)	2022	in %	2021	in %
	Base salary (fixed remuneration)	83	63	0	n.a.	83	83	83	92	0
Fringe benefits	7	5	0	n.a.	7	7	7	8	0	n.a.
Total	90	68	0	n.a.	90	90	90	100	0	n.a.
One-year variable remuneration										
Management profit sharing	42	32	0	n.a.	0	42	0	0	0	n.a.
Total payments/total remuneration	132	100	0	n.a.	90	132	90	100	0	n.a.

¹ Remuneration granted and owed in financial year.

in € '000

**Incumbent member of
Board of Management**

Dr Stefan Stranz
(Member of the Board of Management)

	Remuneration earned in financial year					Inflow ¹				
	2022	in %	2021	in %	2022 (min.)	2022 (max.)	2022	in %	2021	in %
	Base salary (fixed remuneration)	500	75	500	71	500	500	500	71	500
Fringe benefits	43	6	43	6	43	43	43	6	43	7
Total	543	81	543	77	543	543	543	77	543	87
One-year variable remuneration										
Management profit sharing ²	125	19	158	23	0	250	158	23	83	13
Total payments/total remuneration	668	100	701	100	543	793	701	100	626	100

¹ Remuneration granted and owed in financial year.

² For the management profit sharing bonus for 2022, a target achievement ratio of 50% was assumed.

in € '000

**Incumbent member of
Board of Management**

 Dr Gunther K. Weiß
(Member of the Board of Management)

	Remuneration earned in financial year				Inflow ²					
	2022		2021		2022		2022		2021	
	in €	in %	in €	in %	(min.)	(max.)	in €	in %	in €	in %
Base salary (fixed remuneration)	500	71	192	19	500	500	500	97	192	21
Fringe benefits	17	2	17	2	17	17	17	3	17	2
Total	517	73	209	21	517	517	517	100	209	23
One-year variable remuneration										
Management profit sharing ³	125	18	708	69	0	250	0	0	708	77
Total payments	642	91	917	90	517	767	517	100	917	100
Pension expense ¹	66	9	114	10	66	66	0	0	0	0
Total remuneration	708	100	1,031	100	583	833	517	100	917	100

¹ Pension expenditure includes past service cost according to IAS 19.

² Remuneration granted and owed in financial year.

³ For the management profit sharing bonus for 2022, a target achievement ratio of 50% was assumed.

in € '000

**Former member of
Board of Management**

 Dr Christian Höftberger
(Chairman of the Management Board until 31 October 2022)

	Remuneration earned in financial year				Inflow ¹					
	2022		2021		2022		2022		2021	
	in €	in %	in €	in %	(min.)	(max.)	in €	in %	in €	in %
Base salary (fixed remuneration)	458	21	500	75	458	458	458	22	500	83
Fringe benefits	7	1	9	1	7	7	7	0	9	1
Total	465	22	509	76	465	465	465	22	509	84
One-year variable remuneration										
Management profit sharing ²	115	6	158	24	0	229	158	7	94	16
Total payments	580	28	667	100	465	694	623	29	603	100
Severance payments	1,500	72	0	0	0	1,500	1,500	71	0	0
Total remuneration	2,080	100	667	100	465	2,194	2,123	100	603	100

¹ Remuneration granted and owed in financial year.

² For the management profit sharing bonus for 2022, a target achievement ratio of 50% was assumed.

in € '000

**Former member of
Board of Management**

 Prof. Dr Bernd Griewing
(Member of the Board of Management until 31 October 2022)

	Remuneration earned in financial year				Inflow ²					
	2022		2021		2022		2022		2021	
	in €	in %	in €	in %	(min.)	(max.)	in €	in %	in €	in %
Base salary (fixed remuneration)	160	14	192	14	160	160	160	8	192	16
Fringe benefits	17	2	12	1	17	17	17	1	12	1
Total	177	16	204	15	177	177	177	9	204	17
One-year variable remuneration										
Management profit sharing	840	76	1,008	74	840	1,090	840	41	1,008	83
Total payments	1,017	92	1,212	89	1,017	1,267	1,017	50	1,212	100
Pension expense ¹	89	8	159	11	89	89	1,025	50	0	0
Total remuneration	1,106	100	1,371	100	1,106	1,356	2,042	100	1,212	100

¹ Pension expenditure includes past service cost according to IAS 19.

² Remuneration granted and owed in financial year.

For the post-termination entitlements of Prof. Dr Griewing and Dr Weiß, the following provisions have been formed for post-employment benefits:

in € '000

	Provision as at 31 Dec. 2021	Change in retirement benefits	Payment in financial year 2022	Provision as at 31 Dec. 2022	Nominal amount on contract expiry ¹
Retirement benefits					
Incumbent/Former members of Board of Management					
Prof. Dr Bernd Griewing	936	89	1,025	0	0
Dr Gunther K. Weiß	429	90	0	519	694
Total	1,365	179	1,025	519	694

¹ Claim according to expiry of service contract of the incumbent members of the Board of Management based on remuneration.

As at the balance sheet date, liabilities to incumbent and former members of the Board of Management in the amount of € 0.5 million (previous year: € 0.4 million) exist.

No loans were granted to members of the Supervisory Board and the Board of Management. The members of the Supervisory Board and their related parties together have a shareholding interest in RHÖN-KLINIKUM Aktiengesellschaft of 0.0% (previous year: 0.0%) of total equity capital. As at 31 December 2022, the members of the Board of Management hold no (previous year: no) shares of RHÖN-KLINIKUM

Aktiengesellschaft. The payments of the Supervisory Board relate to benefits due in the short term.

During the 2022 reporting period, RHÖN-KLINIKUM AG received no notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014.

For the statements on share-based compensation within the meaning of IFRS 2 (cash-settled share-based payment transactions), we refer to Note 2.16.4 "Share-based payments".

9.6 Declaration of Compliance with the German Corporate Governance Code

By joint resolution of the Supervisory Board and the Board of Management of RHÖN-KLINIKUM AG of 15 December 2022, the Company made the declaration pursuant to section 161 of the German Stock Corporation Act (AktG) regarding the application of the German Corporate Governance Code in financial year 2022. It has been published on the website of RHÖN-KLINIKUM AG and thus made available to the general public.

9.7 Disclosure of the fees recognised as expenses (including reimbursement of outlays and excluding VAT) for the statutory auditors

In financial year 2022, expenses resulting from fees for statutory auditors amounting to € 0.9 million (previous year: € 0.8 million) were incurred Group-wide. A breakdown of these fees (including outlays and excluding VAT) by service rendered is provided below:

in € '000		
	2022	2021
Fees for auditing financial statements	771	726
Fees for other statutory auditing services	121	91
Fees for tax advice	0	5
Fees for other services	0	3
	892	825

The fees for the other statutory auditing services essentially cover certificates for hospital legislation purposes as well as for review of the separate non-financial report. The tax advisory services include fees for support services in the preparation of tax declarations and in the assessment of tax matters. Other services relate to fees for project-related advisory services.

Of the total fee (excluding VAT), no fees are attributable to other statutory auditors who are not auditors of the consolidated financial statements.

9.8 Events after the reporting date

In the negotiations with the Federal State of Hesse on the implementation of the Letter of Intent signed in January 2022 relating to the grant of investment funding as well as enhancing what is referred to as separate accounting, agreement was reached on the Future White Paper Plus (Zukunftspapier Plus) at the end of February 2023. Over the next ten years, the Federal State of Hesse and Universitätsklinikum Gießen und Marburg (UKGM) want to invest

nearly € 850 million at the Giessen and Marburg sites to safeguard optimum healthcare delivery to people in the region, the quality of research and teaching as well as job security.

The agreement with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals from 2017 provided for investment commitments in the amount of € 100.0 million until 2021. Already as at the balance sheet date of 31 December 2021, these investment obligations were fully met. There are also further obligations relating to building refurbishments and extension measures at the Giessen and Marburg sites which were initially due to be completed by 31 December 2024. With the White Paper (Zukunftspapier) signed at the end of February 2023, investment projects under the agreement from 2017 were modified and the time limits for meeting the investment obligations adjusted. The time limits for meeting these investment obligations are now in the time frame between 31 December 2024 and 31 December 2028.

The White Paper Plus (Zukunftspapier Plus) signed at the end of February 2023 between the Federal State of Hesse, RHÖN-KLINIKUM AG, Asklepios Kliniken GmbH & Co. KGaA, Universitätsklinikum Gießen und Marburg GmbH (UKGM) as well as the universities with their faculties of medicine provides for the granting of investment funds in the amount of € 529 million for UKGM and further investment obligations to be financed from own funds over the next ten years in the amount of € 259 million as of 1 January 2023.

At the same time, the agreement provides for numerous provisions on further matters, including an obligation to reinvest profits of UKGM during this period, provisions in the event of a change in control, as well as a prohibition on outsourcing and the exclusion of redundancies. The guarantee to take over apprentices continues to apply.

What is equally important for healthcare delivery and science is a concept for establishing joint ventures to be agreed between Universitätsklinikum Gießen und Marburg GmbH (UKGM) and the two universities making it possible to better translate research findings to clinical practice. The finance volume of € 60 million will be provided by UKGM. These funds are to be used to support the whole range of projects from early identification of areas of potential (scouting) right through to feasibility (proof of concept), thus making it possible to bridge the gap between clinical research and patients. Moreover, there are clear provisions regarding procedures for appointments and the terms of new appointments for teaching staff of both universities working at Universitätsklinikum Gießen und Marburg GmbH. This will make it possible to attract and recruit top researchers to Hesse.

10 | CORPORATE BODIES OF RHÖN-KLINIKUM AG

The Supervisory Board of RHÖN-KLINIKUM AG is comprised as follows:

Dr Jan Liersch

Business address at Königstein-Falkenstein, managing director of Broermann Holding GmbH, Chairman of the Supervisory Board

Also a member of the Supervisory Board of:

- Asklepios Kliniken GmbH & Co. KGaA, Hamburg (from 23 March 2022)
- MEDICLIN Aktiengesellschaft, Offenburg (Chairman of the Supervisory Board)
- Universitätsklinikum Gießen und Marburg GmbH, Giessen (from 23 September 2022)

Other mandates:

- Hotel Montreux Palace S.A., Montreux, Switzerland (Chairman of the Board of Directors)
- Hôtel Suisse Majestic S.A., Montreux, Switzerland (Chairman of the Board of Directors)
- Broermann Medical AG, Montreux, Switzerland (Chairman of the Board of Directors) (from 15 September 2022)

Georg Schulze

Frankfurt am Main, 1st Deputy Chairman, Regional Director of ver.di, region of Hesse

Also a member of the Supervisory Board of

- Lahn-Dill-Kliniken GmbH, Wetzlar

Hafid Rif

Business address at Königstein-Falkenstein, 2nd Deputy Chairman, Chief Financial Officer of Asklepios Kliniken GmbH & Co. KGaA

Also a member of the Supervisory Board of:

- Universitätsklinikum Gießen und Marburg GmbH, Giessen

Peter Berghöfer

Münchhausen, Head of Finance, Universtätsklinikum Gießen und Marburg GmbH, Giessen

Also a member of the Supervisory Board of:

- Universitätsklinikum Gießen und Marburg GmbH, Giessen

Nicole Mooljee Damani

Rottach-Egern, corporate consultant (until 8 January 2022)

Dr Julia Dannath-Schuh

Zurich, Switzerland, Vice President Human Resources Development & Leadership ETH Zurich

Also a member of the Supervisory Board of:

- Asklepios Kliniken GmbH & Co. KGaA, Hamburg
- MEDICLIN Aktiengesellschaft, Offenburg

Other mandates:

- Alsia und Partners AG, Hünenberg, Switzerland (member of the Board of Directors)

Regina Dickey

Giessen, administrative employee

Also a member of the Supervisory Board of:

- Universitätsklinikum Gießen und Marburg GmbH, Giessen

Peter Ducke

Marburg, employee in nursing service

Prof. (apl.) Dr med. Leopold Eberhart

Marburg, MD

Irmtraut Gürkan

Alsbach, Dipl.-Volkswirtin (economist)

Also a member of the Supervisory Board of:

- Charité Universitätsmedizin Berlin, Berlin

Other mandates:

- Eurotransplant International Foundation, Leiden, Netherlands (Member of the Supervisory Board)
- Stiftung Alice-Hospital vom Roten Kreuz zu Darmstadt, Darmstadt (Member of the Board of Trustees)
- Universitätsspital Basel, Basel, Switzerland (Member of the Board of Directors)
- Georg-August-Universität Göttingen, Göttingen (member of the Foundation Council)
- Universitätsmedizin Göttingen, Göttingen (deputy chairman of the Foundation Committee)
- Biolife Germany AG, Heidelberg

Kai Hankeln

Business address Hamburg, Chief Executive Officer of Asklepios Kliniken GmbH & Co. KGaA

Also a member of the Supervisory Board of:

- Asklepios Fachklinikum Stadtroda GmbH, Stadtroda (Chairman of the Supervisory Board)
- MEDICLIN Aktiengesellschaft, Offenburg

Dr med. Martin Mandewirth

Oberelsbach, Facharzt für Herzchirurgie (MD, specialist in heart surgery)

PD Dr med. Thomas Pillukat

Bad Neustadt a. d. Saale, MD

Christine Reißner

Sülzfeld, merchant

Oliver Salomon

Bad Berka, nurse

Dr jur. Cornelia Sufke

Hamburg, Legal Counsel (from 2 March 2022)

Also a member of the Supervisory Board of:

- Universitätsklinikum Gießen und Marburg GmbH, Giessen
- Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Marco Walker

Business address Hamburg, Chief Operating Officer of Asklepios Kliniken GmbH & Co. KGaA

Also a member of the Supervisory Board of:

- MEDICLIN Aktiengesellschaft, Offenburg
- Meierhofer Aktiengesellschaft, Munich
- Universitätsklinikum Gießen und Marburg GmbH, Giessen

The Board of Management of RHÖN-KLINIKUM AG comprises the following persons:

Prof. Dr Tobias Kaltenbach

Business address at Bad Neustadt a. d. Saale,
Chairman of the Board of Management (from 1 November 2022)

Also a member of the Supervisory Board of:

- Universitätsklinikum Gießen und Marburg GmbH, Giessen
(Chairman of the Supervisory Board) (from 15 November 2022)
- Kliniken des Landkreises Lörrach GmbH, Lörrach
(until 29 November 2022)

Dr Christian Höftberger

Business address at Bad Neustadt a. d. Saale,
Chairman of the Board of Management (until 31 October 2022)

Also a member of the Supervisory Board of:

- IWG HOLDING AG, Giessen
- IWG MEDICAL REAL ESTATE AG, Giessen (until 30 June 2021)
- Universitätsklinikum Gießen und Marburg GmbH, Giessen
(Chairman of the Supervisory Board) (until 14 November 2022)

Other mandates:

- Hessische Krankenhausgesellschaft e.V., Eschborn
(President of the Management Board)

Prof. Dr med. Bernd Griewing

Business address Bad Neustadt a. d. Saale,
Chief Medical Officer (until 31 October 2022)

Member of the Supervisory Board of:

- Universitätsklinikum Gießen und Marburg GmbH, Giessen
(until 6 September 2022)

Other mandates:

- Stiftung Münch, Munich (Board of Management)
- Stiftung Deutsche Sporthilfe, Frankfurt am Main
(member of the Board of Trustees)
- Distel Digital GmbH, Bad Neustadt a. d. Saale
(member of the Advisory Board)
- Versicherungskammer Bayern, Munich
(member of the Economic Advisory Council)

Dr Stefan Stranz

Business address Bad Neustadt a. d. Saale, Chief Financial Officer

Dr med. Gunther Karl Weiß, M.Sc.

Business address Bad Neustadt a. d. Saale, Chief Operating Officer

Other mandates:

- Universitätsklinikum Gießen und Marburg GmbH, Giessen
(Chairman of the Management Body)
- Mittelhessische Medizin-Stiftung am Universitätsklinikum Gießen
und Marburg, Giessen (member of the Board of Directors)
- Hessische Krankenhausgesellschaft e.V., Eschborn
(member of the Management Board)

Bad Neustadt a. d. Saale, 14 March 2023

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr Tobias Kaltenbach

Dr Stefan Stranz

Dr Gunther K. Weiß

Responsibility statement

We assure to the best of our knowledge that based on the accounting principles to be applied the consolidated financial statements of RHÖN-KLINIKUM AG give a true and fair view of the net assets, financial position and results of operations of the Group, and that the Group Management Report presents the business performance

including the business results and the situation of the Group in such a way as to give a true and fair view of the same as well as a description of the material risks and opportunities involved in the probable development of the Group of RHÖN-KLINIKUM AG.

Bad Neustadt a. d. Saale, 14 March 2023

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr Tobias Kaltenbach

Dr Stefan Stranz

Dr Gunther K. Weiß

Independent Auditor's Report

To RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a.d. Saale

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a.d. Saale, and its subsidiaries (the Group), which comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of RHÖN-KLINIKUM Aktiengesellschaft for the financial year from 1 January to 31 December 2022. In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

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 Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) 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 the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and 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)(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 evidence we have obtained is sufficient and appropriate to provide a basis for our 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 judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

- **Recognition of revenue generated from hospital services provided and revenue compensation (Erlösausgleiche)**

Please refer to Section 3.2 in the notes to the consolidated financial statements for information on the accounting policies applied. Disclosures on the amount of revenue can be found in the notes to the consolidated financial statements under Section 5.1.

THE FINANCIAL STATEMENT RISK

The revenue recognised in the Company's consolidated financial statements relates essentially to hospital services, which represent EUR 1,446.1 million.

As at the reporting date, for settlement reasons revenue is based on a series of management assumptions which involve estimate uncertainties. As the budget negotiations relevant for performance often take place towards the end of the financial year, the remunerated service volumes are estimates as at the reporting date. Also at the reporting date, a revenue correction is made based on management's estimate of the change rate (case deductions) of the German Medical Service of the Health Insurance Funds public entity (MD).

Due to the complexity of the judgements described, there is the risk for the consolidated financial statements that revenue is not appropriately assigned to the relevant reporting period.

There is also the risk that the support payments received during the year as a result of the coronavirus SARS CoV-2 pandemic are overstated in revenue.

OUR AUDIT APPROACH

In order to evaluate the appropriateness of the revenue recognised as at the reporting date, we gave consideration to the Company's established processes to recognise revenue from hospital services performed and the revenue corrections required, and we verified the methodological approach of management in making the revenue corrections. To audit the appropriate accrual of revenue, we examined the design, establishment and effectiveness of the internal controls in respect of case processing (dual control principle).

During our audit, using (among other things) the contractual documentation presented to us and other correspondence and based on a risk-oriented deliberate sample, we obtained an overview relating to the status of the various budget agreements of the hospitals in the RHÖN-KLINIKUM Group on the reporting date and the respective

remunerated service volumes. For the budget negotiations which had not been concluded as at the reporting date, we assessed the appropriateness of the estimated budget amounts, the costs relevant to the care budget and the revenue compensation. We also comprehended the management assumptions on the service volumes to be remunerated as at the reporting date based on the detailed information provided to us. In order to assess the estimation accuracy, we compared the revenue corrections with the outcome of the negotiations with the health insurers from previous years (taking into account the transition to outsourced diagnosis related groups). With respect to the revenue compensation, we also examined the process for calculating the revenue compensation, including the costs relevant to the care budget, in addition to the reconciliations in the context of the revenue validation based on the respective performance statistics of patient management and the underlying agreements. In doing so, we also validated the implementation of the legal regulations.

In reference to possible corrections by the MD, we gave consideration to the process for determining the service volumes (codes applied) and for determining the relevant corrections and assessed the appropriateness of the estimates on revenue corrections as a result of audits by the German Medical Service of the Health Insurance Funds.

We also assessed the accounting-related documentation for the amount and timing of recognised revenue from compensation payments due to the coronavirus SARS CoV-2 and evaluated the calculations associated with the compensation methodology.

OUR OBSERVATIONS

The assumptions underlying revenue recognition are appropriate.

– Recoverability of goodwill

Please refer to Section 2.4.1 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Disclosures on the amount of goodwill can be found in Section 6.1 of the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

In the Company's consolidated financial statements under "Goodwill and other intangible assets" an amount of EUR 165.5 million (9.7% of total assets) is recognised for goodwill. The Company allocates the goodwill to the respective cash-generating units, which correspond to the relevant hospitals. Goodwill is tested once a year at the level of the cash-generating units for impairment without this specific cause. If there is an impairment trigger in the course of the year, an ad hoc impairment test is additionally carried out during the year.

For the goodwill impairment test the carrying amount of the respective cash-generating unit including the goodwill is compared against the corresponding recoverable amount of the respective cash-generating unit. If the carrying amount exceeds the recoverable amount, an impairment loss has to be recognised. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the cash-generating unit. The effective date for the impairment test was 1 October 2022.

The goodwill impairment test is complex and based on a number of assumptions requiring judgement. These include the expected business and earnings performance of the cash-generating units for the next ten years, the assumed long-term growth rates and the discount rate applied.

As a result of the impairment tests conducted, the Company did not identify any need for impairment. The result of this measurement is highly dependent on management estimates relating to the future cash flows of the respective cash-generating units, the discount rate used, the growth rate and further assumptions and is thus subject to considerable uncertainty. The Company's sensitivity calculations showed that a potential change of 0.5 percentage points in the discount rate or of 10% in the budgeted earnings would not result in a reduction to the recoverable amount.

There is the risk for the consolidated financial statements that impairment existing as at the reporting date was not identified. There is also a risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions as well as the Company's valuation model. To this end, we discussed the expected business and earnings development as well as the assumed long-term growth rates with those responsible for planning. We also carried out reconciliations with other internally available forecasts e.g. for tax purposes, and the budget prepared by management and approved by the Supervisory Board. We additionally assessed the consistency of the assumptions with external market forecasts.

Furthermore, we investigated the Company's planning accuracy by comparing plans from earlier financial years with the earnings actually realised and by analysing any deviations. We compared the assumptions and data underlying the discount rate, especially the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

To assess whether the implementation of the valuation model is methodically and mathematically appropriate, we verified the measurement made by the Company using our own calculations and analysed any deviations.

In order to take account of forecast uncertainty and the early reporting date for the impairment testing, we examined the impact of possible changes in the discount rate, earnings performance and the long-term growth rate on the recoverable amount by calculating alternative scenarios and comparing them with the sensitivity analyses of the Company. The risk-based focus of our audit procedures was on the Gießen and Marburg University Hospital cash-generating unit.

Finally, we assessed whether the disclosures in the notes regarding recoverability of goodwill are appropriate.

OUR CONCLUSIONS

The valuation model underlying the impairment test of goodwill is appropriate and consistent with the applicable measurement principles.

The Company's assumptions and data underlying the measurement are appropriate.

The related disclosures in the notes are appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the Group's separate non-financial report, which is referred to in the group management report, and
- the corporate governance statement referred to in the group management report.

The other information also includes the remaining parts of the annual report.

The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our 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 opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of 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 Section 315e (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, management is 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, management is 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, management is 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, management is 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 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 Section 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 judgement and maintain professional scepticism 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement 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 opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's 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 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 Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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 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 management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

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 Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file "RhoenKlinikumAG.zip" (SHA256 hash value: 7e9ca46036a373da24bd01b6a12c3ad560cb63ed36b871befc4443c12c4f272e) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (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 in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (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 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and 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 file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (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 Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is 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 Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

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

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, 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 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 file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, 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 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 Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, 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 at the Annual General Meeting on 8 June 2022. We were engaged by the Chairman of the Audit Committee of the Supervisory Board on 19 December 2022. We have been the group auditor of RHÖN-KLINIKUM without interruption since financial year 2021.

We declare that the audit opinions contained 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).

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 examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be entered 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 ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Thorsten Schrum.

Frankfurt am Main, 14 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Huber-Straßer	Schrum
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Balance sheet and income statement

BALANCE SHEET

in € million		
	31 Dec. 2022	31 Dec. 2021
Assets		
Intangible assets	7.6	8.8
Property, plant and equipment	270.0	283.0
Financial assets	579.8	602.9
Fixed assets	857.4	894.7
Inventories	6.7	7.0
Receivables and other assets	162.0	119.7
Securities, cash, and cash equivalents	277.0	258.6
Current assets	445.7	385.3
Prepaid expenses	2.2	2.0
Deferred tax assets	7.0	7.6
	1,312.3	1,289.6

in € million		
	31 Dec. 2022	31 Dec. 2021
Liabilities		
Subscribed capital/ issued capital	167.4	167.4
Capital reserve	589.0	589.0
Retained earnings	201.0	0.1
Net distributable profit	10.8	200.8
Shareholders' equity	968.2	957.3
Contribution to finance fixed assets	10.2	11.0
Provisions	44.7	48.8
Liabilities	289.2	272.5
	1,312.3	1,289.6

INCOME STATEMENT

in € million		
	2022	2021
Revenues	307.9	282.3
Changes in services in progress	0.0	0.2
Other operating income	12.6	8.8
Materials and consumables used	92.6	93.0
Employee benefits expense	156.9	152.0
Depreciation	23.4	22.9
Other operating expenses	43.0	35.8
Operating result	4.6	-12.4
Investment result	2.8	5.3
Finance result	5.3	6.0
Taxes	1.9	-8.7
Net profit for the year	10.8	7.6
Profit carried forward from previous year	0.0	193.2
Net distributable profit	10.8	200.8

The Annual Financial Statements as at 31 December 2022 and the Management Report for financial year 2022 of RHÖN-KLINIKUM Aktiengesellschaft were issued by KPMG AG Wirtschaftsprüfungsgesellschaft with an unqualified auditor's report. They are published in the Companies Register.

The Annual Financial Report can be obtained from the Company on request.

Proposed appropriation of profit

The Company's annual financial statements for the year ended 31 December 2022, which have been prepared by the Board of Management, approved by the Supervisory Board and thus adopted as final, show a net distributable profit of € 10,835,087.29. The Board of Management and the Supervisory Board propose appropriating

an amount of € 10,040,770.50 from net distributable profit in the amount of € 10,835,087.29 to distribute a dividend of € 0.15 per no-par value share with dividend entitlement and allocating the remaining amount of € 794,316.79 to other profit reserves.

Bad Neustadt a. d. Saale, 29 March 2023

RHÖN-KLINIKUM Aktiengesellschaft

The Supervisory Board

The Board of Management

Independent assurance practitioner's report¹

To RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale

We have performed a limited assurance engagement on the combined separate non-financial report as well as the by reference qualified part "Basic Characteristics of the RHÖN-KLINIKUM Group" of RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale, (further "Company" or "RHÖN-KLINIKUM"), which consists of the sections of the Corporate-Social-Responsibility-Report (further „combined separate non-financial report") marked with a tick (✓) for the period from January 1 to December 31, 2022.

Management's Responsibility

The legal representatives of RHÖN-KLINIKUM Aktiengesellschaft are responsible for the preparation of the combined separate non-financial report in accordance with §§ 315c in conjunction with 289c to 289e HGB (Handelsgesetzbuch, German Commercial Code) and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (further „EU Taxonomy Regulation") and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section "Reporting according to EU taxonomy" of the combined separate non-financial report.

This responsibility of the legal representatives of the company includes the selection and application of appropriate methods to prepare the combined separate non-financial report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the combined separate non-financial report that is free from material misstatements, whether due to fraud (manipulation of the combined separate non-financial report) or error.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal represen-

tatives have included a description of their interpretation in Section "Reporting according to EU taxonomy" of the combined separate non-financial report. They are responsible for its tenability. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations is subject to uncertainty.

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

It is our responsibility to express a conclusion on the combined separate non-financial report based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the combined separate non-financial report of the Company for the period from January 1 to December 31, 2022 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section "Reporting according to EU taxonomy" of the combined separate non-financial report.

As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower.

¹ Our engagement applied to the German version of the combined separate non-financial report. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and the respective reporting boundaries for RHÖN-KLINIKUM;
- A risk analysis, including a media research, to identify relevant information on RHÖN-KLINIKUM's sustainability performance in the reporting period;
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures on environmental, employee and social matters, respect for human rights, and combatting corruption and bribery, including data consolidation;
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures;
- Inspection of selected internal and external documents;
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites;
- Assessment of local data collection, validation and reporting processes and the reliability of reported data on selected individual samples;
- Inquiries of responsible group-level personnel to gain an understanding of the procedure for identifying relevant economic activities according to the EU Taxonomy;
- Assessment of the design and implementation of systems, processes and measures for the determination, processing and monitoring of information on sales, capital expenditures and operating expenses for the taxonomy-eligible and -compliant economic activities;
- Inquiries of responsible group-level personnel who are responsible for determining the information on taxonomy-eligible and -compliant economic activities, performing internal control actions and consolidating the information;
- Assessment of the overall presentation of the disclosures.

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the immanent risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainties.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined separate non-financial report of RHÖN-KLINIKUM Aktiengesellschaft for the period from January 1 to December 31, 2022 marked with a tick (√) in the Corporate Social Responsibility Report 2022 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation by the legal representatives disclosed in Section "Reporting according to EU taxonomy" of the combined separate non-financial report.

Restriction of Use/Clause on General Engagement Terms

This assurance report is solely addressed to RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale, and intended exclusively for them.

Our assignment for RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Frankfurt am Main, March 14, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Beyer
Wirtschaftsprüfer
[German Public Auditor]

Brandt
Wirtschaftsprüfer
[German Public Auditor]

FINANCIAL CALENDAR

TERMINE FÜR AKTIONÄRE UND ANALYSTEN 2023

30 March	Results press conference: publication of 2022 Annual Financial Report
11 May	Publication of interim report for the quarter ending 31 March 2023
7 June	Annual General Meeting
10 August	Publication of half-year financial report as at 30 June 2023
9 November	Publication of interim report for the quarter ending 30 September 2023 – analyst conference

RHÖN-KLINIKUM AG

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Annual Report on the internet

en.rhoen-klinikum-ag.com/annual-report

DISCLAIMER

The information provided in this Report does not constitute an offer or solicitation to buy shares of RHÖN-KLINIKUM AG. All reasonable care has been taken to ensure that the content of this Report was accurate on the date of publication. However, RHÖN-KLINIKUM AG accepts no warranty that all information is complete, accurate and up to date.

Any investment in shares of RHÖN-KLINIKUM AG must be made on the basis of the information contained in the Company's prospectus in its authorised form. Although as a general rule we employ the masculine form for better readability when referring to persons, this form covers all persons of the respective group, irrespective of their (social) gender and gender identity.

RHÖN-KLINIKUM AG

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