



QUARTERLY STATEMENT - Q3 2022
RHÖN-KLINIKUM Aktiengesellschaft

BUSINESS PERFORMANCE

MATERIAL EVENTS AND SECTOR-SPECIFIC ENVIRONMENT

At RHÖN-KLINIKUM AG the first nine months of financial year 2022 were marked by three significant developments: managing the COVID-19 pandemic, coping with the implications of the geopolitical impact resulting from the war in Ukraine, and negotiations on further developing the provisions relating to the 2017 implementation agreement (separate accounting) at Universitätsklinikum Gießen und Marburg GmbH.

The COVID-19 pandemic resulted and continues to result in bottlenecks in services provided by hospitals, putting a corresponding burden on employees. In this regard, the volume of inpatient services, as with other hospitals, is below pre-pandemic levels. Although the phase of returning to normal has begun, it is taking much longer than originally anticipated.

The ongoing war in Ukraine has disrupted supply chains and led, among other things, to a general rise in prices. Although the challenge presented by (in some cases unavoidable) price increases is affecting the daily business of our purchasers, these inflationary trends are not being reflected in the current remuneration rules, nor has the German legislature yet announced a compensation mechanism. While the Group of RHÖN-KLINIKUM AG is able to temporarily offset such discrepancies thanks to its sound financing policy, many hospitals are threatened with insolvency if the framework conditions remain unchanged.

And now that the applause from Corona has faded, the German hospital sector once again feels like it has been alone to deal with its problems. Instead of taking indispensable support measures in the near term, the legislature is looking at further long-term strategic projects.

Negotiations with the Federal State of Hesse on the implementation of the Letter of Intent signed in January relating to the grant of investment funding as well as on further developing what is referred to as separate accounting are still open. The negotiating parties take different views on specific key points. The Management Board of RHÖN-KLINIKUM AG continues to be interested in reaching a successful agreement.

The chairman of the Management Board of RHÖN-KLINIKUM AG, Dr. Christian Höftberger, asked the chairman of the Supervisory Board of the Company to terminate his contract early. The Supervisory Board then resolved to comply with this request. The Supervisory Board appointed Prof. Dr. Tobias Kaltenbach as the new chairman of the Management Board of RHÖN-KLINIKUM AG, who took up his office on 1 November 2022. Moreover, the Supervisory Board decided to reduce the Management Board of the Company to three persons. Prof. Dr. Bernd Griewing in his function as CMO (Chief Medical Officer) will now assume the position of Generally Authorised Representative. As of 1 November 2022, the Management Board of the Company is thus made up of Prof. Dr. Tobias Kaltenbach (CEO), Dr. Stefan Stranz (CFO) and Dr. Gunther K. Weiß (COO).

TREND IN SERVICE VOLUMES

Our acute inpatient capacities are nearly unchanged at 5,430 beds (31 December 2021: 5,420 beds).

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

January to September	2022	2021	Change	
			absolute	%
Inpatient and semi-inpatient treatments at our				
Acute hospitals	142,724	143,541	-817	-0.6
Rehabilitation hospitals and other facilities	3,795	3,313	482	14.5
	146,519	146,854	-335	-0.2
Outpatient treatments at our				
Acute hospitals	339,433	330,362	9,071	2.7
Medical care centres	155,670	155,667	3	0.0
	495,103	486,029	9,074	1.9
Total	641,622	632,883	8,739	1.4

NET ASSETS POSITION AND RESULTS OF OPERATIONS

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

January to September	2022	2021	Change	
	€ m	€ m	€ m	%
Revenues	1,067.3	1,030.6	36.7	3.6
EBITDA	76.5	71.1	5.4	7.6
EBIT	24.3	18.1	6.2	34.3
EBT	21.5	16.7	4.8	28.7
Consolidated profit	17.8	15.5	2.3	14.8

Revenues rose 3.6% compared with the same period last year. EBITDA improved by 7.6% to reach € 76.5 million. Consolidated profit stood at € 17.8 million.

Revenues of the first nine months of financial year 2022 include € 56.2 million (previous year: € 40.3 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 € 15.3 million or 10.5% is particularly attributable to the higher income from ancillary and incidental activities resulting among other things from higher sales of drugs and cytostatics. Moreover, income in connection with the COVID-19 pandemic is included at the amount of € 3.7 million (previous year: € 0.5 million).

Compared with the same period last year, the increase in materials and consumables witnessed a rise in the first nine months of 2022 by € 10.3 million or 3.2%. The cost-of-materials ratio declined slightly from 30.8% to 30.7% despite higher prices.

The rise in the employee benefits expense of the first nine months of financial year 2022 compared with the same period of the previous year by € 21.7 million or 3.2% to € 708.8 million is essentially attributed to general wage increases. The personnel expense ratio declined from 66.7% to 66.4%.

Other expenses increased from € 100.6 million by € 14.3 million or 14.2% to reach € 114.9 million. The increase is essentially attributable to higher payments for training facilities and for maintenance and servicing requirements.

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

	30 Sept. 2022		31 Dec. 2021	
	€ m	%	€ m	%
ASSETS				
Non-current assets	1,025.8	60.2	1,054.5	63.3
Current assets	677.7	39.8	611.1	36.7
	1,703.5	100.0	1,665.6	100.0
EQUITY AND LIABILITIES				
Shareholders' equity	1,244.3	73.0	1,224.8	73.5
Non-current liabilities	169.6	10.0	167.5	10.1
Current liabilities	289.6	17.0	273.3	16.4
	1,703.5	100.0	1,665.6	100.0

OTHER INFORMATION

Employees

On 30 September 2022, the Group of RHÖN-KLINIKUM AG employed 18,146 persons (31 December 2021: 18,227).

Employees	30 Sept. 2022	31. Dec. 2021	Change	
			absolute	%
Hospitals	15,988	16,253	-265	-1.6
Medical care centres	332	338	-6	-1.8
Service companies	1,826	1,636	190	11.6
Total	18,146	18,227	-81	-0.4

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2022

	30 Sept. 2022		31 Dec. 2021	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	180,056	10.6	181,574	10.9
Property, Plant and Equipment	828,587	48.6	852,606	51.2
Investment property	552	0.0	1,262	0.1
Investments accounted for using the equity method	495	0.0	436	0.0
Deferred tax assets	1,146	0.1	1,111	0.1
Other financial assets	14,975	0.9	17,531	1.0
	1,025,811	60.2	1,054,520	63.3
Current assets				
Inventories	32,346	1.9	33,125	2.0
Trade receivables	241,804	14.2	212,856	12.8
Other financial assets	307,534	18.0	223,934	13.4
Other assets	17,247	1.0	10,369	0.6
Current income tax assets	2,672	0.2	4,477	0.3
Cash and cash equivalents	76,128	4.5	126,316	7.6
	677,731	39.8	611,077	36.7
	1,703,542	100.0	1,665,597	100.0

	30 Sept. 2022		31 Dec. 2021	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Shareholders' equity				
Issued share capital	167,406	9.8	167,406	10.0
Capital reserve	574,168	33.7	574,168	34.5
Other reserves	474,917	27.9	456,821	27.4
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,216,415	71.4	1,198,319	71.9
Non-controlling interests in equity	27,913	1.6	26,460	1.6
	1,244,328	73.0	1,224,779	73.5
Non-current liabilities				
Financial liabilities	148,643	8.7	148,564	8.9
Provisions for post-employment benefits	1,488	0.1	1,365	0.1
Other financial liabilities	19,463	1.2	17,576	1.1
	169,594	10.0	167,505	10.1
Current liabilities				
Financial liabilities	1,815	0.1	997	0.1
Trade payables	61,482	3.6	72,492	4.4
Current income tax liabilities	9,872	0.6	14,577	0.9
Other provisions	32,895	1.9	32,200	1.9
Other financial liabilities	10,770	0.6	12,068	0.7
Other liabilities	172,786	10.2	140,979	8.4
	289,620	17.0	273,313	16.4
	1,703,542	100.0	1,665,597	100.0

CONSOLIDATED INCOME STATEMENT, JANUARY TO SEPTEMBER 2022

January to September	2022		2021	
	€ '000	%	€ '000	%
Revenues	1,067,253	100.0	1,030,551	100.0
Other income	160,444	15.0	145,133	14.1
	1,227,697	115.0	1,175,684	114.1
Materials and consumables used	327,491	30.7	317,145	30.8
Employee benefits expense	708,757	66.4	687,131	66.7
Other expenses	114,937	10.7	100,619	9.7
Result of impairment on financial assets (expenditure; previous year: income)	60	0.0	-270	0.0
	1,151,245	107.8	1,104,625	107.2
Interim result (EBITDA)	76,452	7.2	71,059	6.9
Depreciation/amortisation and impairment	52,179	4.9	52,924	5.1
Operating result (EBIT)	24,273	2.3	18,135	1.8
Result of investments accounted for using the equity method	59	0.0	69	0.0
Finance income	462	0.0	434	0.0
Finance expenses	-3,030	-0.3	-2,113	-0.2
Result of impairment on financial investments (expenditure; previous year: income)	-223	0.0	163	0.0
Finance result (net)	-2,732	-0.3	-1,447	-0.2
Earnings before taxes (EBT)	21,541	2.0	16,688	1.6
Income taxes	3,705	0.3	1,144	0.1
Consolidated profit	17,836	1.7	15,544	1.5
of which				
non-controlling interests	1,453	0.2	839	0.1
shareholders of RHÖN-KLINIKUM AG	16,383	1.5	14,705	1.4
Earnings per share in €				
undiluted	0.24		0.22	
diluted	0.24		0.22	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, JANUARY TO SEPTEMBER 2022

January to September	2022 € '000	2021 € '000
Consolidated profit	17,836	15,544
of which		
non-controlling interests	1,453	839
shareholders of RHÖN-KLINIKUM AG	16,383	14,705
Changes in fair value through other comprehensive income (FVOCI)	1,943	5,195
Income taxes	-307	-822
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	1,636	4,373
Revaluation of defined benefit pension plans	91	23
Income taxes	-14	- 4
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	77	19
Other comprehensive income ¹	1,713	4,392
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	1,713	4,392
Total comprehensive income	19,549	19,936
of which		
non-controlling interests	1,453	839
shareholders of RHÖN-KLINIKUM AG	18,096	19,097

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. In the Quarterly Statement the same accounting policies already adopted by the European Union were applied as in the Consolidated Financial Statements for the financial year ending on 31 December 2021.

With regard to new or amended Standards and Interpretations exceeding such scope to be applied as of 1 January 2022 or subsequent years and already adopted by the European Union, we refer to the statements made in the Consolidated Financial Statements as at 31 December 2021. Except for the following statements, there were no new or amended Standards and Interpretations in the first nine months of 2022 exceeding such scope to be applied as of 1 January 2022 or subsequent years and already adopted by the European Union.

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 were 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.

Based on the amendments to IAS 12 “Income Taxes”, which were adopted into European law by the European Union on 11 August 2022, the non-recognition of deferred tax in exemptions no longer applies to transactions which, on initial recognition, give rise to equal deductible and taxable temporary differences, even if the other previously already applicable conditions are fulfilled. As a result of the amendments to IAS 12, deferred tax is to be recognised on leases recognised with the lessee on the balance sheet and on decommissioning and restoration liabilities. The amendments to IAS 12 are to be applied to reporting periods beginning on or after 1 January 2023. The amendments will have no impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

The amendments to IFRS 17 “Insurance Contracts” introduce the option of applying what is known as the classification overlay approach when certain conditions are met. The reason for adapting IFRS 17 is that, unlike on the initial adoption of IFRS 17, no retroactive adoption is necessary on the initial adoption of IFRS 9 and as a result no comparison basis exists for the capital investments. The classification overlay approach can be applied if, on initial adoption of IFRS 17 and IFRS 9 with respect to the comparison information of IFRS 9, no restatement of a financial asset takes place in 2022. That is the case either where the entity has decided against a restatement for previous periods, or where the entity has decided in favour of the restatement of comparison periods but financial assets are

derecognised in the course of 2022. The amendments to IFRS 17 are to be applied to reporting periods beginning on or after 1 January 2023. The amendments are of no practical relevance for RHÖN-KLINIKUM AG.

In the first nine months of 2022 there were no new or amended 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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