



Quarterly Statement - Q1 2022
RHÖN-KLINIKUM Aktiengesellschaft

BUSINESS PERFORMANCE

MATERIAL EVENTS AND SECTOR-SPECIFIC ENVIRONMENT

As in the previous year, the first quarter of financial year 2022 continued to feel the impact of the COVID-19 pandemic, with the omicron wave leading to an exponential rise in infections. Coupled with the seasonal incidence of diseases, this also caused staffing shortages at our hospitals which in some cases were significant. Since many employees were sick, in isolation or quarantined, the care offering had to be restricted and elective operations postponed. At the same time, inpatient service volumes were above the level of the previous year and, as expected, below the pre-pandemic level. Pandemic-related losses in revenues were partly offset by relief payments under COVID-19 legislation.

In this context the German legislator, among other things by 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), decided once again to grant hospitals, as of 15 November 2021, relief payments for beds kept available in return for postponing elective operations or procedures to make capacities available for COVID-19 patients. This provision was initially limited in term to 31 December 2021 but has been extended several times, most recently to 18 April 2022 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.

Amid the ongoing uncertainty over how the COVID-19 pandemic will develop, however, the provisions of legislation currently in force have to be qualified as insufficient for ensuring adequate medical care (and in some cases have expired anyway). Instead of ensuring indispensable planning certainty for Germany's healthcare industry in the medium term, policies are currently geared to excessive short-termism even as the lessons learned over the past two years are being jettisoned as so much unwanted ballast.

At the beginning of this year, the Hesse State Government signed a Letter of Intent with a view to further enhancing the provisions of the 2017 implementation agreement (separate accounting). In this context, the State of Hesse expressed to UKGM the prospect of additional investment funding being provided, and in return the other parties signalled their willingness to accept restrictions in entrepreneurial freedoms, e.g. by waiving redundancies, dispensing with distributions of profits as well as by re-introducing the "change of control" clause. Although consensus was quickly reached on specific contractual points in the intensive and at all times constructive discussions, there are still divergent views on some of the material components of other provisions.

The Board of Management of RHÖN-KLINIKUM AG assessed the currently ongoing negotiations with the State of Hesse on a follow-up agreement regarding the granting of investment subsidies for the Universitätsklinikum Gießen und Marburg GmbH (UKGM) and corresponding obligations of the company on 9 May 2022. In view of the course of negotiations to date, the Board of Management concluded that it is doubtful whether the successor arrangement envisaged in the letter of intent (LoI) dated 14 January 2022, can be successfully concluded in the second quarter of 2022 as planned.

The Board of Management has therefore decided to ask the Supervisory Board of RHÖN-KLINIKUM AG as a precautionary measure to approve a termination of the existing agreement of UKGM, the State of Hesse and the Universities in Gießen and Marburg from 2017. The termination of the agreement

should come into force on 31 December 2022, and would have to be declared in due time by 30 June 2022. The Board of Management feels compelled to take this precautionary step to secure the necessary room for maneuver in the event that the new agreement is not reached in time. The Supervisory Board will decide on the proposed resolution at an extra-ordinary meeting to be convened at short notice.

The Board of Management of RHÖN-KLINIKUM AG remains fully committed to the letter of intent of January 2022 and continues to be open to pragmatic solutions within the framework of the ongoing negotiations.

TREND IN SERVICE VOLUMES

As at 31 March 2022, we still operate (as at 31 December 2021) eight hospitals with 5,420 beds at a total of five sites.

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

January to March	2022	2021	Change absolute	%
Inpatient and semi-inpatient treatments at our				
Acute hospitals	46,770	44,790	1,980	4.4
Rehabilitation hospitals and other facilities	1,116	954	162	17.0
	47,886	45,744	2,142	4.7
Outpatient treatments at our				
Acute hospitals	112,583	106,861	5,722	5.4
Medical care centres	53,852	49,135	4,717	9.6
	166,435	155,996	10,439	6.7
Total	214,321	201,740	12,581	6.2

NET ASSETS POSITION AND RESULTS OF OPERATIONS

The Group's revenue and earnings performance during the first three months of 2022 compared with the same period of the previous year is as follows:

January to March	2022 € m	2021 € m	Change € m	%
Revenues	347.3	335.9	11.4	3.4
EBITDA	19.8	19.5	0.3	1.5
EBIT	2.5	1.9	0.6	31.6
EBT	1.8	1.4	0.4	28.6
Consolidated profit	1.3	1.3	0.0	0.0

Revenues rose 3.4% compared with the same period last year. EBITDA improved slightly by 1.5% to reach € 19.8 million. Consolidated profit stood at € 1.3 million.

The revenues of the first three months of financial year 2022 include € 21.1 million (previous year: € 21.8 million) of income in connection with COVID-19 legislation, which essentially relates to income from relief payments for bed capacities kept available.

The rise in other income by € 2.7 million or 5,6% is particularly attributable to the higher income from ancillary and incidental activities resulting among other things from higher sales of drugs and cytostatics. Moreover, reimbursements from the legislator in connection with the COVID-19 pandemic are included at the amount of € 0.3 million (previous year: € 0.1 million).

Compared with the same period last year, the increase in materials and consumables witnessed a rise in the first three months of 2022 by € 5.1 million or 5.0%. The cost-of-materials ratio climbed slightly from 30.5% to 31.0%.

The rise in the employee benefits expense of the first three months of financial year 2022 compared with the same period of the previous year by € 3.5 million or 1.5% to € 232.5 million is essentially attributed to general wage increases.

Other expenses increased from € 32.7 million by € 5.2 million or 15.9% to reach € 37.9 million. The increase is essentially attributable to higher payments for training facilities and for maintenance and servicing requirements.

The result from the impairment on financial assets results from the adoption of IFRS 9, which among other things governs the future expected losses of financial assets.

In the first three months of financial year 2022, the negative finance result increased from € 0.5 million by € 0.3 million to € 0.8 million as a result of higher custodian fees.

At an unchanged tax rate, the tax expense item saw an increase compared with the same period last year by € 0.3 million to € 0.4 million due to a higher tax assessment basis.

With regard to net assets, we refer to the following overview:

	31 March 2022		31 Dec. 2021	
	€ m	%	€ m	%
ASSETS				
Non-current assets	1,042.4	62.3	1,054.5	63.3
Current assets	629.7	37.7	611.1	36.7
	1,672.1	100.0	1,665.6	100.0
EQUITY AND LIABILITIES				
Shareholders' equity	1,226.3	73.3	1,224.8	73.5
Non-current liabilities	167.3	10.0	167.5	10.1
Current liabilities	278.5	16.7	273.3	16.4
	1,672.1	100.0	1,665.6	100.0

OTHER INFORMATION

Employees

On 31 March 2022, the Group of RHÖN-KLINIKUM AG employed 18,230 persons (31 December 2021: 18,227).

Employees	31 March 2022	31 Dec. 2021	Change	
			absolute	%
Hospitals	16,152	16,253	-101	-0.6
Medical care centres	328	338	-10	-3.0
Service companies	1,750	1,636	114	7.0
Total	18,230	18,227	3	0.0

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022

	31 March 2022		31 Dec. 2021	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	180,714	10.8	181,574	10.9
Property, Plant and Equipment	844,091	50.4	852,606	51.2
Investment property	1,025	0.1	1,262	0.1
Investments accounted for using the equity method	446	0.0	436	0.0
Deferred tax assets	2,842	0.2	1,111	0.1
Other financial assets	13,252	0.8	17,531	1.0
	1,042,370	62.3	1,054,520	63.3
Current assets				
Inventories	32,305	1.9	33,125	2.0
Trade receivables	204,214	12.2	212,856	12.8
Other financial assets	233,820	14.0	223,934	13.4
Other assets	22,164	1.3	10,369	0.6
Current income tax assets	4,478	0.3	4,477	0.3
Cash and cash equivalents	128,267	7.7	126,316	7.6
Held-for-sale assets	4,500	0.3	-	-
	629,748	37.7	611,077	36.7
	1,672,118	100.0	1,665,597	100.0

	31 March 2022		31 Dec. 2021	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Shareholders' equity				
Issued share capital	167,406	10.0	167,406	10.0
Capital reserve	574,168	34.3	574,168	34.5
Other reserves	458,015	27.4	456,821	27.4
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,199,513	71.7	1,198,319	71.9
Non-controlling interests in equity	26,795	1.6	26,460	1.6
	1,226,308	73.3	1,224,779	73.5
Non-current liabilities				
Financial liabilities	148,590	8.9	148,564	8.9
Provisions for post-employment benefits	1,426	0.1	1,365	0.1
Other financial liabilities	17,321	1.0	17,576	1.1
	167,337	10.0	167,505	10.1
Current liabilities				
Financial liabilities	1,750	0.1	997	0.1
Trade payables	66,205	4.0	72,492	4.4
Current income tax liabilities	14,468	0.9	14,577	0.9
Other provisions	32,253	1.9	32,200	1.9
Other financial liabilities	15,565	0.9	12,068	0.7
Other liabilities	148,232	8.9	140,979	8.4
	278,473	16.7	273,313	16.4
	1,672,118	100.0	1,665,597	100.0

CONSOLIDATED INCOME STATEMENT, JANUARY TO MARCH 2022

January to March	2022		2021 ¹⁾	
	€ '000	%	€ '000	%
Revenues	347,289	100.0	335,909	100.0
Other income	50,465	14.5	47,750	14.2
	397,754	114.5	383,659	114.2
Materials and consumables used	107,498	31.0	102,439	30.5
Employee benefits expense	232,473	66.9	228,998	68.2
Other expenses	37,869	10.9	32,658	9.7
Result of impairment on financial assets	90	0.0	58	0.0
	377,930	108.8	364,153	108.4
Interim result (EBITDA)	19,824	5.7	19,506	5.8
Depreciation/amortisation and impairment	17,290	5.0	17,625	5.2
Operating result (EBIT)	2,534	0.7	1,881	0.6
Result of investments accounted for using the equity method	10	0.0	12	0.0
Finance income	60	0.0	43	0.0
Finance expenses	-773	-0.2	-607	-0.2
Result of impairment on financial investments	-81	0.0	25	0.0
Finance result (net)	-784	-0.2	-527	-0.2
Earnings before taxes (EBT)	1,750	0.5	1,354	0.4
Income taxes	415	0.1	104	0.0
Consolidated profit	1,335	0.4	1,250	0.4
of which				
non-controlling interests	335	0.1	134	0.1
shareholders of RHÖN-KLINIKUM AG	1,000	0.3	1,116	0.3
Earnings per share in €				
undiluted	0.01		0.02	
diluted	0.01		0.02	

¹⁾ adjusted.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, JANUARY TO MARCH 2022

January to March	2022 € '000	2021 € '000
Consolidated profit	1,335	1,250
of which		
non-controlling interests	335	134
shareholders of RHÖN-KLINIKUM AG	1,000	1,116
Changes in fair value through other comprehensive income (FVOCI)	220	873
Income taxes	-35	-138
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	185	735
Revaluation of defined benefit pension plans	11	4
Income taxes	-2	- 1
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	9	3
Other comprehensive income ¹	194	738
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	194	738
Total comprehensive income	1,529	1,988
of which		
non-controlling interests	335	134
shareholders of RHÖN-KLINIKUM AG	1,194	1,854

¹ Sum of value changes recognised at equity.

The present document is a Quarterly Statement pursuant to section 53 of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB) and does not constitute an interim report within the meaning of International Accounting Standard 34. This Quarterly Statement should be read together with the Annual Report for Financial Year 2021 and the additional information contained therein. The same accounting policies already adopted by the European Union were applied in the Quarterly Statement as in the Consolidated Financial Statements for the financial year ending on 31 December 2021.

The amendments to IFRS 1 “Presentation of Financial Statements” adopted into European law by the European Union on 2 March 2022 clarify to what extent accounting policies are to be explained in the notes in accordance with IFRS. In future, no longer significant, but instead only material, policies are to be explained. In this regard, materiality exists if the accounting policy relates to material transactions or other events. Here, the focus is to be only on the absolute amount. Materiality may also result on the basis of its nature, related business transactions, other events or the terms and conditions. The amendments are to be applied to reporting periods beginning on or after 1 January 2023. Their impact is currently subject to a review by the management.

The amendments to IAS 8 “Accounting Policies”, which was likewise adopted into European law by the European Union on 2 March 2022, clarifies the distinction between changes in accounting policies and changes in estimates. For the first time a definition of the term “accounting estimate” is introduced, according to which such estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The change in an accounting estimate resulting from new information or new developments is not the correction of an error. The amendments to IAS 8 are to be applied to reporting periods beginning on or after 1 January 2023. Their impact is currently subject to a review by the management.

In the first three months of 2022 there were no Standards and Interpretations exceeding such scope to be applied as of 1 January 2022 or subsequent years and already adopted by the European Union.

For computational reasons, rounding differences of \pm one unit (€, %, etc.) may occur in the tables.

IMPRINT

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Date of publication:

Thursday, 12 May 2022

This Interim Statement is also available in German.