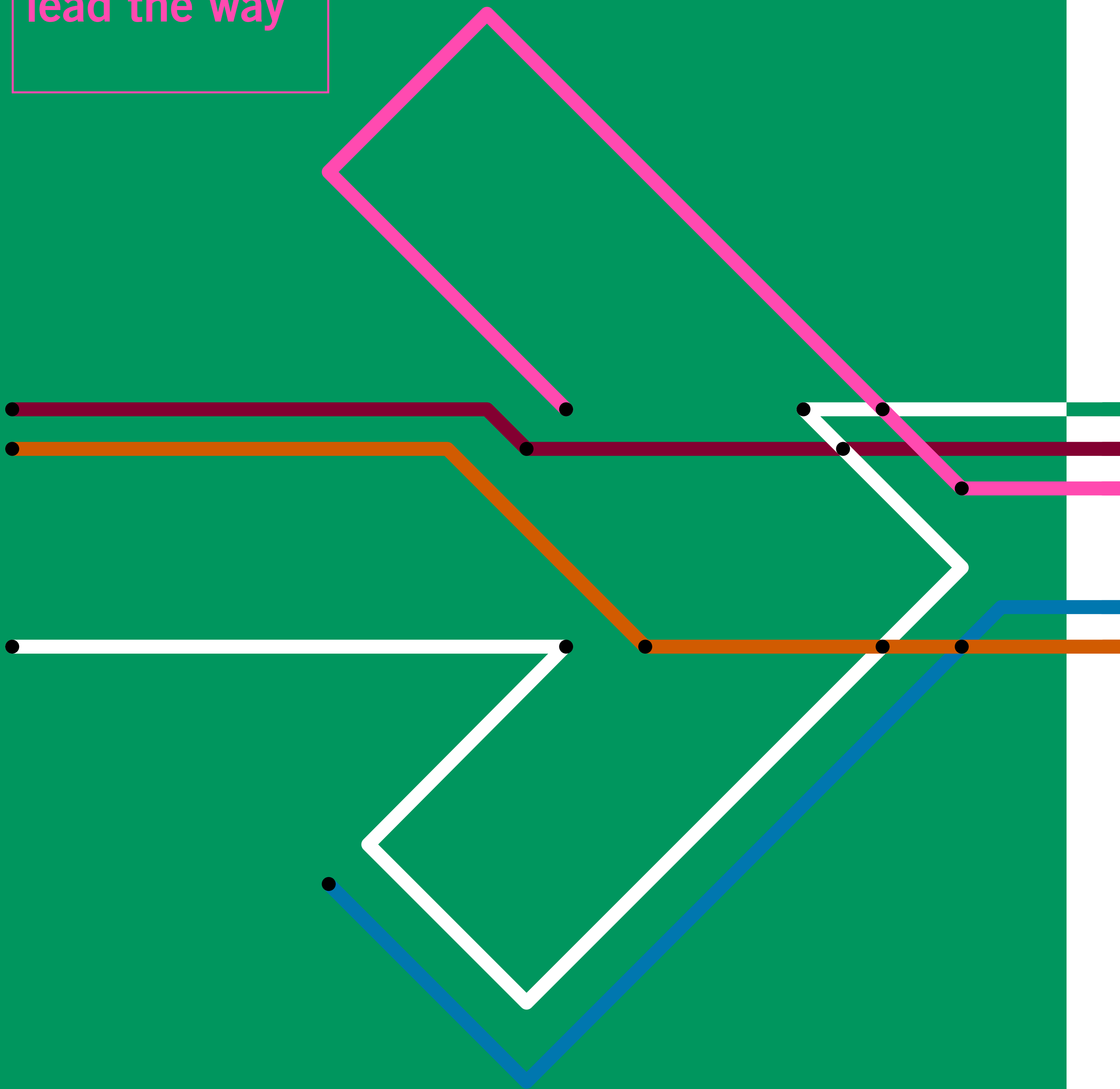
lead

ASKLEPIOS
Gesund werden. Gesund leben.

ANNUAL REPORT 2020

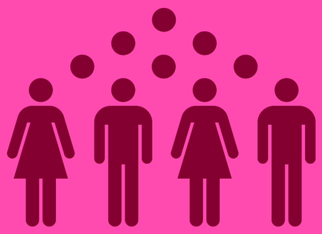
lead the way



Asklepios was established in 1985 and is now a leading digital healthcare group in Germany with around 170 facilities and 67,000 employees. The focus of our actions is on the patients, who we support with a holistic, integrated approach throughout the treatment cycle. The corporate values of medical quality, innovation and social responsibility have been in place since our foundation and continue to shape the company's development. With significant investments in medical excellence and digitalisation plus the acquisition of MediClin AG and RHÖN-KLINIKUM AG, we are helping to advance healthcare in a major way through innovation.

Patients treated
2,600,000

Employees
67,000

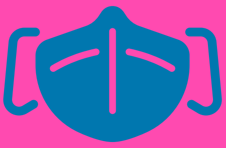


Beds
32,000

Consumption during the year of COVID-1

Face masks
12,424,701
+89%

FFP2 masks
1,503,393
+2.384%



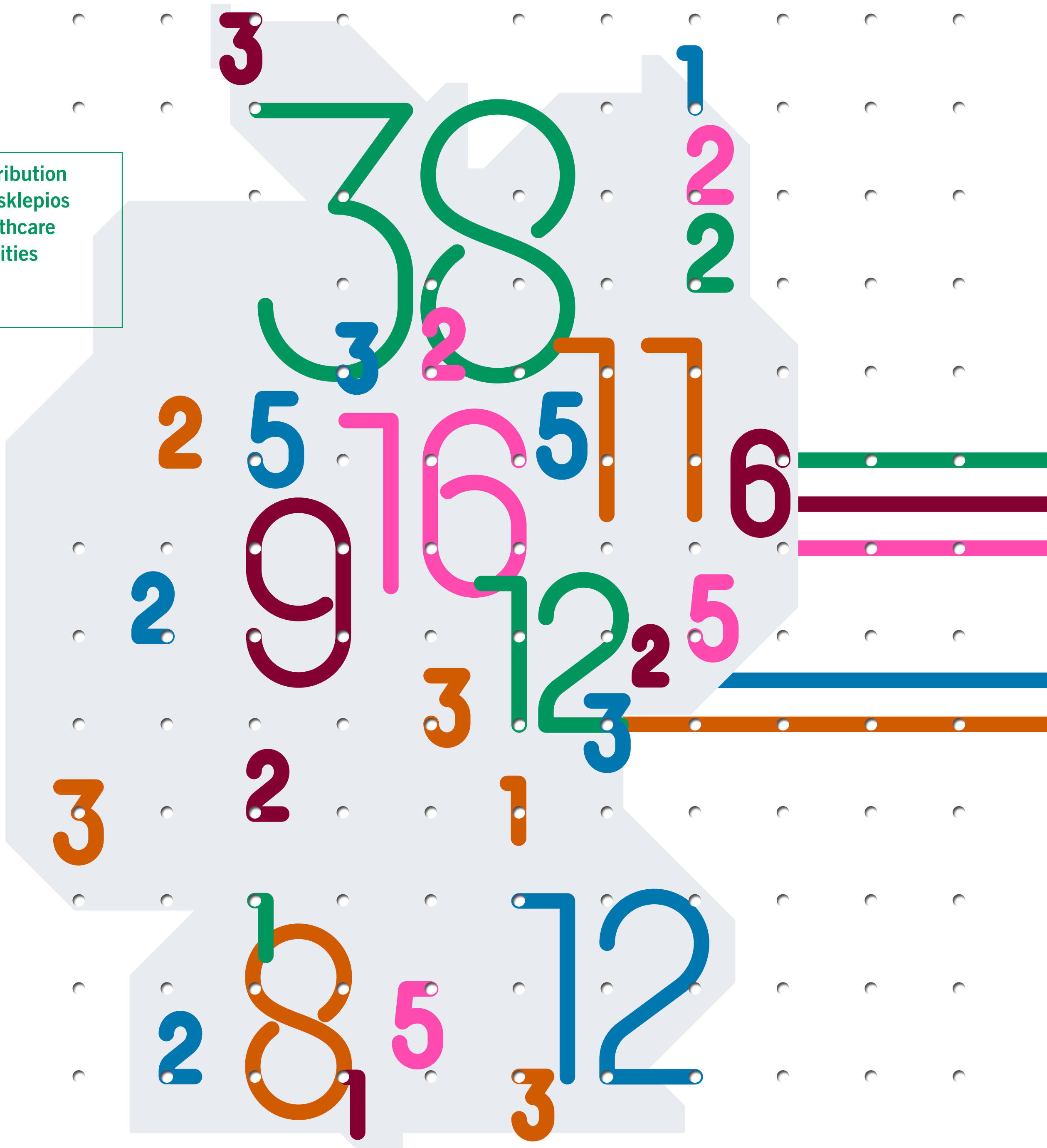
Disinfectants
236,382 l
+28%

Asklepios Kliniken GmbH & Co. KGaA, Hamburg („AKG")

Asklepios hospitals	Asklepios Kliniken Hamburg GmbH, Hamburg	MediClin AG, Offenburg	RHÖN-KLINIKUM AG, Bad Neustadt a.d. Saale	Athens Medical Center SA, Athen*

*Accounted for using the equity method

Distribution of Asklepios healthcare facilities

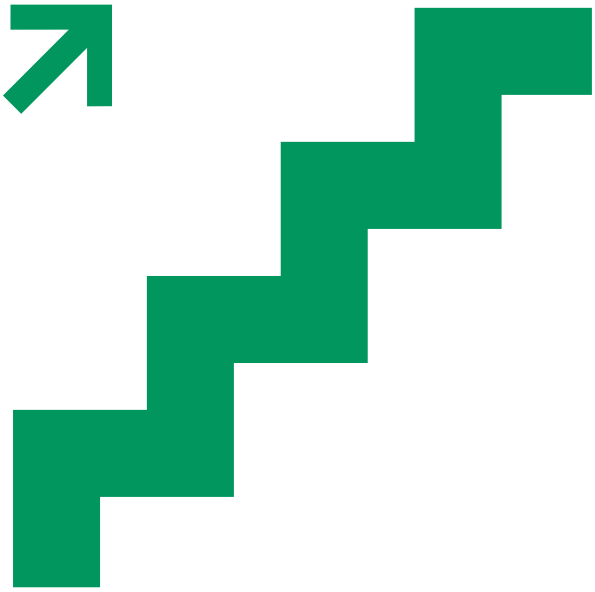


» The objective in sight

Kai Hankeln
Chief Executive Officer (CEO) «

Ladies and gentlemen,

The past financial year was one of the most eventful as well as one of the most challenging in the history of Asklepios. Since mid-March 2020, the effects of the coronavirus pandemic have had a tight grip over Germany and continue to influence all our lives today. The German healthcare sector, including the Asklepios Group with its nationwide network of roughly 170 facilities, was on the front line in the fight against the coronavirus. Up to 31 December 2020, our hospitals had treated 9,376 COVID-19 patients throughout Germany, around 65 percent of whom were admitted as inpatients. We also showed solidarity with neighbouring European countries and took on intensive-care patients from other EU countries during the peak phases of the pandemic.



We could not have provided this outstanding service without the indefatigable dedication of our employees. They are the ones who keep German healthcare going each and every day – during the pandemic and beyond. For this reason, I would like to take this opportunity to extend my personal thanks to our employees once again. You are the true heroes of the pandemic and deserve the very highest level of recognition and appreciation from us all. I would also like to thank you on behalf of my colleagues on the Management Board for your staying power and your outstanding commitment during this difficult time.

However, the pandemic presents not only an extreme medical challenge for those employed in the German healthcare sector. The past financial year was also exceptionally challenging in operational terms. Many hospitals are suffering because elective patients have stayed away and because nowhere near all hospitals are covered by the German government's support structures. Asklepios has demonstrated its strengths in this challenging environment. Through a policy of active management and rapid adjustment to changing regulatory requirements, we have managed to absorb the impacts of the pandemic relatively well.

At the same time, we have successfully expanded the care provided at many of our facilities despite the pandemic, thus further improving treatment quality for our patients. As a result, we are well prepared for the next stages of the Pflegepersonal-Stärkungs-Gesetz (PpSG – German Nursing Staff Reinforcement Act).

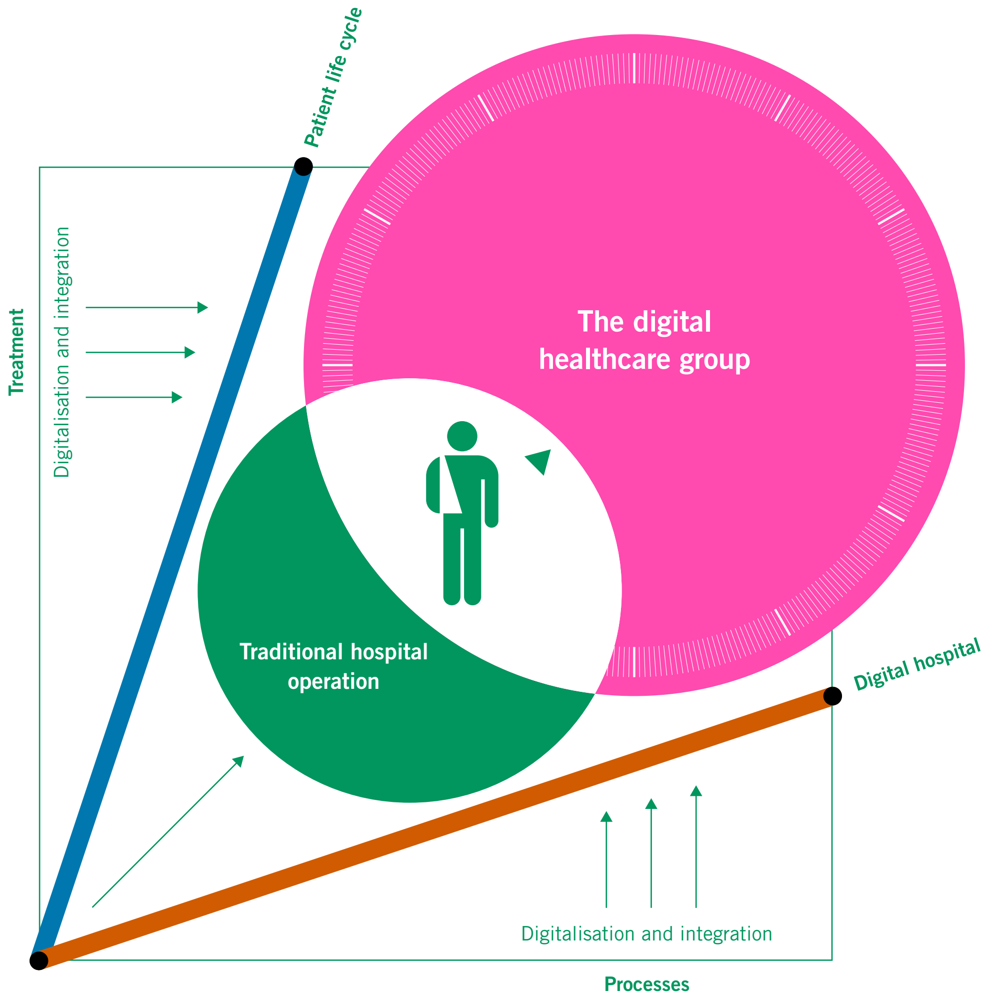
It is this proven capability of Asklepios to anticipate trends in healthcare and to react swiftly and comprehensively to new conditions that will also enable us to successfully leverage the potential for optimum healthcare in the future. With our nationwide care network and the digitalisation of our integrated range of services, we are already ideally positioned to continue opening up the market for outpatient services. The anticipated introduction of hybrid DRGs and the ongoing reduction of statutory health insurance care in rural regions will further accelerate this trend. At the same time, it is foreseeable that ever-stricter regulatory requirements will lead to further consolidation in the healthcare sector. This trend opens up new growth opportunities especially for strong hospital associations with proven efficiency advantages.

Against this background, I am particularly pleased that we successfully completed the acquisition of RHÖN-KLINIKUM AG in July 2020. The progressive integration of the RHÖN hospitals into our nationwide hospital network allows us to proceed with even greater resolve in shaping our vision for the future of healthcare. We want to reiterate this with the guiding theme of this year's annual report: Asklepios will always resolutely "LEAD THE WAY". At this point, I would like to extend my thanks to all those who place their trust in us – our employees, our investors and, of course, our patients. Let us lead the way together with courage and determination and shape the future of medicine for the benefit of patients! I look forward to this challenging task.

Best regards

Kai Hankeln
Chief Executive Officer (CEO)

The digital healthcare group



Five Board of Management members. Five areas.

Strategy Kai Hankeln (CEO)	**Care** Joachim Gemmel (COO)	**Finance** Hafid Rifi (CFO, Deputy CEO)
Digitalisation Marco Walker (COO)	**Medicine** Prof. Christoph U. Herborn (CMO)	

Shaping the future of medicine. Asklepios is already known today in Germany and further afield as a byword for medical excellence. However, that is no reason for us to rest on our achievements. For years, we have been pressing ahead with our transition from hospital operator to integrated, digital healthcare group and we break new ground every day in our efforts to shape the future of medicine.

Five Board of Management members.

Five questions.

Mr Hankeln, what are Asklepios' strategic goals?

Asklepios is there for patients – with outpatient services, emergency medicine, prevention and aftercare. Targeted investments in advanced medicine, digitalisation and training for specialist staff have helped the Group become a key pillar in the German healthcare system. Faced with the challenge of coronavirus in 2020, integrated and digital healthcare proved itself as a concept. Here, the Asklepios Management Board provides an insight into how the Group intends to build on its top position and make the range of treatments even better for patients.

As an **integrated digital healthcare group**, Asklepios supports its patients throughout the treatment cycle from prevention to medical treatment and all the way to aftercare. To this end, we have established an integrated **platform for the future of medicine** p. 14, which is also the basis for our sustainable corporate development. Specifically, Asklepios is pursuing a clear strategy according to three tangible value drivers.

The first value driver is **consolidation** by systematically advancing the integration of our Group. A key lever for value growth is the use of **synergistic and strategic potential** for all Asklepios sub-groups and the realisation of economies of scale. We are currently focusing in particular on the integration of RHÖN, during which we are successfully developing its individual strengths for the Group.

The second value driver is **outpatient treatment**: medical advancements are making it possible to provide more and more treatments to outpatients, simultaneously lowering treatment costs and better utilising the capacity of medical equipment. This will result in a crucial improvement in efficiency for patients, society and healthcare providers. We will therefore continue the targeted expansion of our leading network of hospitals, medical centres and practices.

Thirdly, Asklepios is pressing ahead with **greater vertical integration of the value** chain across the entire patient treatment cycle in the long term: from patient-friendly provision of medical services, care in digital hospital to optimum aftercare via the discharge management system, we offer patients a universal range of services from an integrated platform and develop new solutions. In a sentence, we are unleashing the hidden potential of healthcare in Germany in every dimension.

Mr Rifi, how can Asklepios be steered safely through turbulent financial terrain?

The COVID-19 pandemic posed enormous challenges for the financial markets and the healthcare sector, which also made a considerable impact on our company. To come through such an exceptional situation successfully, it is essential to safeguard your liquidity and to maintain a **close relationship and a strong foundation of trust** with your investors. We have significantly strengthened this foundation of trust in recent years, and see the issue of our fourth schuldschein loan agreement, which was oversubscribed several times over, as confirmation of this assumption.

Driven by demographic change, however, **health remains a sustainably growing market** – the exceptional year 2020 has therefore highlighted the importance of our business model once again. Subject to the uncertain influence of COVID on our operating activities, we will continue to grow profitably and **generate financial resources for investing in the future of medicine** p. 36 .Despite the pandemic, we are still investing actively and have pressed ahead with key projects such as the integration of the RHÖN hospitals, the central warehouse, and the introduction of SAP S/4HANA. Projects such as these demonstrate our sharp focus when it comes to putting in place agile structures to allow successful innovations and income opportunities to be implemented and scaled up rapidly across all hospitals. Moreover, we have not lost sight of one significant trend: **ESG is and will remain of central importance for us**. We are following a clear strategy and roadmap here.

Professor Herborn, how can Asklepios continue to offer its patients excellent medicine in the future?

2020 showed how important and reassuring it is when your country already has an excellent healthcare system. **In the coronavirus crisis** p. 40, Asklepios and its facilities were and are a **reliable pillar of support**. At the same time, we made a valuable contribution to Germany's vaccination drive with digital appointments via samedi.*

In order to remain an important driver for the future of medicine, we conduct **cutting-edge research for innovative medical solutions**. Asklepios has always been strong in this field. RHÖN's facilities – especially the University Hospital of Giessen and Marburg, the only privately operated university hospital in Germany – are a perfect addition.

For years, we have been establishing high-performance medical centres all over Germany in order to offer the best possible quality of results, and these **centres of excellence** S. 24 are also crucial to our leading medical services. Systematic analysis of our results shows that numerous departments of Asklepios hospitals in Germany have outstanding features. These have been and will be continuously supported and expanded into centres of excellence and specialist centres.

Integrated into our leading, networked healthcare platform, we grant patients all over Germany access to the best therapies for their individual treatment needs.

*https://www.pharma-relations.de/news/saarland-startet-als-eines-der-ersten-bundeslaender-digitale-terminkoordination-der-corona-schutzimpfungen-mit-samedi

Mr Walker, will digitalisation revolutionise healthcare and Asklepios?

The revolution is well under way – and **Asklepios is taking a leading role in driving the digital changes with various initiatives** p. 28. Augmented reality in treatment, robot-assisted operations and remote medical advice – these are not futuristic visions, but rather everyday occurrences in Asklepios hospitals.

There is no lack of good ideas. The question is rather how quickly we will be able to seize and make full use of the opportunities presented. **Culture is more decisive than technical innovation here:** the digital hospital will not be possible if our employees do not accept new technologies. At Asklepios, we therefore create an environment in which we carry the whole organisation with us and use digitalisation to ensure that potential can actually be exploited.

We continue to actively drive forward the transformation of the Group in order to keep setting the pace as a pioneer of integrated, digitalised healthcare. With digital solutions along the entire value chain, we will improve patient care and reduce our employees' workload. For **digitalisation at Asklepios is never an end in itself**. Patients and improving the quality of treatment are always at the centre.

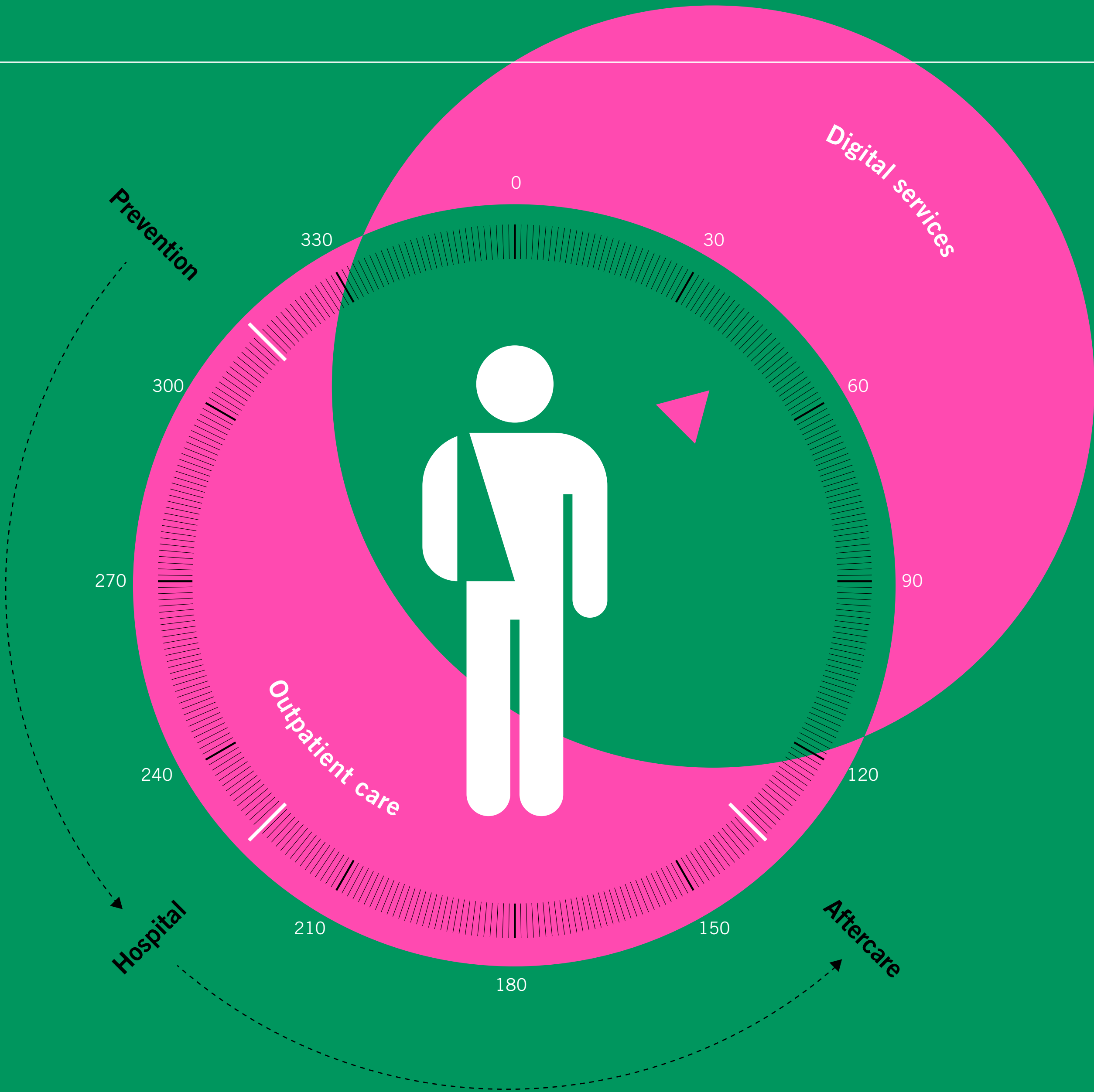
Mr Gemmel, how important is Asklepios for medical care in Germany?

As the **second-largest private hospital operator** in Germany, Asklepios is an important pillar of the healthcare system both nationally and locally. Hamburg is an especially good example: Our Hamburg hospital cluster is the largest private hospital cluster in Europe and means that we play a central role in local care for the region's population. For example, the nurses and doctors of the Hamburg Asklepios hospitals cared for the majority of people hospitalised with COVID-19 in the city during the coronavirus pandemic.

At the same time, the hospital cluster's 1,400 training places make it one of the German healthcare system's most important training providers. We also meet the requirement for medical training with innovative approaches such as the Asklepios Campus Hamburg p. 20 where together with Semmelweis University Budapest we help prospective doctors complete their studies with a practical orientation.

However, it is also clear that advances in technology and the expansion of outpatient treatments are fundamentally changing the character of medical care. **Investments in hospitals, innovative technologies and cutting-edge equipment** p. 32 **are therefore essential.** The latter are likewise of key strategic importance for Asklepios. During the coronavirus pandemic, we have continued to invest and press ahead with strategic projects such as the construction of our new central warehouse in Bad Oldesloe.

360° care


Digital services
Prevention
Hospital
Aftercare
Outpatient care
0
30
60
90
120
150
180
210
240
270
300
330

The objective in sight

Healthcare platform for Germany

Future-oriented and digital treatment from a single source – this is Asklepios today. As one of the leading healthcare platforms in Germany, we make medical care for all patients a little bit better every day. Be it outpatient or inpatient care, analogue or digital, in the city or in the countryside – we are where our patients need us most. Our company is founded on quality, innovation and social responsibility. Our driving forces on the road to the future of medicine are digitalisation and a holistic, integrated approach across all healthcare facilities in the Group. Our dedicated 67,000 employees are working together with our partners today to deliver the healthcare of tomorrow. This is also why some 2.6 million patients choose Asklepios each year.

01

Comprehensive approach

As an integrated digital healthcare group, Asklepios covers the entire treatment cycle. From prevention and outpatient care through to clinical treatment and all the way to rehabilitation and aftercare, our digitally networked platform ensures that our patients in every stage of life receive the correct medical offering.

02

The best care throughout Germany

With around 170 facilities in Germany, Asklepios is never far away. Our close-knit network of hospitals, specialist centres, medical centres and rehabilitation facilities allows us to give our patients in urban as well as rural environments access to the best medical care.

03

Access to medical excellence

Asklepios is establishing centres of excellence and specialisation nationwide through which it bundles in-demand medical expertise. At the same time, we are carrying out cutting-edge research and are a leading driver of innovative medical applications. With the help of the RHÖN facilities – especially the UHGM, which is Germany's only private university hospital – we continue to expand this position.

04

Optimum aftercare

Patients are in excellent hands with Asklepios even after a hospital stay. Not only at one of the many MediClin AG rehabilitation facilities but also thanks to our comprehensive outpatient aftercare offering with our internally developed discharge management platform Carebridge.

The objective in sight

Patient life cycle

What this means for our patients

No matter what we do, the focus at Asklepios is always on the highest standards of medicine, service and innovation. We are driven by a desire to be there for the health of our patients before, during and after their treatment. We support people in leading an active and healthy life to prevent them from becoming ill in the first place. With a broad range of care offerings, we work every day to keep everyone healthy. Should treatment be necessary, patients can rely on receiving individual, compassionate and modern care at Asklepios. Ground-breaking, digital technologies and highly qualified personnel are used for outpatient and inpatient interventions alike. After treatment, Asklepios oversees the recovery of its patients with numerous rehabilitation facilities and other aftercare offerings. With professionalism and as a partnership of equals – this is how we deliver care to all patients.

What this means for us and our employees

Only a group that is also healthy itself is capable of returning people to health. Asklepios is a successfully managed, diversified company with modern structures. Our operations are agile and digital – this applies to the treatment of our patients as well as for all of our Group divisions and administration. Wherever we can, we try to relieve the burden on our doctors and medical staff so that they have more time to devote to their patients and their individual care. We practice teamwork and offer a range of services to help our employees overcome challenges. We take responsibility and are continuously working to improve our processes and the working conditions of all employees in order to retain them in the long term. To this end, we constantly strive for excellence and ensure that new areas are quickly integrated. We identify synergies and tap into them for the benefit of all. Not least for our employees, this results in attractive prospects for personal professional development.

What this means for the future of medicine

A decade ago, healthcare was radically different than today – and will in turn be radically different a decade hence. We are driving these changes with courage and energy and are making use of the opportunities provided by the German healthcare market and its regulatory framework. We are playing our part in guiding the healthcare sector into a sustainable future. By networking and focusing on digitalisation, we will make innovative applications and business models acces-sible for all patients. Our constant focus: ensuring the well-being and best possible care for everyone. The use of research to take medicine in new directions also plays a decisive role in this. Our goal is to discover new treatment methods and to apply these with common sense and to establish new care structures.

lead the way

Shaping the future of medicine

From innovative training concepts to setting up high-performance medical centres all the way to digital treatment methods – there are numerous good examples of how Asklepios is boldly **leading the way** and shaping the future of medicine. The focus in this context is always on the person.

lead the way

How we use innovative approaches to develop specialist staff

It takes the smartest minds to shape the future of medicine. This is why Asklepios is one of the largest training providers in the German healthcare sector. With innovative approaches, the company is not only taking important steps to address the shortage of qualified staff but is also systematically preparing junior medical and nursing staff today for the challenges of tomorrow.

Training junior medical staff at the Asklepios Campus Hamburg (ACH) of Semmelweis University

F → For many young people in Germany, the dream of a career as a doctor is shattered before it has even begun. Students who fail to achieve top marks in their school leaving exams have very little chance of securing a university place to study medicine in Germany. And those who manage to overcome this hurdle often find themselves in overcrowded auditoriums and lecture rooms at the state universities. This requires a great deal of perseverance. Asklepios has offered an alternative since 2008. “Asklepios was no longer willing to accept the status quo, and set up a partnership with Semmelweis University in Budapest, Hungary. Thirteen years ago, it was a very courageous and innovative project,” explains Dr Christoph Jermann, Managing Director of Asklepios Medical School GmbH, the non-profit company that operates the ACH. “However, in retrospect, we can say that our offering has established itself. Today, we compete on equal terms with the medical faculties of the state universities in Germany.”

Training to become a doctor based on this concept, which is unique in Europe, works as follows: students spend the first two semesters outside Germany, for example, at the renowned Semmelweis University in Hungary. There, they receive basic scientific training in the fields of biology and chemistry, but also anatomy and physiology. After this “pre-clinical” stage of the training, they can attend the ACH, where they complete the four clinical years of their studies. “We receive applications from all corners of the continent. This is the Europe we live in today,” says Dr Jermann, summarising the approach.

Each year, 65 to 75 applicants are accepted to study at the ACH. The young people are divided into groups of six to eight. The advantage: instead of sitting in packed lecture theatres, they learn in small groups from day one with personal contact to specialists. “Even during the first semester at the ACH, almost nine out of ten teaching hours are provided by senior consultants or senior physicians – something we are particularly proud of and that our students value highly,” says Dr Jermann. In November 2020, the Asklepios Medical School was also

Everyone deserves a helping hand: it would have been inconceivable for us to abandon our patients during the pandemic.

Kristina Hillmann (29) and Caroline Laudien (24) students at the Asklepios Campus Hamburg (ACH) of Semmelweis University and volunteer workers at the Student-Run Free Clinic in Hamburg – also referred to as the "StuPoli".

Kristina Hillmann and Caroline Laudien are both in their 10th semester at the ACH and are involved in a voluntary capacity in the management of the StuPoli alongside their medical studies. In cooperation with the ACH and the "CaFée mit Herz" in Hamburg's St. Pauli district, the voluntary student-run project of the ACH has provided consultations free of charge for the last three years to people in need and to those without health insurance or a permanent address. Asklepios supports the project with donations in the form of medicines and medical equipment. Once every week, the ACH students such as Hillmann and Laudien examine the patients under the supervision of a doctor and, by doing so, make a valuable contribution to the medical care of around 200 people in need each year. Since the start of the coronavirus pandemic, consultations have been held through a window – naturally while maintaining strict hygiene requirements. "We couldn't just leave the people to their own devices," say the two students. "Many of our patients are dependent on our support and vital medicines."

You can find out more about the StuPoli in the Asklepios Corporate Responsibility Report

awarded ISO 9001 certification with distinction – confirming the outstanding quality management at the ACH.

This unique approach has proved itself during the exceptional situation caused by the coronavirus pandemic in particular. As early as 2017, the Asklepios Medical School digitalised the application procedures as well as the timetabling process and subsequently incorporated a growing number of digital tools into the training. "This worked out extremely well for us in the spring of 2020. We were able to build on a digital infrastructure that enabled us to continue our teaching seamlessly. What's more, we had already focused on the goal of blended learning before the arrival of the coronavirus. This is a combination of virtual events and face-to-face teaching. This also meant that we did not need to interrupt our practical training," adds Dr Jermann.

And what happens to the young specialist staff after they graduate from the ACH? "We train the junior staff for Asklepios, but also for all other hospital operators. Roughly one in every three students subsequently decides to work for Asklepios. We are delighted about this," says Dr Jermann. Since the non-profit Asklepios Medical School does not receive any financial support from the government, the degree is financed by fees. Students with exceptional academic achievements receive merit-based scholarships in the form of fee reductions. As well as offering financial subsidies, Asklepios supports medical training at the ACH in many other ways: from the provision of the modern, centrally located campus building to the secondment of senior doctors to the teaching positions at the ACH all the way to arranging support from a range of Asklepios service companies.

Training junior nursing staff at Asklepios

If young people were to describe the ideal conditions for their training, they would probably include classes in modern, air-conditioned rooms with a stable Wi-Fi connection and digital whiteboards. Each student is provided with either a free tablet or books for the duration of their training. In addition, they may also receive an offer of accommodation in affordable, furnished apartments in a central location. And last but not least, all students who successfully complete their studies are offered a guaranteed position.

For the trainees at the Asklepios training centre for healthcare professionals (BZG) in Hamburg, this is not just a dream but a reality. Martina Dieckman heads up the facility, which was established in 1999, and knows that "The BZG Hamburg is not only the largest training facility of all companies in Hamburg but also one of the largest training centres in the healthcare sector nationwide. We are proud of that."

» The BZG Hamburg is not only the largest training facility of all companies in Hamburg but also one of the largest training centres in the healthcare sector nationwide. «

Each year, up to 1,400 people from 20 different countries complete their training at BZG Hamburg. From nursing specialists all the way to anaesthesia associates – the BZG provides centralised theoretical training content for a total of ten trainee professions for all Hamburg Asklepios hospitals. The trainees then complete the practical component of their training in the various hospitals. "This is also a really positive aspect for Asklepios because the young people already familiarise themselves with many of the specialist departments during their training. Here, everyone will find the right job," says Dieckmann.

The steady increase in the numbers also applying to study nursing at the BZG Hamburg can be attributed to another attractive offering: since 2019, the training centre has offered the "dual study course in nursing". Here, the training is linked to a bachelor's degree, which makes the profession particularly interesting to secondary school graduates. The nursing expertise acquired during the apprenticeship is developed in the university modules, and graduates qualify in this way for management roles in the field of nursing. "Demand is so high that we are offering 60 places in April 2021 for the first time instead of just 30," says Dieckmann.

"During the past year, the coronavirus pandemic has focused public attention on nursing jobs in an unprecedented way. That was important for us and we are doing everything we can to ensure that the public awareness of the importance of this group of professions and the associated training is maintained," explains Dieckmann.

The second main pillar of the BZG, the area of further education and training, also played a special role in 2020. After all, specialist intensive care training became particularly important during the pandemic given that personnel for intensive care units nationwide were even more in demand. Around 50 intensive care nurses now undergo further training at the BZG each year.

Asklepios is also well positioned outside Hamburg when it comes to training junior nursing staff. In almost every region, Asklepios has established central nursing schools that provide tuition in line with the statutory regulations of each federal state, with the practical part of the training then taking place at one of the approximately 170 Asklepios facilities. The trainees also receive meaningful support in this case.

This is borne out, for example, in the Asklepios Südpfalzkliniken in Germersheim and Kandel. "The nursing training can sometimes be very challenging. That makes it all the more important for us to address the concerns and wishes of our trainees and to make them feel secure from the outset," says Vanessa Demmak, a practical instructor at the Asklepios Südpfalzkliniken.

Together with her colleague Kerstin Scheid, she is responsible for recruiting and training prospective nursing staff in Germersheim and Kandel. The two

Around 30 industrial trainee positions

understand the importance of personal interaction with trainees and support their protégés from the start of their training on their path to a career in nursing. “Communication as equals, mutual sincerity and appreciation are particularly important – not only to attract new entrants to the nursing profession, but to spark their long-term interest in the job,” say the practical instructors.

That the pair have been successful in this regard is reflected in the number of trainees at the Südpfalzkliniken, which has virtually tripled from 2013 to the present day. This sends a powerful signal in the fight against the nationwide shortage of qualified staff and represents an outstanding success that has set a precedent for numerous other Asklepios locations. ←

Around 3,800 medically related trainee positions at Asklepios throughout Germany

Around 100 commercial trainee positions

lead the way

How we drive forward medical excellence through specialisation

In these times of highly specialised medicine, access to the best possible care is one of the critical questions for the future of the healthcare sector. The answer from Asklepios is the strategy of excellence that involves the company establishing centres of excellence and specialisation throughout Germany. With their focus on specific medical symptoms, these centres of excellence develop a cross-regional allure. This makes the hospitals more attractive and enables more patients to benefit from excellent medical care.

C → Center of Excellence: Bad Tölz

In 2017, Prof. Roman Ganzer presented the shareholder and the management of Asklepios Stadtklinik Bad Tölz with an ambitious vision for the introduction of robot-assisted surgery, which would make it possible to establish a department at the Bad Tölz location with a widely recognised specialisation in minimally invasive urological procedures. Among other things, this would require substantial investment in technical equipment, such as the ultra-modern da Vinci robotic surgical system, and in the team. The plan was ambitious in several respects. Firstly, no other hospital in the Asklepios Group had yet acquired a da Vinci surgical robot and, secondly, the Bad Tölz location was relatively unknown until then. "It suffered from a lack of innovation and had no clear area of specialisation," explains Ganzer. The figures showed that the majority of patients requiring complex interventions tended to migrate to adjacent hospitals instead. To curb this trend, Ganzer started work as a new senior consultant in Bad Tölz in July 2017 – and immediately set about implementing his plan.

A da Vinci robotic surgical system during an operation

Ganzer's Plan was also well received at Asklepios because it was entirely compatible with the Group's strategy of excellence. For many years, Asklepios has established high-performance medical centres with a cross-regional allure throughout Germany with the aim of offering patients the very highest standards of medical care in an era of rapid medical advances. In doing so, these centres of excellence maintain a very deliberate focus on treating specific illnesses or carrying out specific procedures. They stand out not only with their teams of relevant specialists, but by virtue of an infrastructure that is ideally adapted to the particular medical symptoms. To date, Asklepios has designated a large number of departments in a wide range of disciplines across Germany as centres of excellence – with Bad Tölz becoming the first in the field of urology in 2018.

"What sets our department apart is the broad spectrum of minimally invasive urological operations that we currently perform using both the da Vinci robotic surgical system as well as 3D laparoscopy," explains Ganzer. "The confidence that the Group showed in our concept made this development possible in the first place."

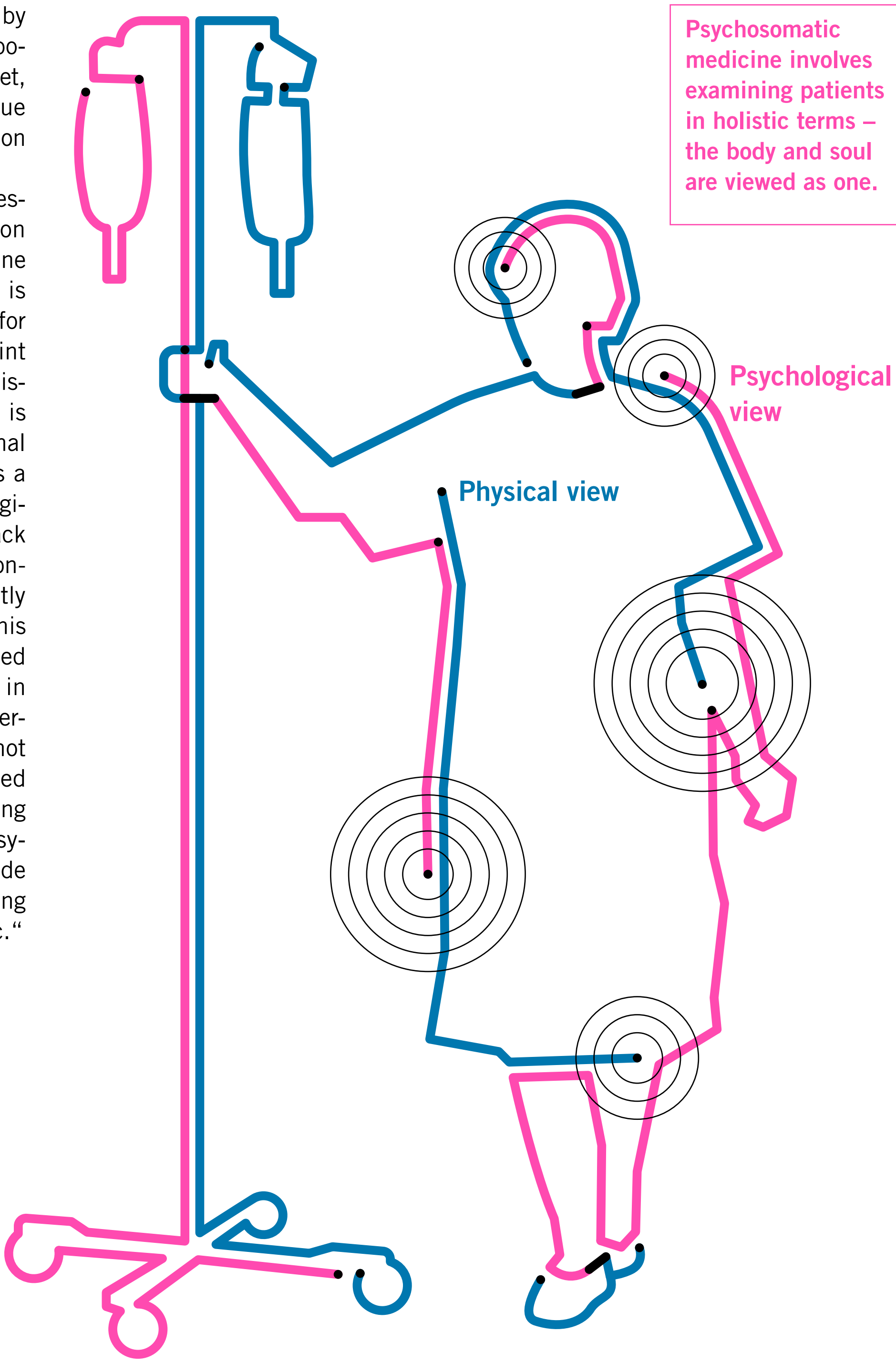
Trust, and the investment strength of the Asklepios Group, which made the acquisition of the multi-million-euro da Vinci operation system possible. The commitment is paying off: the urology department in Bad Tölz now receives above-average ratings from patients, enjoys cross-regional recognition and is recording continuous growth in patient numbers from a catchment area that spans multiple regions. "Despite the coronavirus pandemic, we also managed to outperform the previous year again in 2020 and exceeded our target planning. This speaks for the trust that our patients and referring physicians have in our department and our mission to bring together the triad of high medical quality, excellent processes, as well as sincerity and compassionate humanity."

S → Specialisation in psychosomatic medicine: Südpfalzkliniken

The two Südpfalzkliniken locations in Germersheim and Kandel also recognised the many advantages of specialisation: “We want to offer our patients accumulated expertise and provide them with excellent care,” explains Managing Director Frank Lambert. “If we want to offer medicine at the very highest level in the future in a district with two adjacent hospitals of medium size offering standard care, we can only do so by creating specific unique selling propositions that will set us apart in the market, thereby offering genuine added value in highly specialised medicine based on excellent patient care.”

To this end, Lambert has been establishing Germersheim as a location specialising in psychosomatic medicine since 2018. In Germany, this area is largely covered by specialist clinics for psychiatry and psychotherapy – a point that Lambert believes is worthy of discussion: “Psychosomatic medicine is essentially an area concerning internal medicine, which ultimately requires a holistic view of the person. Psychological illnesses can often be traced back to somatic, i.e. physical, illnesses. Conversely, physical illnesses are frequently the result of emotional problems. This kind of approach can be implemented very effectively in a single hospital in which these different disciplines operate side by side – although this is not the norm. This is why we are pleased to be able to offer patients outstanding treatment options in the area of psychosomatic medicine, which are made possible by our approach of combining these forms of expertise in our clinic.“

Psychosomatic medicine involves examining patients in holistic terms – the body and soul are viewed as one.



The specialisation, which was introduced at the Südpfalzkliniken in September 2019, met with high demand from the outset and the eight therapy places were immediately booked out. Today, the psychosomatic medicine department in Germersheim generally cares for 25 to 30 patients. At the same time, the second Südpfalzkliniken location in Kandel, which offers a wide range of treatments in the area of heart attacks and breast cancer, benefits from the new expertise. Especially with these medical symptoms, many patients become psychosomatically vulnerable when they undergo a course of therapy. For this reason, the Südpfalzkliniken established close communications between the cardiology, gynaecology and psychosomatic specialists from Germersheim in order to provide support for patients as early as possible. "These types of ground-breaking concepts enable us to acquire a cross-regional reputation and achieve corresponding utilisation," says Lambert.

The management at the Südpfalzkliniken is currently focusing on another special topic: endocrinology. This relates to illnesses that can be attributed to the hormonal balance and affect the thyroid, parathyroid and adrenal glands in particular. "Endocrinology is a niche area of internal medicine and only around two percent of all specialists are qualified endocrinologists," says Lambert. "In the meantime, we have two absolute experts at the Südpfalzkliniken, both of whom have worked on endocrinological medical symptoms for many years from an internal medicine as well as a surgical perspective. It is therefore only logical that we are currently working to establish an interdisciplinary centre of excellence in the field of endocrinology here over the next few years – and to create yet another flagship for the high quality of medical care at our hospitals." ←

Young blood

» 2020 was an absolutely crazy year but it enabled us to become even closer as a team. «

Steffen Meyer (36)
Operating Manager, Asklepios Klinik St. Georg, Centre of Excellence for Cardiac, Vascular and Metabolic Medicine

Who is actually responsible for ensuring seamless processes in the hospital? Keeping everything running smoothly during and between surgical operations requires not only doctors and nurses but also what are known as operating managers. One of these is Steffen Meyer, who oversees a total of 15 operating theatres at the Asklepios Klinik St. Georg in Hamburg. Given its status as a centre of excellence for cardiac and vascular diseases, many patients with corresponding medical symptoms make a very deliberate choice to be treated by the specialists at the Klinik St. Georg. Here, Meyer ensures that the operations run smoothly. During busy periods, there can sometimes be more than 50 operations per day – including unscheduled emergencies. During the coronavirus pandemic, St. Georg dealt with particularly high numbers of emergencies because the hospital is one of three designated facilities for Severe Injury Type Procedures (SAV) in Hamburg and was therefore the first port of call for emergency services if other hospitals were overloaded with coronavirus patients. After all, numerous other emergencies, such as heart attacks or work accidents that require immediate medical treatment, still occur even during a pandemic. Whereas the Klinik St. Georg with its centre of excellence was already a preferred destination for these cases even before the coronavirus, this trend became even more pronounced due to capacity shortages at other hospitals during the pandemic. Despite the enormous additional stress and days on end spent "driving by sight", Meyer can also point to a positive aspect of the situation: "The pandemic brought all of us even closer together; one can only overcome this kind of stress as a team."

lead the way

How we exemplify the transition to digitalisation

Treatment-relevant patient information is incorporated into the digital patient chart. Staff can then quickly access all the information required to make treatment decisions.

Digitalisation makes life easier, more efficient and more reliable – in hospitals as well. For this to succeed, it is always necessary to secure the willingness to explore new horizons. User orientation plays an essential role in this. Asklepios leads by example in this area and its introduction of the digital patient chart or cooperation with the Health Innovation Port (HIP) demonstrates how the cultural shift in the healthcare sector can be successfully achieved.

T→ The future of medicine is digital and networked. With augmented reality in its treatments, da Vinci robots in its operating theatres and medical advice delivered via video consultations, patients can already experience these things today at many Asklepios facilities. The pioneering role of Asklepios is the result of a culture that encourages openness and embraces innovation. Marco Walker, Chief Operating Officer (COO) at Asklepios, sums it up: "One third of the success of digitalisation is based on technical innovations and the rest is the cultural mindset. The digital hospital thrives on the willingness of employees to actively accept new solutions and provide feedback to make every day better."

Early involvement is the key to success

The Asklepios hospital in Langen is a particularly good example of how the company is effectively driving its transition to a digital, integrated healthcare group and bringing its workforce along on this journey. Benjamin Albers is the senior consultant in the surgical department and successfully introduced the digital patient chart on his ward in November 2020 as part of a Group-wide pilot project.

A chart is created for each inpatient for the duration of their hospital stay. This contains a large amount of information of relevance to the treatment and forms the basis for numerous therapy-related decisions. Information that previously had to be compiled with great effort by staff and then copied by hand is now recorded quickly and easily on mobile computers at the Asklepios hospital in Langen. From the data entered, the system simultaneously creates the chart, which provides the personnel responsible with an important decision-making tool. Albers explains that the digital chart presents obvious advantages: "Since we no longer need to format the different types of information manually and because data can be recorded quickly and easily, we are saving one thing above all else – valuable time that we can devote to our patients instead. At the same time, we can access the chart at any time and from any location."

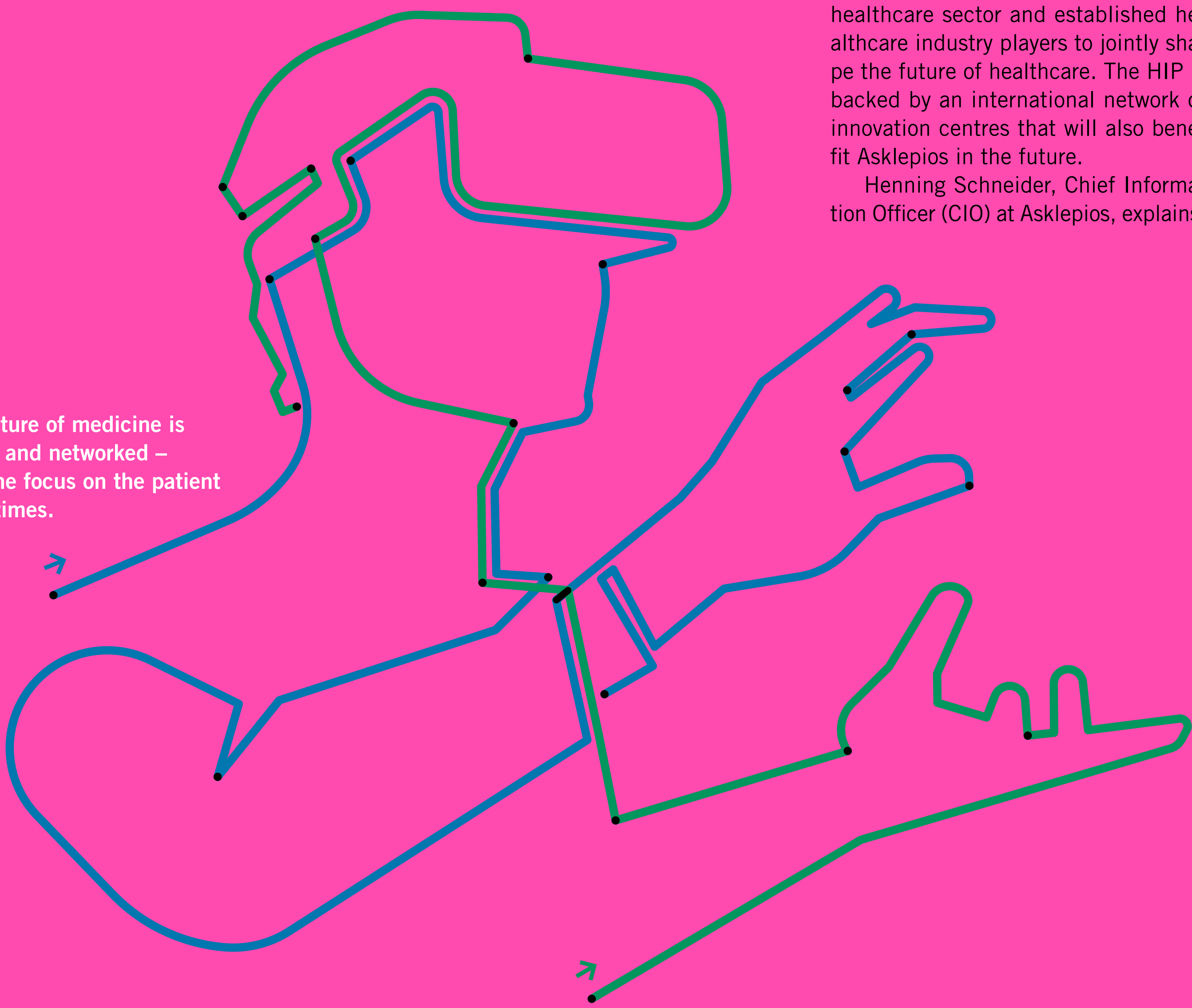
» Mindset and digitalisation: impossible without acceptance! «

Despite the many advantages, there were also concerns about the innovation in advance of its introduction. Albers, who previously oversaw the roll-out of the new hospital information system Orbis in 2016, knew how to respond to this situation: "Many employees quickly abandon their scepticism about new technologies as soon as they work with the tool for the first time. Therefore, it is particularly important that employees become familiar with the new technology as early as possible. For this reason, we trained as many employees as possible even before the roll-out took place." To increase acceptance of the new technology, Albers relied on the established key user concept at Asklepios. It's an approach that was specially developed by the company and is used throughout the Group. Key users are specially trained employees from the future user group, who then share their knowledge on the wards and with the workforce. At the Asklepios hospital in Langen, this approach has proved its value once again, and senior consultant Albers is delighted with the result: "The introduction was a complete success from the get-go. Our project has set a precedent and we will add one ward after the other over the coming months – until the entire hospital is digitalised." By 2022, the digital chart will be introduced at all Asklepios facilities throughout the Group.

Learning from start-ups in the healthcare sector

To maintain our status as pioneers in the future as well, Asklepios is focusing not only on the systematic digitalisation of its facilities but also on collaborations with start-ups. In November 2020, for instance, the company announced a partnership with the Health Innovation Port (HIP) in Hamburg. Since its foundation in 2017, the HIP has been bringing together start-ups from the healthcare sector and established healthcare industry players to jointly shape the future of healthcare. The HIP is backed by an international network of innovation centres that will also benefit Asklepios in the future.

Henning Schneider, Chief Information Officer (CIO) at Asklepios, explains:



The future of medicine is digital and networked – with the focus on the patient at all times.

In the future, communication between different stakeholders in the healthcare sector will become increasingly important – the interaction between start-ups and established players creates an ideal eco-system for innovations.

"This cooperationputs us in contact with thousands of start-ups all over the world.

At the same time, we can share a large amount of exciting content from the HIP events with all employees at Asklepios with the help of live streams. In so doing, we are incorporating the topic of innovation into our everyday routines in a much more tangible way and are encouraging our teams to explore new paths of their own."

After just a few months, the partnership with HIP is already bearing its first fruit. Together with the start-up 360-Medical, Asklepios is revising policies at the Asklepios Tumour Centre in Hamburg. As part of this process, consistent treatment procedures, communication channels and documentation processes are currently being coordinated across the Group. And with the start-up Darvis, Asklepios has launched a project to improve its bed logistics management at the Asklepios Klinik Nord. For Schneider, however, this is merely the beginning, and the CIO believes that this cooperation offers even greater potential for the future: "Right now, we are planning another three projects with the HIP, which we will implement in the coming months. As an established company in the healthcare market, this not only gives us access to the latest innovations, but also lets our employees experience the spirit of the start-up world for themselves." ←

Young blood

With our e-health offerings, we were able to reduce face-to-face contacts during the pandemic and support the coronavirus vaccination centres.

Annika Renelt (32)
Service Owner
Telematics Infrastructure at
Asklepios Service IT GmbH

Annika Renelt began her career as a public health and hospital nurse. After successfully completing her training, Renelt studied nursing development and management, subsequently graduating with a master's degree in e-health. Today, she applies this expertise at Asklepios as a manager of the telematics infrastructure – using digital solutions to create networks between the various stakeholders in the healthcare sector. In this function, she also managed the roll-out in 2020 of e-Health applications such as the online appointment booking platform samedi across the Group. By introducing video consultations by samedi during the year of the coronavirus, Renelt's timing could not have been better. Video consultations helped reduce face-to-face contacts in the hospitals while the online appointment booking system allowed vaccination appointments to be allocated quickly and easily. Renelt's next major project is the Group-wide introduction of the electronic patient record (ePA) as part of the telematics infrastructure integration that will add further momentum to the digitalisation of Asklepios facilities.

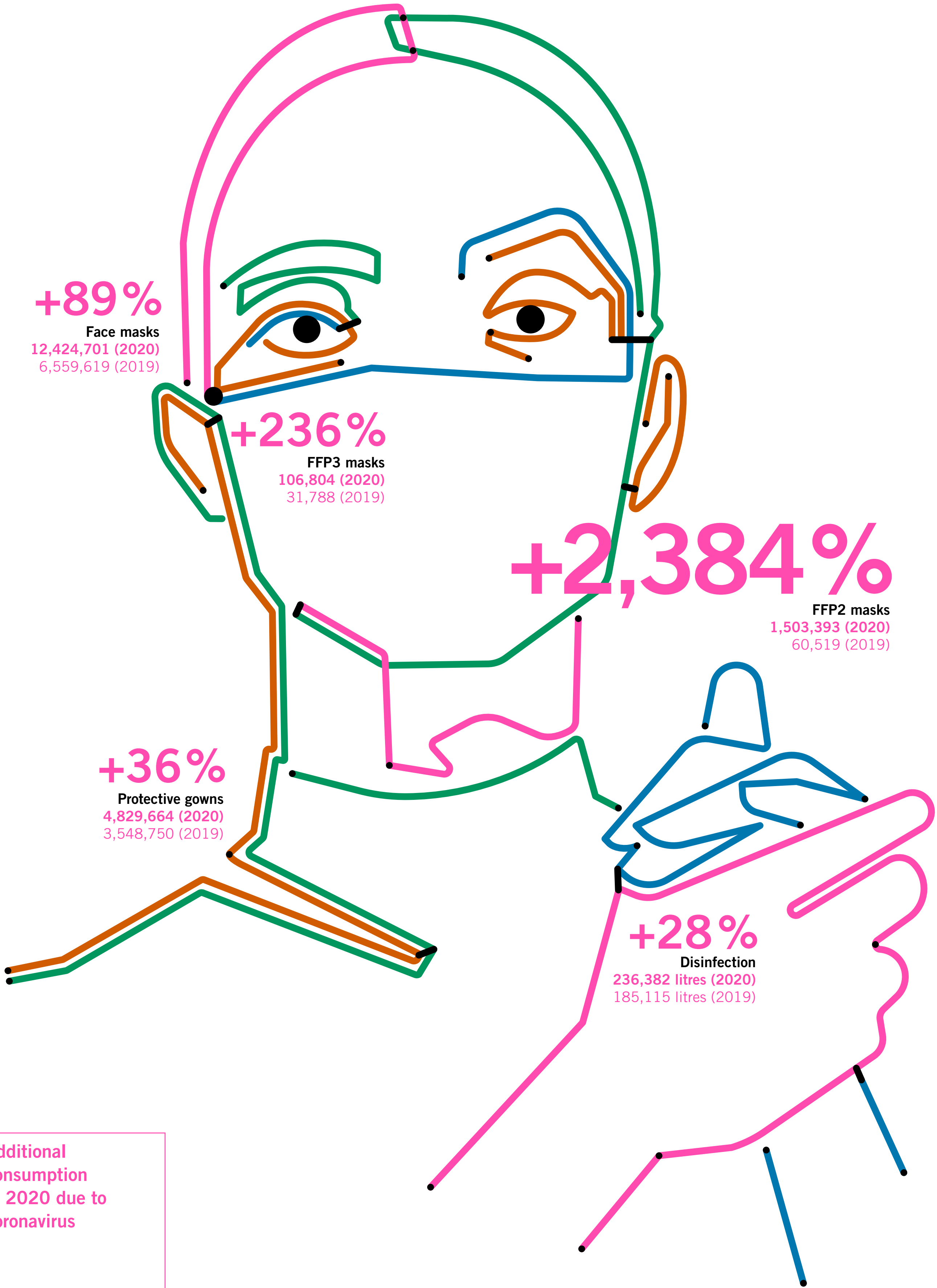
lead the way

How we ensure the provision of care

Medical care at Asklepios is also mainly concerned with treating patients, but not exclusively: the purchasing department also has a decisive role to play. It competes on international markets to procure high-quality products at acceptable prices. It then makes these products available to the hospitals at the right time and in the right quantities. In 2021, the provision of medical supplies at Asklepios will benefit from additional support from the central warehouse in Bad Oldesloe.

Anyone who wants to see the future of medical supplies should pay a visit to the peaceful town of Bad Oldesloe in the German state of Schleswig-Holstein. At a site located about half an hour's drive on the motorway from Hamburg, one of the most modern central warehouses in the healthcare industry is currently being completed. On an area the size of nine football pitches, 30,000 pallet bays for supplying the Asklepios Group are under construction. The company is investing approximately EUR 50 million in this ultra-modern facility. "The central warehouse in Bad Oldesloe is the new backbone for medical supplies to Asklepios," says Reinhard Wiedemann, summing up the new project.

Wiedemann is the Managing Director of Asklepios Service Einkauf & Versorgung GmbH and one of the chief procurement strategists at Asklepios. His team has come through an extremely eventful year: in addition to managing the large-scale project in Bad Oldesloe, the team spent most of its time dealing with the effects of the coronavirus pandemic. "Things happened in 2020 that even experienced buyers had never experienced before. International supply routes collapsed and suppliers disappeared from the market from one day to the next. Nevertheless, our team did an outstanding job and ensured that the hospitals had access to adequate supplies at all times," says Wiedemann.



Additional consumption in 2020 due to coronavirus

Young
blood

»

Thanks to the work of our team, we were able to guarantee security of supplies for all our patients at every stage despite the effects of the coronavirus pandemic, and fully implement our planned projects.

«

Janis Gadanac (28)
Managing Director of Asklepios Service Einkauf und Versorgung GmbH, Asklepios Einkauf & Versorgung Hamburg GmbH, and Aponova Home & Care GmbH

Janis Gadanac celebrated ten years of working at Asklepios in September 2020, but this was not the only reason why 2020 was one of the most eventful years of his career to date. As managing director of the central purchasing companies at Asklepios, he has overall responsibility for the Group's purchasing activities as well as for the necessary logistics processes. And it was his team that guaranteed the security of supplies for all Asklepios facilities during the pandemic. At the same time, the challenges of this exceptional year did not prevent him from resolutely driving other key projects forward, such as the expanded cooperation with the RHÖN hospitals, the introduction of SAP S/4HANA or establishing new business segments with Aponova Home & Care GmbH. Gadanac has set himself ambitious goals for the future and wants to open up new markets for Asklepios – for instance, by using his team's procurement and logistics expertise to supply medical materials to facilities outside the Group as well.

At the heart of the Asklepios purchasing strategy: centralisation

For several years now, Asklepios has pursued a strategy of standardising and centralising its purchasing processes. For instance, the company centralised its procurement of clothing for medical personnel as early as 2016, and this proved to be a very positive experience. This approach was vindicated in particular at the height of the pandemic. At a time when virtually no deliveries were arriving in Germany, the Asklepios hospitals were able to rely on the central warehouses.

However, this strategy also offers key advantages during normal operations. Thanks to the new central warehouse in Bad Oldesloe, capacities at the company are now so great that the buyers can negotiate directly with suppliers in Europe and worldwide and secure the best prices. Furthermore, Asklepios also benefits from extremely efficient logistics. Thanks to fully digitalised processes, the requirements from healthcare facilities are received in real time. This helps the buyers to optimise their orders and the logistics specialists to plan their deliveries.

“The central purchasing strategy allows us to monitor and maintain the quality of the products. Since we negotiate directly with the manufacturers, we are securing flawless products for Asklepios from production through to their application in the hospitals,” explains Wiedemann. Specialist groups consisting of buyers and medical experts were set up for quality assurance purposes and they continuously improve procurement activities. The days when purchasing managers sat in an ivory tower and pored over orders are long gone at Asklepios.

The new Asklepios central warehouse in Bad Oldesloe

The RHÖN hospitals will also profit from the new central warehouse

As they look to the future, the buyers at Asklepios see the cooperation with the RHÖN hospitals as being particularly important. No sooner had the partnership been agreed than representatives from both companies had set up joint expert groups to explore how best to utilise synergies in purchasing and how to further improve the quality of the products. The new central warehouse also plays a key role in this respect – after all, the RHÖN healthcare facilities will profit from them as well.

Deliveries from Bad Oldesloe will be ramped up on a phased basis starting in the second half of 2021. The gigantic operation will be orchestrated by just 70 employees as the processes are fully automated. Lead Buyer Wiedemann summarises the project’s significance: “For us buyers, the coronavirus introduced a new currency – and it’s called security of supply. With that in mind, the new central warehouse is quite literally worth its weight in gold.”

lead the way

The future of medicine needs finance

Hafid Rifi
Chief Financial Officer (CFO),
Deputy CEO of Asklepios

In this interview, Hafid Rifi, Chief Financial Officer (CFO) and Deputy CEO of Asklepios, looks back at a financial year dominated by coronavirus and shows how Asklepios secured its own long-term financing despite the exceptional circumstances. He reports on the conclusion of the RHÖN transaction and the successful placement of a schuldschein loan, and he explains the role of ESG in Asklepios' financing.

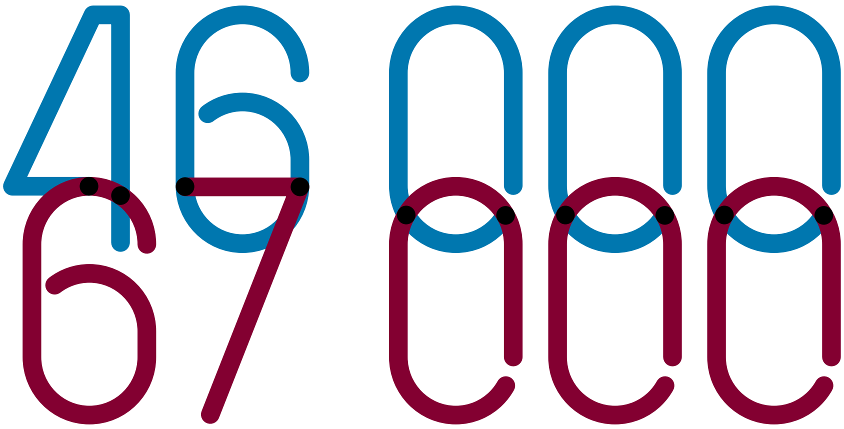
Mr Rifi, the 2020 financial year was a challenging and eventful year, not only because of coronavirus. What is your personal takeaway?

The 2020 financial year was actually an exceptional year for Asklepios in various respects. In a time when the entire healthcare sector came under unprecedented pressure due to the coronavirus pandemic, we successfully concluded the largest transaction in Asklepios' corporate history. At the same time, we proved in the past financial year that Asklepios is able to keep up its long-term growth strategy even in challenging situations. We invested nearly EUR 290 million of our own funds into our healthcare facilities to secure our mandate to supply services in the future. In addition, we again increased the proportion of full-time workers among our medical staff compared with the previous year. This allows us to provided optimum care for our patients – during and after the coronavirus crisis.

You mentioned the conclusion of the RHÖN transaction. What is the significance of this step for Asklepios?

The successful conclusion of the voluntary takeover offer for RHÖN-KLINIKUM AG is definitely the biggest milestone of the 2020 financial year – but also a landmark event in our corporate history overall. The strategic partnership with the RHÖN hospitals is all the more important in light of the effects of COVID-19. Together with RHÖN, we cared for over 2.6 million patients and generated revenue of EUR 4.3 billion in the current financial year. With over 67,000 employees, Asklepios is an important employer in Germany. These dimensions illustrate the far-reaching impact that the strategic partnership between Asklepios and RHÖN will have in the future.

Total assets
EUR 3,500 million (2015)
EUR 6,300 million (2020)



Employees
46,000 (2015)
67,000 (2020)

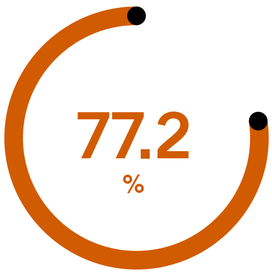
Given the added pressure of the coronavirus pandemic, that sounds like quite a feat.

That's right. We had to overcome the numerous challenges of the pandemic in the here and now while simultaneously creating something with the RHÖN transaction that would enrich our shared future in the long term. This was not always easy and demanded a lot from us at times. What our employees achieved is remarkable and makes me incredibly proud.

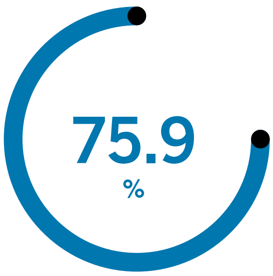
With the RHÖN transaction and the added pressure of the coronavirus pandemic, 2020 was surely also a financially exciting year. How did Asklepios secure its own financing in light of these circumstances?

Asklepios was best prepared for the crisis and has so far absorbed the financial impact of the pandemic. We were foresighted at the very beginning of the pandemic and laid particular emphasis on our liquidity. For example, we quickly utilised a credit facility in order to secure our liquidity. We also intervened profoundly and extremely successfully in our working capital management in order to optimise our cash flow on a permanent basis. In truth, however, there is also a very practical reason that we were able to secure our liquidity, namely because our IT department enabled our administrative employees to work from home so quickly, and we were able to process all cash flows reliably despite the government coronavirus restrictions.

Proportion of medical staff (FTEs)



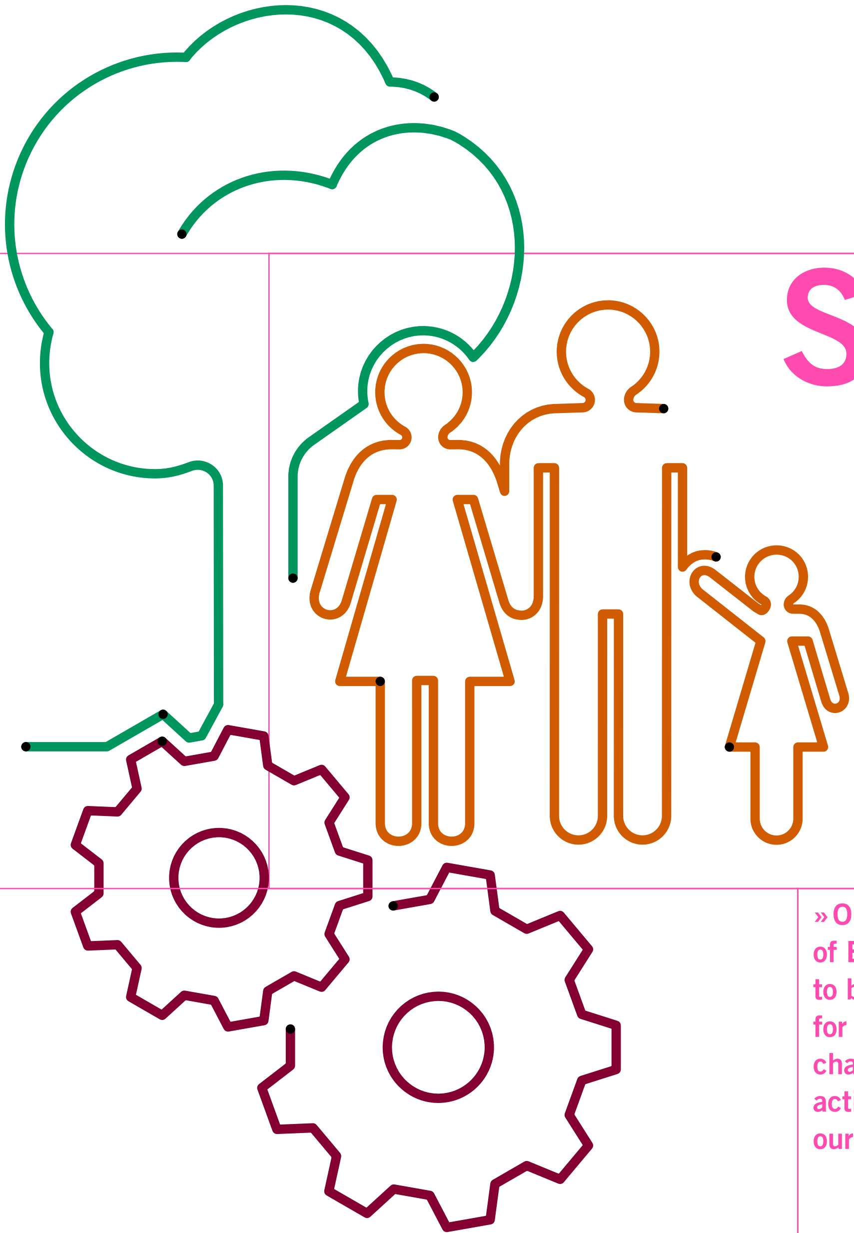
2020



2019

Environment

Social



» Our efforts in the area of ESG are and will continue to be a central objective for Asklepios, and will characterise all our actions and thus also our financing. «

Governance

What role did the placement of a schuldschein loan in October 2020 play in financing?

Irrespective of the coronavirus, Asklepios pursues a long-term financing strategy that aims to ensure a balanced maturity profile and financial flexibility as well as optimum capital costs. For this reason, we took advantage of the positive environment for transactions in the non-cyclical healthcare market and placed a schuldschein loan of EUR 730 million during the third quarter. This was one of the biggest transactions in the schuldschein market in all of 2020. We used the funds raised in this way entirely for refinancing, specifically for the early repayment of the acquisition financing for the RHÖN transaction. Strictly speaking, we were under no pressure to take this step, although it delivered significant interest savings and gave us the benefit of significantly extended terms. Personally, I was particularly pleased to see that we had two investors giving us the ultimate vote of confidence with terms of more than 20 years.

How important is the topic of ESG with regard to financing?

Our efforts in the area of ESG are and will continue to be a central objective for Asklepios, and will characterise all our actions and thus also our financing. We conduct business sustainably and invest continuously – but always with a sense of proportion – in our now approximately 170 healthcare facilities in order to continue offering our patients the best possible medical care and thus remain successful on the market in the long term.

Can you give specific examples from the past financial year that show how Asklepios anchors ESG in its facilities?

As a healthcare group, we are aware of our special responsibility to protect natural resources. By establishing intelligent, comprehensive energy and building management, we are making use of potential CO2 savings without compromising the security of supply. The social aspect is immensely important to us, not only with regard to the best possible medical and safe treatment of our patients, but also with a particular focus on prevention and the health of our employees. I would also like to stress that compliance at Asklepios is not merely a matter of adhering to legal requirements and internal rules, but also a question of attitude – which we formulate in our principles of conduct. Our principles of conduct are therefore fundamental and are not only communicated internally but also available externally. We are therefore proud of winning the Axia Best Managed Companies Award 2020 from Deloitte, WirtschaftsWoche, Credit Suisse and the BDI. We want to lead by example here, too.

Can this also be attributed to transparent CR reporting?

Absolutely. Asklepios remains in a strong position in this regard, and for the 2020 financial year we have published our third Corporate Responsibility Report, which was very well received by investors. This year, we also published our first public services report in which we cite numerous examples that clearly show our contribution to healthcare in Germany.

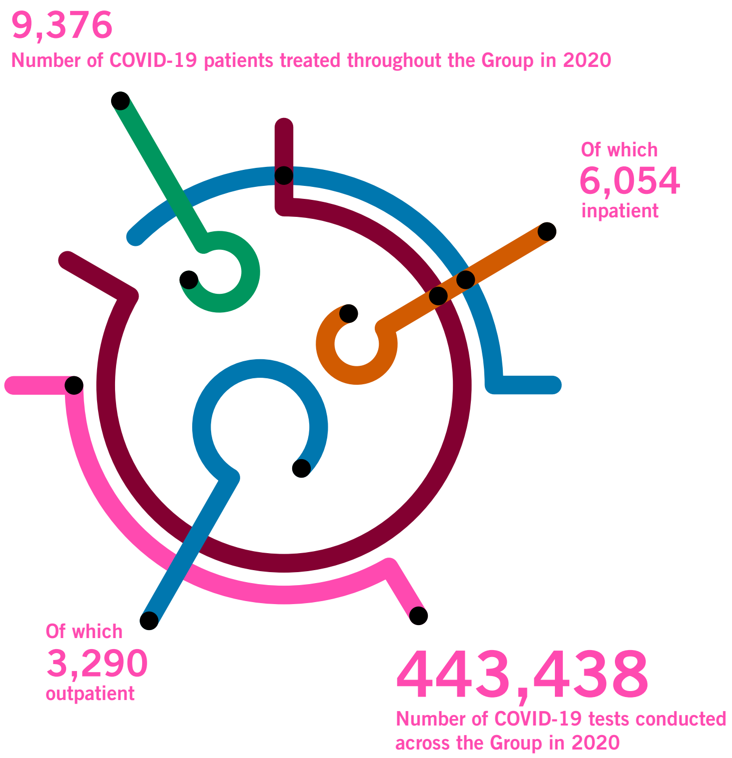
Let us conclude by taking a look to the future. Which focus topics will Asklepios be pursuing in the months ahead?

The coronavirus pandemic will be with us for many more months. From this perspective, the current financial year will also be a challenging one. Nevertheless, I believe that we have spent the last few months putting the right measures in place for the future. The integration of the RHÖN hospitals is making constant progress and enables us to exploit previously untapped potential. Thanks to economies of scale, we are creating additional scope for investments in medical equipment and our staff. Another focus topic is the ongoing implementation of SAP S/4HANA. In 2020, we were the first healthcare group to implement the system in order to standardise our financial and logistics processes within the group, to align them with end-to-end processes and to bring them up to date technologically. This was an essential step towards the digitalisation and standardisation of all our processes within the Group and an absolutely crucial step for us. Despite the ongoing strain of the coronavirus pandemic, we therefore consider ourselves to be excellently prepared for the future and are looking ahead with great optimism. ←

lead the way

Fighting COVID-19 together

In the interview, Prof. Christoph U. Herborn, Chief Medical Officer (CMO) of the Asklepios Group, looks back on a financial year dominated by the coronavirus. He explains why the performance of the staff at Asklepios was so extraordinary, how the support provided by the state should be assessed, and what lessons from this exceptional situation we can take with us for the future.



T→ The dominant topic worldwide over the past twelve months was the spread of the coronavirus. Was Asklepios prepared for the pandemic?

At the beginning of 2020, nobody expected that the virus would hit Germany, Europe and the rest of the world so hard. The window of preparation in the spring was very short and intensive. Compared with many other healthcare companies, Asklepios benefited from the fact that it always considers these kinds of scenarios and conducts regular training drills at its hospitals to prepare for catastrophes and exceptional circumstances. Even during the first wave of infections, we were able to mount a rapid and targeted response. It goes without saying that the coronavirus also presented challenges for us – but none for which we were unable to find a solution ourselves. Credit for this must go above all to the outstanding commitment of our employees.

A decisive part of the preparation relates to the purchase of protective equipment. How well did this work at Asklepios?

Right across Germany, our purchasing colleagues faced a very uncertain situation at the start of the crisis. We encountered bizarre situations with dubious offers and astronomical prices. However, our purchasing strategists and the central pharmacy held their collective nerve and calmly continued their work to meet the needs of our patients and employees. We secured strategic reserves at an early stage and remained well-prepared throughout even with regard to the critical items of personal protective equipment. To provide added reassurance, we took a range of steps that included the development of a reprocessing procedure with external partners that would have made it possible to re-use FFP masks. Fortunately, we did not need to use the recycled masks since we were able to meet demand at all times from our inventories.

How did the pandemic proceed from an internal Asklepios perspective?

After the partial lockdown in spring 2020, we experienced an easing of restrictions and a calmer phase over the summer months. This gave our staff a moment to catch their breath but also a vital opportunity to share the knowledge and experience they had gained during the first wave so that we could prepare for the autumn and winter. It was clear that we would witness traumatic new negative records in terms of case numbers and, unfortunately, fatalities in conjunction with COVID-19 during the subsequent surge phases. Although we recorded a dramatic decrease in the number of patients that we would normally treat throughout the year, the number of COVID-19 patients requiring inpatient care at our facilities rose to record levels at the turn of the year.

That sounds enormously stressful.

For our employees, it really was an extreme challenge, especially in the emergency departments, the specialised COVID-19 wards and, of course, in the ICUs. We truly owe an enormous debt of gratitude to these teams and to all other employees. However, the people that should not be forgotten in all of this are our patients and, above all, their relatives. It was with a heavy heart that we implemented the vital regulations to contain the spread of the virus in our facilities. In reality, this resulted in a scenario in which the opportunities to visit severely ill patients were severely restricted for a time. Fathers and relatives could only see new-born children after childbirth or from a distance. In these situations, our employees showed a great deal of sensitivity and weighed up the different interests correctly.

The state attempted to support the healthcare facilities with a range of emergency laws and measures. Were these successful?

It became clear precisely during the crisis what we have been criticising for years – the regulatory framework in this country is overly bureaucratic, too short-sighted and frequently at odds with the interests of patients. This is particularly serious in an extraordinary situation such as this and it pushed other healthcare companies to the brink of financial extinction. We would have welcomed it if politicians had decided on simplified regulations in the interests of providing certainty for hospitals' planning and liquidity. Instead, our overall view can only be that many of the resolutions adopted were not very practical or even purposeful.

Is there anything positive that one can take from the pandemic, which without doubt had very serious consequences worldwide?

I do believe that there is a greater awareness in society of the importance of medical care. That gives everyone who works in the sector a good feeling. From my perspective, the fact that people continue to pay more attention to hygiene is another positive development. However, what pleases me most is that I also observed people in our workforce question established routines in response to the coronavirus. All of a sudden, processes that would have been unthinkable in 2019 were now possible. I firmly believe that our work will become more agile and will make greater use of digital technology in the future – also in order to respond even more quickly to unforeseen situations such as a pandemic. ←

Asklepios researches:

"CORONA Germany Study"

Research and innovation are the basis for the medicine of the future. Asklepios is leading by example here and has supported clinical research and development projects together with ASKLEPIOS proresearch since 1998.

One current example of highly relevant scientific research at Asklepios is the nationwide CORONA Germany Study conducted in 2020 by researchers at the Asklepios hospitals in Hamburg, the Asklepios Specialist Clinics Munich-Gauting and the Asklepios Klinik Oberviechtach. The project was coordinated by ASKLEPIOS proresearch and supported by the Asklepios Hamburg campus of Semmelweis University in Budapest, Hungary. The goal of the epidemiological study was to investigate how possible risk factors influenced the progress of the COVID-19 illness and the mortality rate of patients.

From mid-February 2020 to the end of December 2020, the anonymised study recorded research data from almost 5,000 cases across 45 Asklepios hospitals. The data recorded included the age, gender, the progress of the illness as well as the need for artificial ventilation. Additional detailed data such as ventilation parameters or the medications administered were recorded for a further cohort study totalling almost 500 cases.

Armed with insights about the early indications of serious illness, we can make predictions that are vital to the subsequent treatment of the patients. In this way, we can provide potentially high-risk patients with comprehensive medical care at an early stage – thus significantly improving their chances of survival if they become seriously ill.

The study has since been submitted for publication and is currently in the review process.

Looking ahead, Asklepios will continue to make use of its infrastructure throughout Germany and will further expand its research and teaching activities throughout the Group. With the RHÖN hospitals and the University Hospital of Giessen and Marburg (UKGM), Asklepios is ideally positioned to do this.

Together with RHÖN, we can further improve the medical care we provide to our patients.

Letter from the shareholder
Dr Bernard große Broermann

2020 was a historic year – both for the Asklepios Group as well as for the healthcare sector in Germany. The COVID-19 pandemic was an exceptional situation with far-reaching consequences for virtually all areas of our society and economy. At the same time, it exposed weaknesses not only in the medical supply chain but also with regard to patient and staff safety that must be addressed and improved. This will require courage from legislators as well as from important institutions and stakeholders in the healthcare sector, but also from every individual. The title theme of this year's annual report "lead the way" with its many valuable initiatives for the journey into the future of medicine is therefore entirely fitting.

Our ability to lead the way on a sound footing is thanks to the steady and solid growth achieved in previous years. In my role as shareholder of the Asklepios Group, I hope that you will allow me to mark this extraordinary year with a brief review to put the most recent events into context.

The Asklepios hospitals were founded in 1984 – the year that Richard von Weizsäcker was elected President of the German Federal Republic, Apple launched its first Macintosh computer, and the HIV virus was genetically decoded. From the outset, we have embraced a clear philosophy based on the three pillars of medical quality, innovation and social responsibility. Since then, the Asklepios Group has grown and evolved continuously. That one of the leading integrated digital healthcare groups has emerged in the process fills me with pride.

The topic of prevention was a matter close to my heart from the outset. In 1988, I founded the Dr. Broermann Foundation, whose original constitution was dedicated to “the promotion of preventive and therapeutic healthcare through healthy nutrition and the application of insights from holistic medicine”. Prevention is also a top priority at the Asklepios healthcare facilities, where preventive and aftercare measures are promoted and expanded. Our core tasks include early detection and providing the best possible treatment for illnesses as well as supporting our patients on an ongoing basis to remain healthy.

We can only achieve this if we can reach as many people as possible with our offerings. This is also what makes the takeover of RHÖN-KLINIKUM AG, which we successfully completed in the past financial year, so important. In the context of the healthcare sector of past decades, this strategic partnership can truly be described as a milestone for the future of healthcare in Germany. This marks the coming together of two visionary pioneers, both of which have made decisive contributions in the past to opening up and modernising the German hospital landscape.

Their operation as a single entity not only further improves the medical care provided to patients. The strong nationwide network of Asklepios and RHÖN hospitals strengthens their combined market position. Against the backdrop of the ongoing COVID-19 pandemic as well as stricter regulatory requirements, the synergies of this strong partnership are vital to ensure that we can remain a dependable and reliable employer for our employees.

» Our ability to lead the way on a sound footing is thanks to the steady and solid growth achieved in previous years. «

I would like to express my sincere thanks to the very same employees who have remained loyal to our company and to me for many years and who are doing their very best for the health of our patients on a daily basis in these challenging times. I am also particularly grateful to all the patients and partners who have placed their trust in Asklepios over the years. Let us look forward to the future together with optimism.

Dr Bernard große Broermann

MR

Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Group management report

for the 2020 financial year

A. Key figures of the Asklepios Group

Group key figures		2020	2019	Change in %
Number of patients		2,592,045	2,497,095	+3.8
Cost weight		507,917	570,935	–11.0
Number of beds		31,628	27,090	+16.8
Employees (full-time equivalents)		50,371	36,265	+38.9
Net cash from operating activities	EUR million	596.5	260.8	+128.8
Revenue	EUR million	4,343.1	3,537.3	+22.8
EBITDA	EUR million	415.0	462.8	–10.3
EBITDA margin in %		*9.6*	*13.1*	
EBIT	EUR million	128.1	240.8	–46.8
EBIT margin in %		*2.9*	*6.8*	
Consolidated net income (EAT)	EUR million	–65.1	172.3	–137.8
EAT margin in %		*–1.5*	*4.9*	
Investments in property, plant and equipment and intangible assets (own funds) [1]	EUR million	289.7	242.6	+19.4
Own funds ratio in %		*74.4*	*74.5*	
Total assets	EUR million	6,311.1	4,756.0	+32.7
Equity	EUR million	1,592.6	1,577.3	+1.0
Equity ratio in %		*25.2*	*33.2*	
Financial liabilities	EUR million	2,181.5	1,384.1	+57.6
Cash and cash equivalents	EUR million	548.5	265.0	+106.9
Short-term time deposits	EUR million	166.4	0.0	+ 0.0
Net financial debt	EUR million	1,466.6	1,119.1	+31.1
Net debt ratio [2]		3.8x	2.8x	
Interest coverage factor (EBITDA/net interest income)		7,4x	10.8x	

[1] In relation to investments at hospital locations
[2] Adjusted for IFRS 16 effects
Note: Figures include RHÖN-KLINIKUM AG from 1 July 2020

B. Coronavirus pandemic and RHÖN acquisition shape the 2020 financial year

The past financial year was extremely challenging and equally eventful. The continuing COVID-19 pandemic in 2020 had a considerable influence on the company and posed enormous challenges for Asklepios as a hospital operator. Postponed treatments and operations to safeguard capacity, the lengthy lockdown and patients' apprehension led to a significant decrease in patient numbers compared with the previous year. In contrast, the number of COVID-19 inpatients increased steadily over the course of the year, especially in the second wave starting in October. This increased the workload for our employees in emergency departments, in wards specialising in COVID-19 and other wards, and of course in intensive care wards. The teams from purchasing and our hospital pharmacies as well as all other employees in the Group worked hard to ensure healthcare for our patients.

The 2020 financial year was also materially influenced by the conclusion of the majority takeover of RHÖN-KLINIKUM AG, which was included in the consolidated financial statements of Asklepios Kliniken GmbH & Co. KGaA for the first time as at 1 July 2020. Asklepios had been one of RHÖN's main shareholders since 2012. As a leading operator of healthcare facilities in Germany, Asklepios has impressively demonstrated in recent years that the company can unite large regional structures and be economical even an environment of substantial regulatory challenges. In turn, RHÖN has established its campus concept, a pioneering model project for integrated and digitally linked health services. Complementary know-how is brought together and the economic benefit of digitalisation enhanced under one roof. This creates space for genuine network medicine. Pioneering healthcare concepts such as prevention and capitation models can also be developed jointly. With the University Hospital of Giessen and Marburg, RHÖN brings one of Germany's significant research and teaching hospitals to the Asklepios Group.

The RHÖN shares were acquired by way of acquisition financing, which Asklepios refinanced on 28 October 2020 with a schuldschein loan agreement for EUR 730 million. Financing security, a balanced maturity profile with financial flexibility, and the optimisation of capital costs were the priorities here. With terms of 5 to 20 years and an average duration of 7.2 years, Asklepios has achieved a very good, long-term result.

The strategic partnership with the RHÖN hospitals is all the more important in light of the effects of COVID-19. At the start of the coronavirus pandemic, it became clear that both companies are making a significant contribution to ensuring healthcare in Germany. The two companies' existing strong structures combined with the effects of meaningful synergies will have a positive effect on our healthcare facilities and thus on the future of medical treatment. In the wake of the ongoing coronavirus crisis, reaction speed and implementation strength are essential. Asklepios and RHÖN will work together to further enhance the operating excellence of both organisations.

In the period from January to December 2020, the healthcare facilities of the Asklepios Group, not including the RHÖN hospitals, treated a total of around 2.2 million patients. Another approximately 390,000 were cared for by RHÖN in the second half of 2020. Up to 31 December 2020, we had treated over 8,700 coronavirus patients throughout the Group, 57% of whom were admitted as inpatients.

Over 67,000 Asklepios employees worked at around 170 healthcare facilities in the 2020 financial year. Around 18,000 of these worked for our patients in RHÖN hospitals. EBITDA decreased by –10.3% to EUR 415.0 million, while the EBITDA margin totalled 9.6%. Including the non-recurring, non-cash effect of the necessary remeasurement of the existing shares in RHÖN-KLINIKUM AG in accordance with IFRS 3 of EUR 139 million, consolidated net income (EAT) came to EUR –65.1 million (previous year: EUR 172.3 million). Without this non-recurring effect, consolidated net operating income (EAT) would have deteriorated significantly to EUR 73.9 million (previous year: EUR 172.3 million) due to the COVID-19 pandemic with its multifaceted impact on the economy. Equity was EUR 1,592.6 million as at 31 December 2020, higher than the figure as at 31 December 2019 (previous year: EUR 1,577.3 million). The equity ratio decreased to 25.2% (previous year: 33.2%).

C. Basis of the Group

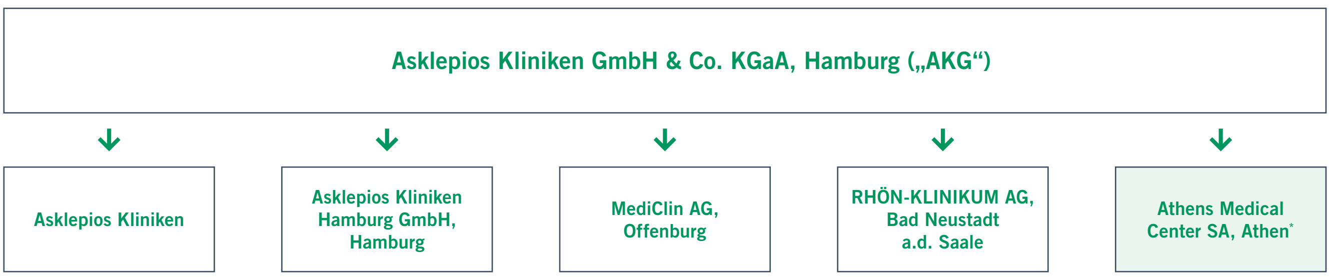
1. Business model of the Group

For over 35 years, the healthcare group Asklepios has epitomised the company values of medical quality, innovation and social responsibility. Since its foundation more than three decades ago, Asklepios has developed from a hospital operator to a future-oriented and digital company that embraces a holistic, integrated treatment approach. Asklepios is a leading private hospital operator in Germany with approximately 170 healthcare facilities in 14 German states. The Asklepios Group has been a majority shareholder of MediClin AG since 2011 and of RHÖN-KLINIKUM AG since 2020. The RHÖN hospitals supplement the Asklepios network with five excellent locations. The close-knit network of hospitals and healthcare facilities allows for integrated treatment chains and the establishment of medical clusters. This enables the Asklepios Group to cover the entire range of medical care services, with specialist hospitals with specific specialities operating far beyond their own regions in addition to university hospitals and maximum, basic, standard and priority care. As an operator of rehabilitation clinics, we are able to guarantee full inpatient care from a single source and take top positions throughout Germany. Our patients find outpatient support in our medical centres. We also invest very selectively along the value chain of the healthcare market and have thus expanded our software and e-health portfolio. In 2019, for example, we acquired the Pulso Group, a provider of e-health solutions, and the Fürstenberg Group, which focuses on corporate health consulting. With the e-health platform Minddistrict, Asklepios is active in prevention and rehabilitation for patients with mental illnesses. Asklepios also takes a leading role in the digitalisation of the German healthcare system as “Digital HealthyNear”.

The focus remains on the non-cyclical acute market. Roughly 83.6% of the business volume related to acute care hospitals and the rest to the rehabilitation sector and other medical facilities. Nevertheless, the value chain at Asklepios has broadened significantly in recent years. Alongside outpatient and inpatient treatment, it includes prevention and aftercare for our patients in equal measure. In total, the approximately 170 Asklepios healthcare facilities treated 2,592,045 patients in the financial year (previous year: 2,497,095). The Asklepios Group employed 50,371 full-time equivalents in the past financial year (previous year: 36,265). The average number of full-time equivalents at RHÖN amounted to 14,050 (previous year: 13,810).

Asklepios Kliniken GmbH & Co. KGaA acts as the management company of the Asklepios Group. The operating entities Asklepios Kliniken, Asklepios Kliniken Hamburg GmbH, MediClin AG and RHÖN-KLINIKUM AG are fully consolidated subsidiaries. Athens Medical Center SA is accounted for using the equity method. Asklepios Kliniken GmbH & Co. KGaA is responsible for the areas of Group development and strategy and financing as well as for monitoring, management and controlling functions. In addition, Asklepios leverages functional synergies, for example in the areas of accounting, taxes and controlling, financing, insurance, quality management, medicine and science, procurement, care and information technology. Standard intercompany agreements on the exchange of services and cooperation agreements have been entered into between the Group entities.

The structure of the Group as at 31 December 2020:



* Accounted for using the equity method

2. Objectives and strategies

The coronavirus pandemic ongoing since the start of 2020 is having an enormous impact on the business development and performance of our healthcare facilities and was thus a significant influence on the targets we set for the financial year. Given the exceptional circumstances as a result of coronavirus, Asklepios is acting in a cautious and forward-looking manner in a challenging regulatory environment. Nevertheless, the influences of the pandemic on our operating performance and the financial impact cannot be entirely foreseen. The aim remains to provide our patients with the best possible medical care. Achieving this aim will still require continuous investment from own funds in the expansion of standards of medical quality and in care in the interests of our patients. Technological advances in digitalisation in particular have the potential to lead Asklepios and the healthcare sector into a secure future, in spite of the increasingly challenging demographic situation. At the same time, Asklepios will strive to maintain a balanced business and stable internal financing.

3. Management system

The Asklepios Group is managed and controlled by its Group management, which is the responsibility of Asklepios Kliniken Management GmbH as the general partner. The other executive bodies of the company are the Supervisory Board, the Advisory Board and the Annual General Meeting. The Supervisory Board monitors and consults the management work by the general partner to the extent that this duty is not assigned to the Advisory Board. The Advisory Board is responsible for the consulting, controlling and monitoring of the management to the extent that these rights and duties are not assigned to the Supervisory Board or the Annual General Meeting. The Annual General Meeting adopts resolutions on the approval of the annual financial statements, official approval of the actions of the general partner and the Supervisory Board and the appropriation of profits.

Asklepios establishes a centralised organisational approach, transferring operational responsibility for achieving targets to the regional units, which also look after the patients in organisational terms. The organisational structure is based on the central functions of purchasing & supply, information technology, revenue management, architecture & construction, finance, financing, treasury & investor relations, medical law, insurance & compliance, human resources, care, and corporate communications & marketing.

Internally at company level, management is based on earnings before interest, taxes, depreciation and amortisation (EBITDA). Group management is dependent on earnings after taxes (EAT).

Asklepios uses the equity ratio, which expresses the ratio of equity to total assets as a percentage, as another significant, control-related financial performance indicator. The equity ratio represents the share of equity in overall capital and is an indicator of financial and economic stability.

The number of cost weights is a significant, control-related, non-financial performance indicator for Asklepios. Cost weights are a key figure used to bill medical services in hospitals. Cost weights are given for each diagnosis-related group (DRG) in combination with the case mix index (index of the average severity of cases). Multiplying the cost weights by the base rate produces the amount that a health insurance fund has to pay to a hospital for a case such as this. This performance indicator provides Asklepios with important information on both case numbers and the assessment of quality.

Asklepios also uses year-on-year organic percentage growth to manage its own performance.

As part of the reporting system, these KPIs are aggregated at the level of the Group, prepared for individual facilities and monitored by management. We use planning and control processes to calculate these KPIs.
The internal audit as a management tool supports management in its control function by providing targeted, independent reviews. It includes regular monitoring of the proper functioning of the internal control system and of risk management.

Group management bears overall responsibility for the internal control and risk management system with regard to the financial reporting processes of the companies included and for the Group financial reporting process. All consolidated entities are included using defined management and reporting structures.

4. Quality management, innovation and environmental aspects

There are a number of legal requirements and guidelines onquality management and quality assurance that apply to hospitals. Quality is of paramount importance to Asklepios. There is a structured quality management system in place at all Asklepios hospitals, which is continuously developed and adapted to current legal requirements, independently of the targets of individual certification procedures.

The Asklepios QM system focuses on legally required QM tools in accordance with QM guidelines set out by the Federal Joint Committee and the standards the Group has outlined for improving patient safety. These requirements are the minimum standard for all hospitals.

In addition to quality management and quality assurance, there is also a clinical risk management system set up across Asklepios hospitals. Group standards for improving patient safety are implemented across all hospitals. These include the use of WHO operating safety checklists, patient armbands, prevention of procedural mix-ups, secure patient identification and measures to enhance safety during medical treatment. In all of these areas, the Group takes into account the recommendations for action issued by the German Coalition for Patient Safety. An error reporting system (CIRS) is in place across all Asklepios hospitals and ensures that any lessons learned from errors are applied throughout the Group.

The internal Asklepios audit programme developed by the Quality department has replaced external certifications. The programme includes an annual audit of all hospitals conducted by the Quality department, in addition to individual hospital audits and risk audits on priority issues.

In 2020, the Quality department conducted 11 peer reviews in the acute care hospitals. The number of peer reviews was much lower this year because of the coronavirus pandemic. Peer reviews serve the purpose of examining whether a medical department is functioning properly, particularly with regard to adequate patient care. The focus is on the department's medical care processes and an external analysis of selected patient records by a trained specialist auditor from another Asklepios hospital. These audits include a critical analysis of whether the treatment is in line with the current scientific knowledge and is provided in accordance with guidelines.

A standard patient survey is used across all Asklepios hospitals to determine customer requirements. The results are used to continuously improve the quality of hospital treatment. The introduction of "treatment indexes" made it much easier to set targeted priorities in the derivation of measures. All Asklepios rehabilitation clinics are certified in accordance with the IQMP-kompakt certification procedure recognised by the Federal Association for Rehabilitation.

D.	Economic report

1. General economic and sector-specific conditions

General economic conditions

According to the Federal Ministry for Economic Affairs and Energy, the effects of the coronavirus pandemic are plunging the world economy into a severe recession, the scope of which exceeds that of the 2008/09 financial crisis. Based on the forecasts of international organisations (IMF, OECD), the federal ministry expects world economic output to fall by an average of 4.4% in 2020 and a recovery of 6.2% in 2021. Due to the sharp drop in the first half of the year, the federal government anticipates a price-adjusted decline in gross domestic product of 5.8% in 2020. In the second quarter alone, gross domestic product fell by 9.7% compared with the previous quarter. However, the recession already bottomed out in May. Since then, the monthly indicators have shown clear signs of recovery. Growth of 4.4% is expected in the coming year in light of the emerging catch-up process. However, gross domestic product is not likely to regain its pre-crisis level until the beginning of 2022.[1]

General sector conditions

According to the Federal Ministry of Health, the healthcare industry is of significant economic importance for Germany. Gross value added in the core healthcare industry was around EUR 372 billion in 2020, representing approximately 12% of GDP and over EUR 1 billion a day. The healthcare industry is therefore a growth driver and source of stability for macroeconomic development. In the last ten years, the sector has grown at a much stronger rate than GDP with growth of 4.1% a year.

There are three core segments within the healthcare industry. The largest, medical care, comprises inpatient facilities (including hospitals, inpatient care and rehabilitation clinics) and the non-inpatient facilities (including doctors' practices, outpatient clinics and outpatient care). The industrial healthcare industry comprises the production of pharmaceuticals, medical technology and medical products, as well as the trading and sale of these goods. The third segment comprises the "other sub-segments" of the healthcare industry, including health insurance and public administration; independent healthcare; sport, wellness and tourism services and investment.

Together, inpatient and non-inpatient facilities account for nearly 54% of the value added in the healthcare industry. More than 60% of healthcare industry workers are still employed in these segments. Both segments grew continuously in the past 10 years. In the last 10 years, the non-inpatient facilities grew faster than the healthcare industry as a whole at a rate of 4.4%.

The healthcare market, like the rest of the economy, was impacted by the coronavirus pandemic in the 2020 financial year. Hospitals faced enormous challenges to cope with these exceptional circumstances. After the lockdown-driven slump in the spring, case numbers recovered as the year progressed. Case numbers collapsed again when the second wave started in autumn 2020, as hospitals had to focus on treating COVID patients and emergencies.

With the exclusion of nursing staff costs from the flat-rate DRG payments, the further tightening of (non-evidence-based) nursing staff thresholds and a planned reform of the German Medical Service of the Health Insurance Funds, 2020 would already have been the year with the greatest cut in hospital financing since the introduction of DRGs. The pandemic-driven slumps in performance and the resulting necessity of assistance for hospitals led to a range of relief and amending legislation.

For example, hospitals were obliged to treat only emergencies in order to keep beds free for the impending catastrophic care situation. Standardised flat-rate allowances for keeping capacity available were therefore introduced in March, modified in July and initially expired at the end of September 2020. For the second wave, hospitals are again receiving flat-rate allowances for keeping capacity available from 18 November 2020, which are limited for the time being, while the group of entitled hospitals has been significantly curtailed. A hospital is entitled to a flat-rate allowance for keeping capacity available only if it meets various criteria; for example, it must meet the requirements for extended or comprehensive emergency care, the seven-day incidence rate in the district must be over 70 infections per 100,000 people, and the available intensive care bed capacity must be below 25%. In light of the third wave, further adjustments to the flat-rate allowances for keeping capacity available are currently being discussed.

[1] www.bmwi.de

The Federal Ministry of Health's objective was to pay out the flat-rate allowances for keeping capacity available in a more targeted manner, whereas the current regulation completely ignores the care reality, as the revenue losses are not adequately offset and the pandemic-driven increases in operating costs are not sufficiently financed. In addition to the flat-rate allowances for keeping capacity available, the following measures, among others, were taken to finance the additional costs caused by the pandemic and were extended during the year, in some cases into 2021:

- Financing of EUR 50 per case, later increased by EUR 100 for COVID patients for personal protective equipment; for 2021, the hospitals are to negotiate the additional costs caused by the pandemic at hospital level with the health insurance funds
- Premium of EUR 50,000 per bed for the creation of intensive care capacity
- Refinancing of testing costs via separate, additional fee
- Suspension of the deduction for the cost degression of fixed costs in 2020
- Invoice payment by the health insurance funds within five days
- MDK verification quota limited to 5%, suspension of penalties for 2020 and 2021
- Increase in the preliminary care fee figure
- Suspension of nursing staff thresholds from March 2020; intensive care and geriatrics were reintroduced from 1 August
- Suspension of part of the structural assessments
- Deferral of various requirements and implementation of additional structural requirements until 2022

Some of this relief was enacted via a large number of additional laws, regulations and directives that again significantly extend the series of changes made to hospital financing in recent years.

The nursing staff thresholds were partly suspended for 2020, but will be significantly expanded again from 2021, so that around 1,372 of the approximately 1,750 hospitals in Germany will be affected in 2021. In addition to the areas already listed in 2020 – geriatrics, cardiology, traumatology, intensive care, cardiac surgery, neurology, neurological early rehabilitation and stroke treatment – internal medicine, general surgery, paediatrics and paediatric intensive care will also be included. These changes serve the legislators' aim to reduce the number of hospitals and to pool services at fewer locations.

The 2020 budget negotiations of the Group's somatic hospitals were significantly influenced by the first-time negotiation of the care budget. It became clear that hospitals and health insurance funds have a fundamentally different views regarding the inclusion of nursing staff in the care budget. While the health insurance funds want to finance only nursing staff with at least one year of professional nursing training in the care budget, hospitals want a function-based approach, according to which all staff who perform care work are to be understood as nursing staff. This has also been confirmed by various boards of arbitration on the basis of the legal requirements.

Because of these points of contention, the affected Group hospitals recognised appropriate provisions for the disputed portions of the internally calculated care budgets in the 2020 annual financial statements.

Psychiatry and rehabilitation

The psychiatric and rehabilitation situation was equally impacted by the coronavirus pandemic, which meant that occupancy decreased year-on-year by 16.0% in rehabilitation and by 11.1% in psychiatry in 2020. While the psychiatric hospitals received flat-rate allowances for keeping capacity available at least temporarily or on a proportional basis, rehabilitation centres received only minimal support and had to accept statutory short-time work, etc.

From 2020, therapeutic staff in psychiatric hospitals will no longer be determined on the basis of the psychiatric staff regulation Psych-PV, but instead on the basis of the PPP guidelines (guidelines for staff allocation in psychiatry and psychosomatics) set out by the Federal Joint Committee. At the same time, the guidelines stipulate the staffing level to be maintained, similar to the nursing staff thresholds in the somatic field. Staff shortfalls on the basis of the PPP guidelines will in principle be sanctioned. However, staff shortfalls are still without sanction in 2020.

Against this backdrop, for some hospitals it has so far been possible to agree with the health insurance funds on a blanket continuation of the 2019 budget for 2020.

E.	Net assets, financial position and results of operations

E. Net assets, financial position and results of operations

1. Business performance and results of operations

The 2020 financial year is not comparable with the previous year because of the majority takeover of RHÖN-KLINIKUM AG, which was included in the consolidated financial statements of Asklepios Kliniken GmbH & Co. KGaA for the first time as at 1 July 2020.

	2020		2019	
	EUR million	%	EUR million	%
Revenue	4,343.1	100.0	3,537.3	100.0
Other operating income	326.7	7.5	259.1	7.3
Cost of materials	–973.5	–22.4	–737.7	–20.9
Staff costs	–2,824.2	–65.0	–2,270.2	–64.2
Other operating expenses	–457.1	–10.5	–325.6	–9.2
EBITDA	**415.0**	**9.6**	**462.8**	**13.1**
Depreciation, amortisation and impairment	–286.9	–6.6	–222.0	–6.3
EBIT	**128.1**	**2.9**	**240.8**	**6.8**
Income from equity investments	25.3	0.6	16.7	0.5
Net interest income	–56.4	–1.3	–42.7	–1.2
Income taxes	–23.2	–0.5	–42.5	–1.2
Consolidated net operating income (EAT)	**73.9**	**1.7**	**172.3**	**4.9**
Remeasurement as per IFRS 3	–139.0	–3.2	0.0	0.0
Consolidated net income (EAT)	**–65.1**	**–1.5**	**172.3**	**4.9**

The 2020 financial year was significantly influenced by the coronavirus pandemic. When the first wave began in the spring, hospitals were required to postpone non-emergency operations and treatments in order to free up care capacity for coronavirus patients. Under the COVID-19 Hospital Relief Act, hospitals were initially pledged compensation for unoccupied beds in the period from 16 March to 30 September 2020. The arrangements for the reintroduction of these flat-rate allowances for keeping capacity available for November and December under the Third Civil Protection Act were tied to very restrictive allocation criteria.

The legislators' demand that capacity be kept available resulted in a significant decline in the number of patients. The revenue thus lost was offset by the rescue package, and the compensation payments for the provision of bed capacity led to revenue of EUR 392.5 million. However, the second wave was again associated with considerable declines in case numbers and thus revenue losses, which were not compensated for by the existing hospital financing system.

The Asklepios Group's consolidated revenue rose by 22.8% year-on-year to EUR 4,343.1 million in the financial year (previous year: EUR 3,537.3 million). Due to the majority takeover of RHÖN-KLINIKUM AG, this growth was primarily inorganic; EUR 3,628.2 million was attributable to Asklepios hospitals. RHÖN hospitals accounted for EUR 693.8 million, or 19.1% of total revenue.

83.6% (previous year: 82.4%) of revenue was generated in acute care hospitals, 12.7% (previous year: 16.3%) in rehabilitation clinics and 3.7% (previous year: 1.3%) in social welfare facilities and other facilities. The change resulted on the one hand from the first-time consolidation of RHÖN-KLINIKUM AG and on the other from the shortfall of patients as a result of coronavirus.

Other operating income of EUR 326.7 million (previous year: EUR 259.1 million) includes income from services and from ancillary, additional and other operations. EUR 93.3 million of this is attributable to the RHÖN hospitals.

Development of case numbers	2020	2019	Absolute Change	Relative Change
No. of inpatient cases	665,359	674,689	–9,330	–1.4%
No. of outpatient cases	1,926,686	1,822,406	+104,280	+5.7%
Number of patients	**2,592,045**	**2,497,095**	**+94,950**	**+3.8%**
Number of cost weights	507,917	570,935	–63,018	–11.0%
Number of beds	31,628	27,090	+4,538	+16.8%

A total of 2,592,045 patients visited the Asklepios Group's facilities in the 2020 financial year. The increase on the previous year (2,497,095 patients) was due to the acquisition of the RHÖN hospitals. The table includes inpatients (86,282) and outpatients (306,377) of RHÖN hospitals who were treated on or after 1 July 2020. The number of inpatient cases totalled 665,359 (previous year: 674,689) and declined slightly. The number of outpatient cases amounted to 1,926,686 (previous year: 1,822,406) and was slightly higher than in the previous year due to the first-time consolidation of RHÖN, with countervailing effects from the coronavirus pandemic. The number of cost weights was significantly reduced by the coronavirus pandemic and, including RHÖN hospitals, amounted to 507,917 (previous year: 570,935). From 1 July 2020, the RHÖN hospitals' share was 97,877. As a non-financial performance indicator, cost weights were therefore lower than our forecast as at 31 December 2019. Average inpatient care case income rose from EUR 4,658.66 to EUR 5,795.58. Average case income as at 31 December 2020 includes RHÖN and flat-rate allowances for keeping capacity available. Corrected for the share of flat-rate allowances for keeping capacity available, average case income comes to EUR 5,198.51 (+11.6%).

For the 2020 financial year, we had no conclusive pay negotiations in the somatic field. This is due to the ongoing discussion over the care budget, although deadlines have been announced and documents submitted. As a result of the changes due to the coronavirus pandemic, the deduction for the cost degression of fixed costs was suspended in 2020.

The individual ratios of cost and earnings to revenue developed as follows:

	2020 %	2019 %
Cost of materials ratio	22.4	20.9
Staff costs ratio	65.0	64.2
Other expenses ratio	10.5	9.2
EBITDA	**9.6**	**13.1**
Depreciation and amortisation expense ratio	6.6	6.3
EBIT	**2.9**	**6.8**
EAT	**–1.5**	**4.9**

Absolute cost of materials rose by EUR 235.8 million from EUR 737.7 million to EUR 973.5 million. The increase resulted part from the RHÖN hospitals' share of EUR 208.2 million. Asklepios hospitals' cost of materials increased by 3.7% year-on-year to EUR 765.3 million. The cost of materials was influenced in particular by the coronavirus-driven rise in the medical requirement for hygiene and protective clothing not only for employees, but also for patients. There were also increased expenses for pharmaceuticals as well as for anaesthetics and other surgical supplies. The cost of materials ratio in relation to revenue went up year-on-year. Overall, the cost of materials ratio worsened by 1.5 percentage points year-on-year to 22.4% (previous year: 20.9%).

Absolute staff costs climbed by EUR 554.0 million to EUR 2,824.2 million. EUR 2,388.3 million of this was attributable to Asklepios healthcare facilities and EUR 435.9 million to RHÖN hospitals. The staff costs ratio increased from 64.2% to 65.0% as a result of the rise in our full-time equivalents including RHÖN and wage increases. The number of full-time equivalents increased by 14,106 from 36,265 in the previous year to 50,371 in 2020.

Other operating expenses rose by EUR 131.5 million or 40.4% in absolute terms to EUR 457.1 million (previous year: EUR 325.6 million). The Asklepios healthcare facilities' share amounted to EUR 395.2 million. The ratio was 10.5% (previous year: 9.2%).

Operating EBITDA was amounted to EUR 415.0 million in the financial year and was lower than in the previous year (EUR 462.8 million). Earnings were significantly reduced by the stable personnel development with an increase as compared to the previous year. The sharp increase in the cost of materials as a result of coronavirus also had a negative impact on earnings. The Asklepios hospitals' operating EBITDA fell by 27.8% year-on-year to EUR 333.9 million. The RHÖN hospitals accounted for EBITDA of EUR 81.1 million. Overall, the margin fell to 9.6% (previous year: 13.1%). As a key financial performance indicator, EBITDA is lower than the forecast set out in the consolidated financial statements as at 31 December 2019.

The depreciation and amortisation expense ratio was 6.6% in the past financial year and thus higher than the previous year's level (6.3%).

The EBIT of EUR 128.1 million generated in 2020 meant a margin of 2.9% (previous year: EUR 240.8 million and 6.8%).

Income from equity investments was up 51.5% year-on-year at EUR 25.3 million (previous year: EUR 16.7 million). Income from equity investments includes shares of investments accounted for using the equity method.

Negative net interest income amounted to EUR 56.4 million (previous year: EUR 42.7 million). Interest income increased to EUR 3.5 million (previous year: EUR 2.0 million). Interest expenses rose by EUR 15.2 million to EUR 59.9 million in the financial year (previous year: EUR 44.7 million).

At EUR 23.2 million, net interest income was down on the previous year's figure of EUR 42.5 million.

Consolidated net operating income (EAT) amounted to EUR 73.9 million and was thus significantly below the comparable figure for the previous year of EUR 172.3 million and below our previous year's forecast. The operating EAT margin was 1.7% in the financial year (previous year: 4.9%). After applying IFRS 3, consolidated net income (EAT) was down on the previous year at EUR –65.1 million and with a negative margin of 1.5% (previous year: EUR 172.3 million and 4.9%).

2. Overall management statement

The 2020 financial year was primarily shaped by the acquisition of RHÖN-KLINIKUM AG and the COVID-19 pandemic, which continued for nearly the whole year. Because of postponed operations and freed up intensive care capacity, the coronavirus crisis had a significant effect on the development of patient numbers. The clear fall in patients compared with the previous year therefore had a considerable influence on the company's operating performance.

Due to the first-time consolidation of RHÖN-KLINIKUM AG as at 1 July 2020, a comparison of our financial and non-financial performance indicators with the forecast for the 2020 financial year would not be meaningful.

Revenue rose by 22.8% from EUR 3,537.3 million to EUR 4,343.1 million and resulted largely from the first-time consolidation of revenue from RHÖN hospitals. The Asklepios healthcare facilities' revenue was up 2.6% year-on-year at EUR 3,628.2 million. Because of the pandemic, this was not in line with our original forecast for the financial year, which specified organic revenue growth of between 3.0% and 4.0%. In contrast, EBITDA at EUR 415.0 million was significantly lower than in the previous year (EUR 462.8 million), and the margin was 9.6% (previous year: 13.1%). The equity ratio was 25.2% (31 December 2019: 33.2%). At 507,917, the number of cost weights was likewise below our forecast as at 31 December 2019 (previous year: cost weights of 570,935).

3. Financial position and net assets

The financing structure is essentially medium- to long-term in nature and guarantees solvency and sufficient liquidity reserves at all times. This applies especially to exceptional situations such as the coronavirus pandemic. To achieve this, we ensure broad diversification of our financing instruments.

In addition to cash and cash equivalents of EUR 548.5 million, the Group has unutilised credit facilities of around EUR 770.3 million (of which EUR 88.0 million for Rhön) available (previous year: EUR 435.2 million). There are also short-term time deposits of EUR 166.4 million, which with maturities of between 3 and 12 months are recognised in current other financial assets. The high internal financing power and the targeted moderate level of net debt protect the Group from further financial market risks.

Pure financial liabilities not including IFRS 16 amounted to EUR 2,181.5 million (previous year: EUR 1,384.1 million). The financial liabilities essentially comprise the schuldschein loan agreements.

The Group uses the net debt ratio (net financial liabilities to EBITDA) as a means of assessing credit rating, and this figure – adjusted for effects from the application of IFRS 16, acquisitions and expansion investments – should not exceed 3.5x.

The following table illustrates how this ratio was calculated in the financial year:

EUR Mio.	2020	2019
Financial liabilities	2,645.6	1,869.5
Cash and cash equivalents	548.5	265.0
Short-term time deposits	166.4	0.0
Net financial debt	1,930.7	1,604.5
EBITDA *	450.5	462.8
Net debt ratio	**4.3x**	**3.5x**
Net debt ratio excluding effects from the application of IFRS 16 Leases	**3.8x**	**2.8x**

* RHÖN's full-year EBITDA

The net debt ratio, adjusted for effects from the application of IFRS 16 Leases, is 3.8x (previous year: 2.8x). The increase results from the financing associated with the acquisition of RHÖN-KLINIKUM AG and the relatively weak EBITDA due to the pandemic. The interest coverage factor (EBITDA/net interest income) is 7.4x (previous year: 10.8x).

Summarised statement of financial position	2020		2019	
	EUR million	%	EUR million	%
Non-current assets	4,306.7	68.2	3,558.7	74.8
Current assets	2,004.4	31.8	1,197.3	25.2
ASSETS	**6,311.1**	**100.0**	**4,756.0**	**100.0**
Equity	1,592.6	25.2	1,577.3	33.2
Non-current liabilities and provisions	3,409.5	54.0	2,403.1	50.5
Current liabilities and provisions	1,309.1	20.8	775.6	16.3
EQUITY AND LIABILITIES	**6,311.1**	**100.0**	**4,756.0**	**100.0**

The Group's accounting and financing structures are sound. Asklepios has a long-term and balanced maturity profile, particularly due to the repeated issuance of schuldschein loan agreements. As in the previous year, non-current assets are financed at a rate of over 100% with matching maturities by equity or long-term borrowings. Total assets increased from EUR 4,756.0 million in the previous year to EUR 6,311.1 million.

Non-current assets increased by EUR 748.0 million year-on-year to EUR 4,306.7 million.

Equity amounted to EUR 1,592.6 million and was thus above its level as at 31 December 2019 (EUR 1,577.3 million). As a result of the absolute increase in total assets, the equity ratio as at 31 December 2020 was below the previous year's figure at 25.2% (31 December 2019: 33.2%). Asklepios has permanent interest-free and redemption-free access to subsidies of around EUR 1,254.8 million (31 December 2019: EUR 1,110.2 million). As these subsidies will fall due for repayment only in the hypothetical event of no longer being included in the hospital plan, these funds are in effect similar to equity.

Days sales outstanding (trade receivables turnover rate x 365 days/total revenue) are at a relatively high level of 56.7 days (previous year: 59.9 days) on account of changes in the billing procedures used by payers and short-term migration effects. Adjusted for MDK provisions, DSO were 51.4 days (previous year: 55.4 days).

Non-current liabilities amounted to EUR 3,409.5 million (31 December 2019: EUR 2,403.1 million). These comprise pension provisions, other non-current provisions, financial liabilities and other liabilities due in more than one year, and deferred taxes. In October 2020, a fourth schuldschein loan agreement of EUR 730 million was placed, which primarily served the early refinancing and placement of the RHÖN acquisition financing.

In addition to cash and cash equivalents of EUR 548.5 million, the Group has unutilised credit facilities of EUR 770.3 million. This means that the Group has financial reserves available at short notice of EUR 1,318.8 million.

Internal financing capability is still at a good level. Cash flow from operating activities was influenced by the EBITDA figure of EUR 415.0 million (previous year: EUR 462.8 million) and the health insurance funds' payment performance. Capital expenditure on equipment and new buildings for our hospitals was financed by cash flow from operating activities.

The following table shows the change in cash and cash equivalents over the course of the year:

EUR million	2020	2019
EBITDA	415.0	462.8
Cash flow from operating activities	596.5	260.8
Cash flow from investing activities	–853.9	–265.4
Cash flow from financing activities	540.9	–82.0
Change in cash and cash equivalents	**283.5**	**–86.6**
Cash and cash equivalents on 1 January	265.0	351.6
Cash and cash equivalents on 31 December	**548.5**	**265.0**

Cash and cash equivalents changed by EUR 283.5 million to EUR 548.5 million in 2020. Operating cash flow amounted to EUR 596.5 million (previous year: EUR 260.8 million).

The operating cash flow is offset by a cash outflow from investing activities of EUR 853.9 million (previous year: cash outflow of EUR 265.4 million). Payments for investing activities mainly comprise investments in fixed assets and in the acquisition of RHÖN.

Financing activities resulted in a cash inflow of EUR 540.9 million (previous year: cash outflow of EUR 82.0 million).

4. Capital expenditure

Investments in our healthcare facilities on a regular basis are the foundation for long-term healthy growth. Since the state investment subsidy does not cover the entire investment requirements of modern hospitals, the difference is financed from the Group's own funds. Asklepios is able, thanks to its internal financing power, to compensate for the loss of subsidies. Forward-looking business transactions and a stable cash flow again enabled the Asklepios Group to use its own funds averaging 7% to 9% of revenue for maintenance and capital expenditure in the 2020 financial year. As anticipated, the internal financing ratio is at the high level of the previous year at 74.4% (previous year: 74.5%).

Capital expenditure was as follows in the 2020 financial year:

	Capital expenditure in 2020		
	Total in EUR million	Of which subsidised	Internal financing ratio
Intangible assets	66.2	1.9	97.0%
Land and buildings	40.6	10.3	74.6%
Technical equipment	8.9	2.4	73.3%
Operating and office equipment	123.5	51.1	58.6%
Assets under construction	150.4	34.2	77.3%
Total	**389.5**	**99.9**	**74.4%**

The majority of capital expenditure in the financial year related to the following locations:

Location	Capital expenditure in EUR million
Central warehouse	24.6
Harzklinken (Goslar)	8.5
Klinik Altona (Hamburg)	7.4
Klinik Wiesbaden	6.8
Klinik Nord (Hamburg)	6.2
Klinik Seligenstadt	5.8
Südpfalzkliniken	5.4
Klinik Weißenfels	5.1
Klinik Höxter	4.6
Klinik Lich	4.2

After deducting subsidised capital expenditure, net capital expenditure amounted to EUR 289.7 million (previous year: EUR 242.6 million) or 6.7% of revenue (previous year: 6.9%). Capital expenditure is fully financed by cash flow from operating activities. Without deducting subsidies, capital expenditure amounted to EUR 388.6 million (previous year: EUR 325.8 million). At EUR 142.9 million in total, expenditure for maintenance and servicing was up on the previous year (EUR 111.3 million). Expressed as a percentage of revenue, 3.3% was invested in ongoing maintenance (previous year: 3.1%). As in the previous year, Asklepios used 10.0% (previous year: 10.0%) of revenue for internally financed capital expenditure and maintenance work.

F.	Forecast and report on risks and opportunities

1. Forecast

The forecast for the coming year will significantly depend on how quickly arrangements and vaccinations can limit the societal impact of the pandemic. Not including COVID effects, Asklepios anticipates revenue growth and positive economic development in 2021. It will continue to direct its efforts at making selected and necessary investments in its healthcare facilities to secure its mandate to supply services in the future. Asklepios makes investments in buildings and medical equipment on a regular basis at all its locations. The share of own funds in total capital expenditure will again be at a relatively high level in 2021.

Overall management statement

With the above proviso, i.e. not including COVID effects, our business goals for 2021 include organic revenue growth in a range of 3.0% to 4.0% year-on-year and a slight but sustained increase in EBITDA and EAT year-on-year. Furthermore, Asklepios expects that its earnings margins will continue to be impacted by the ongoing COVID-19 pandemic. On the basis of these targets, the development in our equity ratio will remain stable year-on-year in the 2021 financial year. In addition to financial figures, we also take account of the number of cost weights as a non-financial performance indicator when managing the company. We expect a stable development compared with the previous year.

2. Risks and opportunities

a) Risk and opportunity management report

Asklepios is exposed to a range of challenges and risks, especially locally, due to dynamic growth, the complexity of business interrelations, high regulatory requirements, constant scientific, medical and technological progress, the de facto legal demand for greater efficiency and effectiveness, and the increasing demands of our patients. Systematic recognition of risks and opportunities in equal measure enables the Group to ensure long-term economic success, satisfy our patients' requirements and secure our employees' jobs. The rapidly changing health policy, structural, social and economic conditions must be identified and managed. Managing the associated risks and opportunities is an ongoing challenge and an important element of managing the hospitals and the Group. Risk management is firmly established at Asklepios and both satisfies and exceeds legal requirements.

Risk and opportunity management system process

→ The risk management system (system, responsibilities, structure, formal processes, integration and automation) is characterised by a strong degree of professionalism and institutionalisation. The homogeneous risk assessment structures are uniformly supported by standardised, automated procedures throughout the Group. Risk management is therefore not just practised operationally, but also used as an instrument for strategic management. The structures established in this way allow for a comprehensive risk management approach as a result of the combined risk assessment comprising both bottom-up and top-down approaches. This facilitates not only early detection of risks, but also early identification of opportunities. The risk and opportunity management system is rounded off by systematic measures management, which forms the basis for the effective and efficient management of risks and opportunities. These processes receive technical support from appropriate risk management software to which all affected reporting units are connected. The effectiveness and efficiency of risk management is strengthened by the institution of the Strategic Risk Management Committee. The Strategic Risk Management Committee forms an essential pillar of the risk and opportunity management system.

→ The aim of the risk and opportunity management process is to enable the early identification, assessment and management of risks and opportunities that have a significant influence on the achievement of targets at hospital and Group level. To this end, a standardised process was established that allows close integration of elements of the bottom-up and top-down approach. In addition to regular reporting (e.g. financial reporting, reports on the quality of medical care), risks and opportunities are usually reported on a quarterly basis at the level of the hospitals (and Group departments), the sub-groups and the Group as a whole. An ad hoc reporting process has been established in order to escalate very critical issues. Risks and opportunities are always viewed in terms of the current financial year. This view constitutes a combination and aggregation of quantitative factors (probability of occurrence, effect on the achievement of planned EBITDA or on liquidity) and qualitative factors (e.g. information from supplementary reporting). In cooperation with the local risk managers and possibly also technical experts (known as risk sponsors), the risk officers – usually the managers in the hospitals and the heads of the

Group departments – carry out the bottom-up elements for identifying and evaluating risks and opportunities. Based on the information gathered, corresponding risk management strategies and opportunity-taking strategies are developed and backed up with specific measures. Risks are categorised according to their potential adverse effects from the hospitals' perspective as "acceptable", "requiring monitoring", "requiring action" or "very critical". Opportunities are allocated to one of four opportunity categories from "low expectations" to "very high expectations".

- Risks that are categorised as at least "requiring action" in the bottom-up process are examined again by Group management as part of the top-down approach. This procedure enables early support for reporting units by means of central measures. This allows for systematic management of risks and opportunities. Identified and documented risks and opportunities are monitored continuously with regard to their development. This monitoring includes tracking the risk and opportunity measures resolved in terms of their risk mitigation effect (effectiveness) and their cost and implementation status (efficiency). In addition, the Strategic Risk Management Committee analyses long-term developments early on to identify and assess their risk and opportunity potential for the company and to resolve appropriate action options.
- Ecological and social issues relating to the external impact of the Asklepios Group's business activities are becoming increasingly important. In this context, the Asklepios Group sees corporate social responsibility (CSR) as an integral component of its corporate philosophy. The Asklepios Group summarises the non-financial risks and additional possible CSR risks that may affect third parties under the heading of sustainability risks and allocates them in line with the five aspects (environmental matters including a climate assessment according to the Task Force on Climate-Related Financial Disclosures (TFCD), employee matters, social matters, respect for human rights, as well as combating corruption and bribery) stipulated in the German CSR Directive Implementation Act (CSR RUG). The period under review includes both the current financial year and a five-year outlook. Specific reporting takes place in the Asklepios Group's Corporate Responsibility Report.

Internal control system with regard to the Group financial reporting process

With regard to the financial reporting processes of the companies included and the Group financial reporting process, we consider those aspects of the internal control and risk management system that have a material influence on Group accounting and the overall view conveyed by the consolidated financial statements and Group management report to be significant. These include the following aspects in particular:

- Identification of major areas of risk and aspects to be monitored that are relevant to the Group-wide financial reporting process;
- Monitoring of the Group-wide financial reporting process and examination of the results at the level of management and at the level of the entities included in the consolidated financial statements;
- Controls in the finance and accounting of the Group and the individual consolidated companies, and in operating business processes that generate the key figures for the preparation of the consolidated financial statements and Group management report, including the separation of functions for predefined approval processes in the relevant areas;
- Measures to ensure the proper computerised processing of content and data relating to Group financial reporting.

b) Risks

Risks are categorised in line with the assessment at local (hospital) level according to their potential adverse effects on Asklepios from the Group's perspective as "acceptable", "requiring monitoring", "requiring action" or "very critical". There were no very critical risks in the period under review. Major areas of risk are outlined below; the order in which they are presented reflects the current estimate of the relative degree of risk for Asklepios.

COVID-19

Generally speaking, the Asklepios Group is exposed to risks associated with the spread of the novel coronavirus (COVID-19) and the possible impact on its net assets, financial position and results of operations. The severity depends primarily on the further course of the pandemic, the financial assistance from federal and state governments and the Group's own measures. The coronavirus response measures are managed by a Group-wide task force. Internal communication regarding COVID-19 is coordinated centrally.
Specific measures have been imposed to minimise the risk of infection. In addition to the activation of contingency plans for medical and non-medical staff, supplementary measures were imposed such as bans on visits to patients, the cancellation or digital implementation of training and patient events, and other rules on a site-by-site basis. Asklepios hospitals are well-equipped to care for patients with infectious diseases and also diseases requiring patients to be quarantined. In addition, there is constant communication with the relevant authorities.

Subject to ongoing developments and based on the current state of affairs, we see the risk situation resulting from COVID-19 as challenging but manageable.

IT risks and cyber risks

Asklepios is dependent on a functional IT structure. The successful course of treatment of a patient (from admission through diagnosis and treatment to documentation) depends to a large extent on an integrated IT system. Basic IT procedures and the configuration of the data centre are significant in this regard. Disruptions in IT integration and infrastructure or in related processes can have a corresponding impact on the net assets, financial position and results of operations. In this context, risk management in the IT department is being continuously developed.

The general IT risk situation was heightened on account of a global increase in cyber attacks in the past few years. In order to appropriately counter this trend, Asklepios has taken measures to further improve IT security and continue successfully defending against possible cyber attacks moving ahead. The data centre is certified according to privacy and data security standards, and also performs independent internal and external audit penetration tests that highlight the effectiveness of our security measures.

Personnel risks

On the healthcare market, there are always HR risks that can lead to a deterioration of the results of operations, financial position and net assets. The introduction of the German regulation for the threshold for nursing staff is a key challenge for the entire healthcare market. The most significant individual risks include the shortage of qualified staff, the migration of key personnel and the development of staff costs.

Asklepios uses extensive centralised and decentralised recruitment measures and personnel development programmes to meet the requirements of the regulation for the threshold for nursing staff and to prevent the risk of a shortage of staff. Asklepios proactively counters the risk of not having sufficient qualified personnel both centrally and locally by means of extensive recruitment measures and personnel development programmes. The Group provides Asklepios employees with the kind of opportunities that would not be possible in smaller structures. In addition, training and education of specialist and service staff are a high priority for us. By ensuring optimal training of our employees, we guarantee high innovation potential and forward-looking processes, not just in the field of first-class medicine, but also in relation to our business activities. In addition, we implement targeted staff retention measures in order to get qualified and motivated employees enthusiastic about Asklepios in the long term. We can thus systematically prevent a shortage of qualified staff. Using this approach, we fulfil both our economic and our social responsibility and strengthen our brand.

The trend in staff costs is heavily dependent on changes to the collective agreements governing staff wages. To reduce external dependency and to allow for the option of actively shaping future developments, the Group has significantly reduced the risks by using more flexible company agreements adopted to fit local circumstances and other alternative remuneration models. These models are reviewed by the relevant Group departments before the agreements are entered into. The Group's goal is to agree the longest possible terms in collective bargaining in order to achieve sufficient planning certainty. In view of the negotiated staff cost increases that are still to be expected, Asklepios is paying particular attention to the required staffing levels of hospitals.

Income, documentation and budget risks

The high level of state regulation means that Asklepios is exposed to risks in the day-to-day documentation and billing of cases and in the medium-term development of revenue budgets. This currently applies not only to the fact that the health insurance funds are slower to pay but primarily to details of budgetary law, such as differing opinions on case specifications and remuneration; the assessment of structural requirements; the size of the care budget; pending arbitration proceedings, where in some cases the outcome is impossible to predict; delayed budget negotiations; and potential changes to budgetary law and the supplementary billing regulations. The risks named could cause the results of operations, financial position and net assets to deteriorate.

The size of the Group, its available knowledge and its available data sets mean that it has the opportunity to define standards and to provide effective support to the hospitals locally in the implementation of the above issues. In the area of handling sensitive services, which also generally represent public authority tasks, there is generally an inherent risk that the private sector may be pushed back. A decline in processed contracts would entail a loss of revenue, whereas the effect on EAT depends on the product area concerned. With all other things remaining the same, the demographic development forecast in some areas can lead to decreasing case numbers and revenue.

Credit and counterparty risks

These risks arise if a customer or another counterparty to a financial instrument fails to meet its contractual obligations in terms of due dates and del credere. Asklepios is exposed to only a low level of risk from an unexpected loss of cash or income. There is a low level of risk of default on account of a large portion of debtors consisting of German statutory health insurance funds, complemented by a smaller portion of public social security authorities and private patients. By contrast, the risk of late payment on trade receivables, and thus the risk of an increase in capital being tied up in current assets, can be considered medium. The investment policy on the assets side is conservative and involves broad diversification. The investment counterparties are banks belonging to deposit protection systems. Investments are also monitored continuously via investment controlling. The company reacts with measures to correct any differences compared with its expected targets.

Financing and liquidity risks

The Group is subject to capital market risks. The management of short-term liquidity risks and longer-term financing risks is the central responsibility of the Finance department, which uses a treasury system for this purpose with a focus on efficient management of current cash and cash equivalents. As a financially conservative company, and on the basis of the investment terms of the assets, Asklepios' financing strategy is long-term in nature and contains manageable short-term refinancing risks. The high levels of cash and cash equivalents, steady cash flow, favourable capital structure (low level of debt), broad diversification of financing partners, access to the capital market and extensive unutilised lines of credit show that we are largely independent of general developments on the capital markets and ensure that we have full financial capacity for action, including for growth through acquisitions. The profitability and credit structure is negatively affected in part by the rental and financing structure associated with MediClin Aktiengesellschaft. The majority of financial liabilities are hedged by fixed interest rate agreements.

Investment risks

Asklepios understands investment risks as the risk that unimplemented or unprofitable investments result in an ageing infrastructure or one that is not fit for purpose and prevent the utilisation of new market potential. As a result, income targets could be missed (because, for example, use permits expire), market share could be lost to competitors and there is the risk of penalties if purchase contract obligations are not fulfilled. We are presently also observing that the effects of climate change – particularly for hospitals and facilities in exposed geographic locations – can lead to greater investment requirements for compensatory measures in the long term. Management is seeing steadily decreasing subsidy ratios, with corresponding consequences for investing activities. Asklepios is not dependent on the development of subsidies to the same extent as the majority of the competition thanks to its relatively high internal financing power.

We purposefully use our financial strength for a high proportion of proprietary investments in the hospitals. This increases the attractiveness of our facilities and in large measure supports sustainable organic growth. At the same time, investments improve efficiency and result in lower consequential costs. For the construction and extension of buildings and the furnishing and equipment of our hospitals, we utilise third-party services alongside internal ones. These services can cause delivery problems in the supply chains and also quality deficits. We therefore base purchasing decisions, procurement and project implementation on careful and continuous monitoring of all our construction projects, our suppliers and the entire market in order to limit these risks efficiently. In order to meet its own standard of first-class medicine, the Group makes substantial investments in the hospitals at the individual locations. However, investments in our hospitals are being financed with an ever smaller proportion of subsidies, meaning that the subsidy ratio of the federal states is declining. This results in a risk of decreasing cash flow that has to be compensated by efficiency measures in operating business.

Construction risks

On account of the extensive construction work, the Group is exposed to risks from business interruptions and delays in construction work with revenue losses and cost overruns in the budgeted construction work. The measures to reduce these risks include the provision of a high level of expertise within the Group with regard to construction planning and implementation, working if at all possible with standardised instructions and equipment, and using the Group's own staff to monitor the construction work allowing an immediate response to any problems that may arise. For the construction and extension of buildings and the furnishing and equipment of our hospitals, we utilise third-party services alongside internal ones. These services can cause delivery problems in the supply chains and also quality deficits. We therefore base purchasing decisions and procurement on careful and continuous monitoring of all our suppliers and the entire market in order to limit these risks efficiently.

Performance risks

With regard to performance, the statutory regulation of the remuneration system is proving challenging. Performance increases can be remunerated with price deductions; budget shortfalls can also entail deduction risks. In terms of cost development, we face steadily rising costs, especially staff costs and material expenses, which can be higher than growth due to performance increases. This hinders the release of tied-up capital and thus the increase of financing flexibility. There are also process risks in new business models like the billing of medical service centres.

Adequately accounting for resulting income and cost risks is therefore one of the primary tasks of management in order to deal with the gap between income and cost increases that has been widening for years.

Risks from acquisition and integration

Risks can arise from the integration of acquired hospitals and facilities. Our task is to integrate the processes and the infrastructure of the acquired company in our Group as rapidly as possible. To do so, we harmonise processes and logistical procedures. The loss of important managers as part of the integration and careless and inadequate due diligence processes could be critical. We try to minimise risks of acquisition by using the transaction expertise that has built up in the Group over the years and the associated people and methods.

Risks from competition

There are numerous competitors operating in the healthcare sector at local and regional level. There is a risk that the activities of existing competitors or the entrance of new competitors will have a negative impact on our market share. The potential misjudgement of important trends at all market levels can also lead to negative revenue performance. We counter these risks with comprehensive analyses of the competitive situation, the technological and regulatory trends and the general market environment. The continuous improvement of our internal processes enables us to consistently keep the quality of our service provision at the highest level and to continuously optimise it by exploiting new developments.

Reputation risks

As one of the largest providers of healthcare services in Germany, our offering is subject to a great deal of public scrutiny. Our aim is to maintain the trust in Asklepios and the Group's reputation and to be permanently open to coverage in all media. At the same time, we cannot rule out the possibility that negative press reports, e.g. on public television, or incriminatory accounts by our employees at some locations that we do not consider to fully reflect the true nature of conditions in our hospitals will damage our public perception and hence represent a risk to our reputation. We will counter these risks by providing comprehensive information to the public and involving it in our strategies, conducting image campaigns and offering ample dialogue.

Liability and legal risks

Risks arising from legal disputes are continually identified, evaluated and communicated within the Group and its companies. In addition, the Group is involved in various legal disputes resulting from its operating activities. It is impossible to predict the outcome of these disputes; nevertheless, Asklepios expects no material impact on the net assets, financial position and results of operations from the proceedings currently pending. In liability cases, impairment of results of operations, financial position and net assets cannot be ruled out despite all existing precautions. In addition, there is a potential liability risk if subsidies are used for something other than their intended purpose. It therefore cannot be ruled out that certain procedures could require adjustment in future despite having been reviewed by the relevant Group departments. We are insured against claims from our patients, which are not completely avoidable, using our own model with an appropriate externally arranged deductible. This allows us to partially respond to the steadily rising insurance premiums of external insurers throughout the market, to increase the Group's liquidity and process claim notifications in the interests of patients and the Group itself while also taking account of the increasing claims from largely isolated cases in risk management. In addition to patients' willingness to take legal action, there is a risk of frequent recourse claims by payers.

Steadily rising premiums are being observed throughout the market for property insurance, particularly due to unfavourable loss ratios in the construction sector. This correlates with the significant rise in our property insurance expenses. Our internal insurance unit actively observes the markets, develops measures aimed at minimising the number and amount of claims where possible, and uses targeted insurance management to control insurability by way of deductibles and premiums.

Our goal is to offer cutting-edge medical services that are geared towards proximity to the patient. This is supported by cooperation within the Group and targeted network building, with a focus on establishing care structures that are as comprehensive as possible. The Asklepios strategy, which includes targeted offerings in high-demand medical fields, will also contribute to generating above-average growth in future. Sales risks in the healthcare market can nevertheless arise in the areas where location changes have to be made or the quality assessment by patients and referring doctors is lower than for other hospitals in the market. At the same time, we are aware that risks can arise from our patients' treatment processes due to unexpected disruptions. We have taken account of liability and legal risks requiring recognition that we are aware of by setting aside provisions. To cover the potential risk, Asklepios uses liability insurance policies, mostly with deductibles. Appropriate provisions are recognised or adjusted for the deductibles. We are not currently involved in any litigation or defending any claims that could result in major changes to the results of operations.

Hygiene and infection risks

Potential hygiene and infection risks are countered by way of appropriate hygiene management concepts, structured workflows and processes, and continuous employee training. Our methods take adequate account of hygiene needs and requirements, while the process evaluations and improvements forming part of the quality management processes contribute to the further improvement of our workflow quality and efficiency.

Quality risks

The quality of treatment is an important factor for our operating activities. Here, Asklepios uses a self-developed quality indicator programme to monitor results. Known as the Asklepios quality monitor, it highlights compliance with all quality indicators throughout the Group. The system has settings that enable immediate detection of even the smallest changes and implementation of quality management programmes. We minimise these operating risks firstly by maximising the quality of treatment, which we ensure with our well educated and continually trained staff as part of our predefined courses of treatment. Secondly, our modern hospitals guarantee high-level care in terms of quality and technology. Furthermore, our clinical risk management (e.g. CIRS) and structured quality management ensure that we possess adequate preventive systems that we can use to identify potential sources of errors and to increase quality standards and the safety and efficiency of our processes. This ultimately allows us to achieve a permanent improvement in patient safety in addition to treatment and process quality.

Asklepios counters this efficiency competition with target planning for the individual hospitals in order to provide proof that the medical services on offer are in line with demand. Competition on quality is countered by the high quality of treatment. This is the basis for gaining patients' trust in the work being carried out by our hospitals, while at the same ensuring that operating and litigation risks are minimised.

Risks from supply chains

Like other industries, the healthcare sector depends on globally interconnected production and supply chains. This applies not only to pharmaceuticals, but also to medical devices and medical consumables. There is a fundamental risk that circumstances will arise in which global supply chains are disrupted or obstructed.

Through forward-looking warehousing and a Germany-wide distribution system, the Asklepios Group aims to ensure that all locations can be supplied with sufficient pharmaceuticals and medical consumables. In the event of long-term disruptions to production and supply chains or long-term underproduction, however, there is a risk that certain products will become scarce. It is pharmaceutical businesses' responsibility to inform hospitals if they become aware of shortages in the supply of prescription drugs for inpatient care. The Asklepios Group can thus initiate further countermeasures as appropriate or necessary.

Risks from climate change

Risks due to climate change are increasing all over the world and across industries.

With regard to Asklepios, we see potential direct negative effects, particularly for hospitals and facilities in exposed geographic locations. In addition to more frequent storm damage to buildings and reduced accessibility (e.g. due to damaged access roads), specific indications also include additional investments needed in order to ensure patients' safety and comfort even in the event of long-term negative developments (e.g. increased air-conditioning costs).

There is also a danger that climate change will result in indirect cost risks, potentially including an increase in energy prices (e.g. due to CO2 pricing) as well as additional regulations for the construction and renovation of buildings. There is also a risk that locations without good public transport links become less attractive to employees, as these workplaces become less economically viable as a result of higher fuel prices.

The Asklepios Group is monitoring climatic and political developments in order to take appropriate measures if necessary.

Compliance risks

Compliance risk refers to the lack of legal and organisational compliance with all laws and standards applicable to Asklepios. Owing to the diversity of regulations, there is a risk that requirements are not being complied with deliberately or as a result of negligence. This is associated with legal and economic risks for Asklepios. This can result in penalties, compensation claims or an occupational ban for medical staff. Appropriate measures, for example enhanced regulations and controls, are being developed. A formal compliance management system is being set up.

Governance risks

In rapidly growing groups of Asklepios' size, there is the risk that structures for Group management and the establishment of control systems (e.g. dual control) are not appropriately effective or first need to be established.

c) Opportunities

Opportunities are allocated in line with the assessment at local (hospital) level according to their potential positive effects on Asklepios from the Group's perspective to one of four opportunity categories from "low expectations" to "very high expectations". Opportunity areas are outlined below; the order in which they are presented reflects the current estimate of the relative expectation for Asklepios.

Opportunities from the market and environment

This category of opportunities includes positive developments arising from political or economic trends. The medical sector's strength is its relative independence from economic developments, so we see an opportunity here to maintain our growth even though the economic situation is changing. Opportunities arising from competition are also assigned to this category. Here, we see potential in the establishment and expansion of medical services. In addition to aspects of medical care, opportunities to continue distinguishing ourselves positively from the competition with modern offerings and services also arise throughout our patients' entire hospital stays. We draw on the wealth of experience of our nationwide hospital network and are guided by the needs and the welfare of our patients.

Strategic opportunities

These comprise all opportunities arising in the long term from global trends and developments. Investment projects, acquisitions, strengthening the brand and entering new business areas count towards this category. We are continuously monitoring the hospital market in Germany and abroad. Our many years of experience in the acquisition and integration of hospitals into the Asklepios Group enable us to identify and make use of investment opportunities and potential for strategic acquisitions at an early stage. By expanding existing hospitals and enhancing the available service range, we are selectively strengthening the Asklepios brand among patients and employees.

Opportunities from financial activities

Our broad financing mix and high equity ratio enable us to achieve long-term financing security while responding flexibly to beneficial financing opportunities. In addition, our capital resources make us a popular partner on the capital market, so we are able to benefit from favourable refinancing terms. In addition to general corporate and growth financing, this allows us to reach the capital strength required to take opportunities quickly.

Opportunities from operating activities

Opportunities from operating activities include, in particular, opportunities to enhance the billing process and increase income. They also include opportunities to further improve medical quality by using new processes and technologies and educating our staff. The ongoing development and implementation of cost reduction activities in the context of generated Group-wide synergies enables us to continuously improve our cost situation compared with the competition and to keep medical performance at a constantly high level. Thanks to our favourable cost structures and above-average competence in the area of DRG revenue management, we are well-positioned to transform the change process into an additional competitive edge. Membership in the hospital network "Wir für Gesundheit" gives Asklepios the chance to continue establishing itself in an environment of highly qualified service providers. The hospital network's offer includes a multi-operator, nationwide and quality-oriented supply network with the target of promoting members' growth and increasing case numbers.

Infrastructural opportunities

Infrastructural opportunities are all the issues that have a positive effect on our service provision, but are not located directly in operating activities. In particular, these include the qualification and motivation of our employees, the intelligent use of modern information technology and the technical equipment of our hospitals. By ensuring optimum training of our employees, we guarantee high innovation potential and forward-looking processes – not just in the field of advanced medicine. At the same time, we can acquire highly motivated personnel thanks to our strong brand as an employer. The homogenisation of our IT landscape reduces costs and increases the effectiveness and efficiency of the systems used. With targeted investments, we can respond flexibly to changes in patient demands and thus distinguish ourselves from the competition. Our modern hospitals guarantee high-level care in terms of quality and technology, which also offers opportunities for future performance growth.

Overall management statement: summary and outlook

With regard to the risks described in this report – taking account of their probability, potential financial impact and present business prospects – the management does not anticipate any individual or aggregate risks that could materially endanger the Group's ability to continue as a going concern. The management assumes that the company's earnings power is a solid foundation for future business development and provides the necessary resources.

Hamburg, 17 March 2021

Kai Hankeln

Hafid Rifi

Joachim Gemmel

Prof. Christoph U. Herborn

Marco Walker

FS

Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Consolidated financial statement

for the financial year from 1 January to 31 December 2020

page

IFRS consolidated income statement

for the financial year from 1 January to 31 December 2020

EUR '000	Note no.	2020	2019
Revenue	VI.1	4,343,069	3,537,341
Other operating income	VI.2	326,723	259,081
		4,669,792	**3,796,422**
Cost of materials	VI.3	973,461	737,728
Staff costs	VI.4	2,824,199	2,270,247
Other operating expenses	VI.5	457,113	325,644
Operating result/EBITDA[1]		**415,019**	**462,802**
Depreciation, amortisation and impairment			
of intangible assets, of property, plant and equipment, and of right-of-use assets	VI.6	286,871	222,045
Operating result/EBIT[2]		**128,148**	**240,757**
Income from equity investments		25,339	16,726
Remeasurement as per IFRS 3		–138,991	0
Net investment income	VI.7	**–113,652**	**16,726**
Interest and similar income	VI.8	3,478	2,028
Interest and similar expenses	VI.8	–59,884	–44,701
Net interest income	VI.8	**–56,406**	**–42,673**
Net finance costs		**–170,058**	**–25,947**
Earnings before income taxes		**–41,910**	**214,810**
Income taxes	VI.9	–23,215	–42,512
Consolidated net income (EAT)		**–65,124**	**172,298**
of which attributable to the parent company		–86,822	140,431
of which attributable to non-controlling interests		21,698	31,867

[1] Operating earnings before interest, taxes and depreciation and amortisation
[2] Operating earnings before interest and taxes

IFRS	consolidated statement of comprehensive income

for the financial year from 1 January to 31 December 2020

EUR '000	2020	2019
Consolidated net income (EAT)	**–65,124**	**172,298**
Share in OCI of an associate accounted for using the equity method	1,066	413
Total changes in value reclassified to profit or loss	**1,066**	**413**
Change in actuarial gains (+)/losses (–) from defined benefit pension commitments and similar obligations	–53,683	–102,113
Income taxes	8,490	16,126
Total changes in value not reclassified to profit or loss	**–45,193**	**–85,987**
Other comprehensive income (net of tax)	**–44,127**	**–85,574**
Total comprehensive income	**–109,250**	**86,724**
of which attributable to the parent company	–130,894	54,900
of which attributable to non-controlling interests	21,644	31,824

IFRS consolidated statement of cash flows

for the financial year from 1 January to 31 December 2020

EUR '000	Note no.	2020	2019
Consolidated net income (EAT)		**–65,124**	**172,298**
Income taxes	VI.9	23,215	42,512
Net interest income	VI.8	56,406	42,673
Net investment income	VI.7	–25,339	–16,726
Remeasurement as per IFRS 3		138,991	0
Amortisation of intangible assets and financial assets and depreciation of property, plant and equipment and right-of-use assets	VI.6	286,871	222,045
Gross cash flow (EBITDA)		**415,019**	**462,802**
Other non-cash transactions		12,021	11,084
Changes in inventories, receivables and other assets	VIII.7,8,9,10	7,144	–180,903
Changes in liabilities, provisions and other liabilities	VIII.14,15,16, 17,18,20	196,029	–7,494
Dividends received	VI.7	0	5,571
Interest income	VI.8	2,322	1,051
Income taxes paid	VI.9	–36,009	–31,353
Cash flow from operating activities/net cash flow		**596,527**	**260,758**
Investments in property, plant and equipment and intangible assets	VIII.2,3	–389,512	–325,771
Inflows from grants for the financing of fixed assets		99,811	83,144
Proceeds from the disposal of non-current assets		7,813	2,621
Acquisitions of subsidiaries net of cash and cash equivalents acquired	VIII.1,5,6	–571,716	–14,067
Investments in other financial assets and equity investments		–333	–11,305
Cash flow from investing activities		**–853,937**	**–265,378**
Proceeds from borrowings	VIII.13	730,000	86,000
Proceeds from the repayment of financial liabilities		–96,707	–101,484
Other interest expenses	VI.8	–34,646	–3,594
Repayment of financial liabilities from right-of-use assets		–47,078	–52,154
Interest expenses from right-of-use assets		–9,740	–9,521
Distributions		–975	–1,206
Cash flow from financing activities		**540,854**	**–81,959**
Change in cash and cash equivalents		283,444	–86,579
Cash and cash equivalents as at 1 January		265,047	351,626
Cash and cash equivalents as at 31 December	**VIII.11**	**548,491**	**265,047**

IFRS consolidated statement of financial position

for the financial year from 1 January to 31 December 2020

EUR '000	Note no.	31 Dec. 2020	31 Dec. 2019
ASSETS			
Non-current assets			
Intangible assets	VIII.2	1,084,985	762,045
Property, plant and equipment	VIII.3	2,507,571	1,643,956
Right-of-use assets	VIII.4	440,807	475,832
Investments accounted for using the equity method	VIII.5	37,582	496,706
Financial assets	VIII.7	9,013	4,340
Receivables under German Hospital Financing Act [2]	VIII.6	78,643	83,340
Other financial assets [2]	VIII.7	1,760	4,904
Trade receivables	VIII.9	626	637
Other assets	VIII.10	62	6
Deferred taxes	VIII.23	145,681	86,952
Total non-current assets		**4,306,730**	**3,558,716**
Current assets			
Inventories [1]	VIII.8	131,650	60,399
Receivables under German Hospital Financing Act [2]	VIII.6	101,488	38,677
Trade receivables [1]	VIII.9	671,338	647,771
Current income tax assets	VIII.10	18,713	2,194
Other financial assets [2]	VIII.7	506,516	169,958
Other assets	VIII.11	26,203	13,247
Cash and cash equivalents	VIII.12	548,491	265,047
Total current assets		**2,004,399**	**1,197,293**
Total assets		**6,311,129**	**4,756,009**

[1] Previous year's disclosure changed, as inpatients at the end of the reporting period are now recognised under trade receivables; see sections VIII.8 and VIII.9
[2] Previous year's disclosure changed, as receivables under the German Hospital Financing Act are now stated without netting in a separate item; see sections VIII.6 and VIII.9

EUR '000	Note no.	31 Dec. 2020	31 Dec. 2019
EQUITY AND LIABILITIES			
Equity attributable to the parent company			
Issued capital	VIII.13a	101	101
Reserves	VIII.13b	1,138,477	1,047,351
Consolidated net profit	VIII.13	–86,822	140,431
Non-controlling interests	VIII.13c	540,794	389,370
Total equity	**VIII.13**	**1,592,550**	**1,577,253**
Non-current liabilities			
Trade payables	VIII.15	127	124
Financial liabilities	VIII.14	2,141,262	1,269,663
Lease liabilities [2]	VIII.16	400,440	431,693
Pensions and similar obligations	VIII.20	396,139	341,661
Other provisions	VIII.21	306,088	217,408
Liabilities under German Hospital Financing Act [1]	VIII.17	38,515	22,492
Deferred taxes	VIII.23	60,100	54,318
Other financial liabilities [1]	VIII.18	57,895	57,679
Other liabilities	VIII.19	8,890	8,109
Total non-current liabilities		**3,409,456**	**2,403,148**
Current liabilities			
Trade payables	VIII.15	97,338	87,122
Financial liabilities	VIII.14	40,214	114,398
Lease liabilities [2]	VIII.16	63,718	53,709
Pensions and similar obligations	VIII.20	8,483	8,698
Other provisions	VIII.21	301,357	85,082
Current income tax liabilities	VIII.22	25,911	12,264
Liabilities under German Hospital Financing Act [1]	VIII.17	222,471	125,911
Other financial liabilities [1]	VIII.18	196,930	90,862
Other liabilities	VIII.19	352,700	197,561
Total current liabilities		**1,309,122**	**775,607**
Total equity and liabilities		**6,311,129**	**4,756,009**

[1] Previous year's disclosure changed, as liabilities under the German Hospital Financing Act are now stated without netting in a separate item; see sections VIII.17 and VIII.18
[2] Including EUR 7,586 thousand (previous year: EUR 5,398 thousand) of amortised finance lease liabilities

IFRS consolidated statement of changes in equity

for the 2020 financial year

EUR '000	Equity attributable to the parent company: Issued capital	Capital reserves	Retained earnings	Consolidated net profit	Total	Non-controlling interests	Equity
As at 1 January 2019	**101**	**243,162**	**752,826**	**137,818**	**1,133,907**	**360,636**	**1,494,543**
Net income	0	0	0	140,431	140,431	31,867	172,298
Other comprehensive income	0	0	–85,531	0	–85,531	–43	–85,574
Total comprehensive income	**0**	**0**	**–85,531**	**140,431**	**54,900**	**31,824**	**86,724**
Withdrawal	0	0	0	0	0	0	0
Payment obligations and distributions	0	0	0	0	0	–1,866	–1,866
Changes in the consolidated group	0	0	–278	0	–278	–104	–382
Change in equity interests in consolidated companies	0	0	0	0	0	0	0
Allocation to reserves	0	0	137,818	–137,818	0	0	0
Other changes	0	0	–646	0	–646	–1,119	–1,765
Total transactions recognised directly in equity	**0**	**0**	**136,894**	**–137,818**	**–924**	**–3,090**	**–4,014**
As at 31 Dec. 2019	**101**	**243,162**	**804,189**	**140,431**	**1,187,883**	**389,370**	**1,577,253**
As at 1 January 2020	**101**	**243,162**	**804,189**	**140,431**	**1,187,883**	**389,370**	**1,577,253**
Net income	0	0	0	–86,822	–86,822	21,698	–65,124
Other comprehensive income	0	0	–44,094	0	–44,094	–33	–44,127
Total comprehensive income	**0**	**0**	**–44,094**	**–86,822**	**–130,916**	**21,665**	**–109,251**
Payment obligations and distributions	0	0	0	0	0	–975	–975
Changes in the consolidated group	0	0	–4,062	0	–4,062	132,609	128,547
Allocation to reserves	0	0	140,431	–140,431	0	0	0
Other changes	0	0	–1,149	0	–1,149	–1,875	–3,024
Total transactions recognised directly in equity	**0**	**0**	**135,220**	**–140,431**	**–5,211**	**129,759**	**124,548**
As at 31 Dec. 2020	**101**	**243,162**	**895,315**	**–86,822**	**1,051,756**	**540,794**	**1,592,550**

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Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Notes to the consolidated financial statements

for the 2020 financial year
in accordance with International Financial Reporting Standards

I. Basis of the consolidated financial statements

Group structure: principles and business segments

The name of the company is Asklepios Kliniken GmbH & Co. KGaA, Rübenkamp 226, Hamburg, Germany (hereinafter also referred to as "AKG", "the Group" or "the company"), and it is entered in the commercial register at the Hamburg Local Court under HRB 149532. The company was formed on 7 June 2004.

Asklepios Kliniken GmbH & Co. KGaA and its subsidiaries operate predominantly on the German market in the clinical acute care and rehabilitation sectors and, to a very limited extent, in the nursing sector. The purpose of the company is the acquisition and operation of healthcare facilities and the provision of consulting services.

The Group operates facilities in numerous federal states in Germany. The Group structure is geared towards regional differences in terms of personnel and company law. The operating entities are essentially the Asklepios hospitals of AKG in which investments are held directly and the equity investments of the sub-group financial statements included in the consolidated financial statements, Asklepios Kliniken Hamburg GmbH, Hamburg (74.9% equity investment); MediClin AG, Offenburg (52.73% equity investment); and RHÖN-KLINIKUM AG (93.71% equity investment), included in the consolidated financial statements since 3 July 2020.

Asklepios is intensifying the operation, development and management of outpatient and inpatient healthcare facilities with the newly founded companies Asklepios Klinik Service Stadtroda GmbH, Asklepios Klinik Service Wiesen GmbH, Asklepios Klinik Service Potsdam GmbH, Asklepios Klinik Service Langen GmbH and Asklepios Klinik Service Göttingen GmbH. In addition, Asklepios is expanding in the medical centre segment and founded Asklepios MVZ Rheinland-Pfalz GmbH in 2020.

The Group also has selected foreign operations. They relate almost exclusively to the investment in Greece (Athens Medical Center S.A.), Mind District Holding BV in the Netherlands, which operates in the e-mental health sector, and Pulso Europe BV in Belgium.

II. Accounting principles

1. Regulations applied

The consolidated financial statements of the company and its subsidiaries as at 31 December 2020 were prepared in accordance with the requirements of section 315e (3) of the German Commercial Code (HGB), the International Financial Reporting Standards (IFRS) and the related interpretations of the IASB (IFRIC), as applicable in the European Union as per Regulation (EC) No. 1606/2002 of the European Parliament and of the Council. All standards and interpretations that are mandatory for the 2020 financial year were applied.

The consolidated financial statements were prepared on the basis of historical cost. The consolidated financial statements were prepared on a going concern basis.

The Group therefore did not to prepare any consolidated financial statements in accordance with the German Commercial Code (HGB). The IFRS consolidated financial statements and the Group management report for the smallest group of companies were published in the German Federal Gazette (Bundesanzeiger). Asklepios Kliniken GmbH & Co. KGaA was included in the IFRS consolidated financial statements of Broermann Holding GmbH, Königstein im Taunus, which prepares the consolidated financial statements for the largest group of companies. These consolidated financial statements and Group management report were published in the German Federal Gazette (Bundesanzeiger).

For detailed information on the consolidation and accounting policies applied, please refer to the notes in section IV "Consolidation and accounting policies" below.

2. New standards and standards to be applied for the first time

Financial reporting standards applied for the first time

The IASB has revised and published the financial reporting standards. The standards replace all or part of earlier versions of these standards/interpretations, or are entirely new standards/interpretations. The Group applied the following standards in full or the relevant amended requirements for the first time in accordance with the relevant transition provisions and – where required – adjusted the comparative information in line with the new financial reporting standards:

Amendments to IAS 1	Amendments to the Conceptual Framework – Comprehensive IASB Project
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	Covid-19-Related Rent Concessions

Amendments to the Conceptual Framework – Comprehensive IASB Project

On 29 March 2018, the International Accounting Standards Board (IASB) issued the revised conceptual framework, which addresses topics that were not yet covered or that showed obvious shortcomings.

The revised conceptual framework includes clearer definitions of assets, liabilities, equity, income and expenses. New guidance on measurement and derecognition, presentation and disclosure was also added to the conceptual framework.

These requirements have no significant impact on the Asklepios Group's net assets, financial position and results of operations.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

On 26 September 2019, the International Accounting Standards Board (IASB) issued Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures.

They are designed to provide relief from potential effects that the IBOR (interbank offered rates) reform is expected to have on financial reporting. The amendments aim to allow recognised hedging relationships (hedge accounting) to continue or to remain designated as such despite the expected phasing out of interest-rate benchmarks.

An entity shall apply these amendments on or after the beginning of the first annual reporting period that begins on or after 1 January 2020.

These amendments to have no impact on the Asklepios Group's net assets, financial position and results of operations.

Amendments to IAS 1 and IAS 8: Definition of Material

On 31 October 2018, the International Accounting Standards Board (IASB) issued Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the definition of materiality. The amendments seek to clarify the definition of material, but do not alter the concept of materiality.

According to the new definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements make.

This clarified definition has no impact on the Asklepios Group's net assets, financial position and results of operations.

Amendments to IFRS 3: Definition of a Business

The amendments introduce an optional concentration test that permits a simplified assessment of whether a business or merely a set of assets was acquired. They also revise the definition of a business. The amended definition shall be applied to acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. This clarified definition has no impact on the Asklepios Group's net assets, financial position and results of operations.

Amendments to IFRS 16: Covid-19-Related Rent Concessions

Regulation (EU) No 2020/1434 of 9 October 2020 transposed the amendment to IFRS 16 Leases "Covid-19-Related Rent Concessions" published by the International Accounting Standards Board (IASB) on 28 May 2020 into EU law. In 2020, the coronavirus pandemic caused an unprecedented external shock to the Union and its economy creating a need for measures aimed at alleviating adverse impacts on citizens and companies where possible. Member States and the EU have taken measures to provide financial relief to companies, including payment holidays based on private or public moratoria, to prevent unnecessary bankruptcies and job losses, and to underpin rapid recovery. The amendment to IFRS 16 provides optional, temporary COVID-19 related operational relief for lessees benefiting from lease payments holidays without undermining the relevance and usefulness of financial information reported by companies. The IASB set the effective date of the amendments to IFRS 16 as from 1 June 2020. There is no similar relief for lessors. Therefore, the provisions of this Regulation should apply retroactively to ensure legal certainty for the issuers concerned and consistency with other accounting standards laid down in Regulation (EC) No 1126/2008. On the basis of the "German Act to Mitigate the Consequences of the COVID-19 Pandemic under Civil, Insolvency and Criminal Procedure Law" passed by the German Bundestag on 27 March 2020, ASKLEPIOS utilised the suspension of rental payments for hospital properties for the month of May and June 2020 and applied the amendment to IFRS 16. The suspended rental payments for the two months total EUR 7.9 million and relate to rents for 21 hospital properties. The default interest rate in accordance with section 288 (2) BGB is 8.12% p.a. Default interest at the end of the financial year amounted to EUR 401 thousand.

Endorsement	Publication	Effective date
Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9 *	June 2020	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 **	August 2020	1 January 2021
IFRS 17 Insurance Contracts and amendments to IFRS 17 deferring the date of initial application ***	May 2017/June 2020	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current, including postponement of the date of initial application published in July 2020 ***	October 2018	1 January 2023
Amendments to IFRS 3: Reference to the Conceptual Framework ***	January 2020	1 January 2022
Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use ***	May 2020	1 January 2022
Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract ***	May 2020	1 January 2022
Annual Improvements to IFRSs (2018-2020 Cycle) with amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 ***	May 2020	1 January 2022

* Endorsed on 15 December 2020
** Endorsed on 13 January 2021
*** Not yet endorsed

IFRS 4 Insurance Contracts

The amendments to IFRS extend certain insurance companies' temporary exemption from applying IFRS 9, so that said insurance companies are still permitted to apply IAS 39 for annual periods beginning before 1 January 2023. As a result, insurance companies based in the EU that do not yet apply IFRS 9 due to the temporary exemption can be expected to recognise at least the amendments to IFRS 4 soon. The standard is irrelevant for the Asklepios Group.

IFRS 17 Insurance Contracts

On 18 May 2017, the International Accounting Standards Board (IASB) published IFRS 17 Insurance Contracts, which will replace IFRS 4 Insurance Contracts.

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The standard contains three central approaches for the accounting treatment of insurance contracts:

- The Building Block Approach (BBA) is the general model for the accounting treatment of insurance contracts. It is applicable for all insurance contracts within the scope of IFRS 17, unless one of the following exceptions is applied.
- The Premium Allocation Approach (PAA) is a simplification of the Building Block Approach, which may be applied to contracts provided that measurement of these contracts using the PAA does not result in any material deviations compared with the BBA or if they are of a short-term nature.
- The Variable Fee Approach (VFA) is another variation of the Building Block Approach for insurance contracts whose payments are contractually linked to income deriving from certain reference values (direct participating features).

The standard is irrelevant for the Asklepios Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

On 23 January 2020, the International Accounting Standards Board (IASB) issued an amendment to IAS 1 regarding the classification of liabilities, which sets out criteria for the classification of liabilities as current or non-current. An entity shall apply the amendments retrospectively for annual periods beginning on or after 1 January 2023.

The amendments to the classification of liabilities as current or non-current affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items.

The Asklepios Group does not expect a significant impact on its net assets, financial position and results of operations.

IFRS 3: Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework, add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework), and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. For acquisitions on or after 1 January 2022, the Asklepios Group does not expect a significant impact on its net assets, financial position and results of operations.

IAS 16: Property, Plant and Equipment – Proceeds before Intended Use

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments to IAS 16 shall be applied for annual periods beginning on or after 1 January 2022. An entity applies the amendments retrospectively only to items of property, plant and equipment and intangible assets that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The Asklepios Group does not expect a significant impact on its net assets, financial position and results of operations.

IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

The changes in **Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)** specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Asklepios Group does not expect a significant impact on its net assets, financial position and results of operations.

Annual Improvements to IFRSs (2018-2020 Cycle) with amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

The amendment to IFRS 9 clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The Asklepios Group does not apply the standards IFRS 1 and IAS 41. The Asklepios Group does not expect the amendments to IFRS 9 and IFRS 16 to have a significant impact on its net assets, financial position and results of operations.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

On 27 August 2020, the **International Accounting Standards Board (IASB) published Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)** with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The Asklepios Group does not expect a significant impact on its net assets, financial position and results of operations.

3. Presentation and reclassifications

Assets and liabilities and expenses and income are offset in accordance with IAS 1.32 when this is explicitly required or permitted in a standard or interpretation and reflects the substance of the transaction.

The consolidated income statement, which is presented as a separate component of the consolidated financial statements pursuant to the option under IAS 1 (rev. 2011), was prepared in line with the nature of expense method.

In the financial year, there were changes in presentation regarding other financial assets, other financial liabilities, inventories and trade receivables. Furthermore, receivables and liabilities under the German Hospital Financing Act were stated separately. Please refer to the disclosures in each item of the statement of financial position for details.

If no other currency unit is specified, all amounts in the consolidated financial statements are shown in thousands of euro (EUR thousand) or millions of euro (EUR million).

4. Financial year

The financial year is the calendar year.

5. Approval of the financial statements

The company's consolidated financial statements were approved for publication by management signature.

III. Currency translation

The consolidated financial statements are presented in euro, the functional and reporting currency of the Group.

The financial statements of all Group companies whose functional currency is not the euro are translated into the reporting currency as follows:

- → Assets and liabilities are translated at the reporting date of each statement of financial position presented.
- → Income and expenses are translated at the average exchange rate for each statement presenting profit or loss and other comprehensive income (except where it is a reasonable approximation of the cumulative effect of a translation on the transaction dates; in this case, income and expenses are translated at the exchange rates applicable at the transaction date).
- → All gains and losses from currency translation are recognised in other comprehensive income.

All exchange differences relating to the translation of net investments in foreign operations are recognised in other comprehensive income. On the disposal of a foreign operation, the exchange differences recognised in equity are reclassified to the consolidated income statement.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Gains and losses resulting from the settlement of such transactions or from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate prevailing on the reporting date are recognised in the consolidated income statement, unless they are to be recognised in equity (other comprehensive income) as qualifying cash flow hedges and qualifying net investment hedges.

IV. Consolidation and accounting policies

1. Basis of consolidation

The annual financial statements of companies included in the consolidated financial statements of the company were prepared using uniform accounting policies. The financial statements of all the companies included in consolidation were prepared at the same date as the consolidated financial statements.

a) Subsidiaries

In addition to Asklepios Kliniken GmbH & Co. KGaA as the ultimate parent company, the consolidated group also includes the subsidiaries directly or indirectly controlled by AKG. The Group controls a subsidiary when it is exposed to variable returns from its investment in the subsidiary or has rights to these returns and has the ability to use its power over the subsidiary to affect these returns. The subsidiaries are consolidated from the day the Group obtains control. The subsidiaries are deconsolidated when the Group loses control.

In the event of loss of control over a subsidiary, the assets and liabilities of the former subsidiary are derecognised and any investment retained is recognised at its fair value. The investment and any amounts the former subsidiary owes to the Group or that the Group owes to the former subsidiary are subsequently accounted for in accordance with relevant IFRSs. The fair value shall be regarded as the fair value on initial recognition of a financial asset or, where applicable, the cost on initial recognition of an investment in an associate or joint venture. Gains and losses from the loss of control are recognised in the income statement. This also applies to amounts that were previously accounted for in the statement of comprehensive income.

Business combinations are accounted for using the acquisition method. The cost of a company acquisition is calculated as the sum total of the transferred consideration, measured at its fair value at the acquisition date, and the non-controlling interests in the acquired company. For each business combination, the acquirer measures the non-controlling interests in the acquired company either at fair value or on the basis of the proportionate share of the identifiable net assets of the acquired company. Costs incurred in connection with the business combination are recognised as expense and are reported as administrative costs.

The agreed contingent consideration is recognised at fair value at the date of the acquisition. Subsequent changes to the fair value of a contingent consideration representing an asset or a liability are measured at fair value in accordance with IFRS 9 and recognised through profit or loss in the income statement. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.

In subsequent periods, unrecognised gains and losses identified upon the fair value measurement of assets and liabilities during first-time consolidation are remeasured, amortised or reversed in line with the changes in the assets and liabilities. In subsequent periods, goodwill is tested for impairment at least once a year and, if impairment is identified, written down to the lower recoverable amount.

If interests are acquired in stages, the difference between the purchase cost and the share of equity is recognised as goodwill. In this case, the equity interest previously held by the acquirer shall be remeasured at its acquisition-date fair value and the resulting gain or loss shall be recognised in profit or loss.

Intragroup expenses and income and receivables and liabilities between consolidated companies were eliminated as part of the consolidation of debt, expenses and income. Intercompany profits and losses are eliminated, where material. For consolidation measures affecting profit or loss, income tax effects are recognised and deferred taxes are reported.

b) Associates

Associates are entities over which the Group has significant influence but no control. Investments in associates are reported using the equity method and initially measured at cost. The share of the Group in associates contains the goodwill incurred on acquisition.

The Group's share of the profits and losses of associates is recognised in the consolidated income statement at the date of acquisition, and the share of the changes in reserves of associates are recognised in the Group reserves. The cumulative changes after acquisition are recognised against the carrying amount of the investment. Dividend payments are deducted from the amount recognised in equity, accordingly. If the Group's share of the loss in an associate is equal to or greater than the Group's interest in this entity, including other unsecured receivables, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits is greater than the share of losses not recognised.

Unrealised profits arising from transactions between Group companies and associates are eliminated in accordance with the Group's interest in the associate. Unrealised losses are also eliminated, unless the transaction indicates impairment of the transferred asset. The accounting policies of associates were changed, where necessary, to ensure the application of uniform policies throughout the Group.

c) Other investments

The Group's other investments, which are neither fully consolidated subsidiaries (IFRS 10) nor consolidated associates (IAS 28), are carried at amortised cost if they are of minor significance. They are measured at cost on initial recognition. Transaction costs were considered as part of the purchase price on initial recognition.

d) Transactions with non-controlling interestsn

Non-controlling interests are the portion of the profit or loss and net assets attributable to equity interests that are not held by the shareholders of the parent company. Non-controlling interests are presented separately in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of financial position. They are reported within equity in the consolidated statement of financial position.

If there are changes to the Group's ownership interest in a subsidiary and the Group does not lose control over the subsidiary, these transactions are treated as equity transactions. This relates to transactions with owners in their capacity as owners.

The Group recognises directly in equity any difference between the amount by which the non-controlling interests change and the fair value of the consideration paid or received.

e) Basis of consolidation

The following companies were part of the group of consolidated companies as at 31 December 2020. Also presented are the amount of the interest (direct or indirect) and the extent to which the company is exempt from the obligation to prepare a management report and disclose information under section 264 (3) and section 264b HGB.

Name, registered office	Interest held in % 2020	Interest held in % 2019	Section 264 (3) and section 264b HGB
AKG Klinik Hohwald GmbH, Königstein	100.00	100.00	Yes
AKG Klinik Parchim GmbH, Königstein	94.00	94.00	Yes
AKG Kliniken GmbH, Königstein	100.00	100.00	Yes
Ambulantes Gesundheitszentrum Schwedt GmbH, Schwedt	100.00	100.00	Yes
AMR Holding GmbH, Königstein	91.75	0.00	No
Angiologikum GmbH, Hamburg	100.00	100.00	No
Aponova Home & Care GmbH, Hamburg	100.00	100.00	No
Asklepios - ASB Krankenhaus Radeberg GmbH, Radeberg	94.00	94.00	No
Asklepios Aponova GmbH, Hamburg	100.00	100.00	No
Asklepios Business Services GmbH, Königstein	100.00	100.00	Yes
Asklepios Business Services Hamburg GmbH, Hamburg	100.00	100.00	Yes
Asklepios Connecting Health Deutschland GmbH, Königstein	100.00	100.00	Yes
Asklepios Connecting Health Hamburg GmbH, Hamburg	100.00	100.00	Yes
Asklepios Dienstleistungsgesellschaft Hamburg mbH, Hamburg	100.00	100.00	No
Asklepios Dienstleistungsgesellschaft mbH, Gauting	100.00	100.00	Yes
Asklepios Einkauf und Versorgung Hamburg GmbH, Hamburg	94.00	94.00	Yes
Asklepios Fachkliniken Brandenburg GmbH, Brandenburg	100.00	100.00	Yes
Asklepios Fachklinikum Stadtroda GmbH, Stadtroda	94.00	94.00	Yes
Asklepios Facility Services Hamburg GmbH, Hamburg	100.00	100.00	No
Asklepios Gesundheitszentrum Bad Tölz GmbH, Bad Tölz	100.00	100.00	Yes
Asklepios Gesundheitszentrum GmbH, Königstein	100.00	100.00	Yes
Asklepios Hamburg Personalservice GmbH, Hamburg	100.00	100.00	No
Asklepios Harzkliniken GmbH, Goslar	94.00	94.00	Yes
Asklepios International Beteiligungsgesellschaft mbH, Königstein	100.00	100.00	No
Asklepios International GmbH, Königstein	100.00	100.00	No
Asklepios IT-Services Hamburg GmbH, Hamburg	100.00	100.00	No
Asklepios Klinik Alsbach GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinik Bad Griesbach GmbH & Cie OHG, Königstein	94.00	94.00	Yes
Asklepios Klinik Bad Salzungen GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinik Bad Wildungen GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinik Fürstenhof Bad Wildungen GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinik Gauting GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinik Lenggries GmbH, Lenggries	100.00	100.00	No
Asklepios Klinik Lich GmbH, Lich	94.00	94.00	Yes
Asklepios Klinik Lindau GmbH, Lindau	100.00	100.00	No
Asklepios Klinik Lindenlohe GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinik Pasewalk GmbH, Königstein	94.00	94.00	Yes

Name, registered office	Interest held in % 2020	Interest held in % 2019	Section 264 (3) and section 264b HGB
Asklepios Klinik Sankt Augustin GmbH, Sankt Augustin	94.00	94.00	Yes
Asklepios Klinik Schaufling GmbH, Königstein	100.00	100.00	Yes
Asklepios Klinik Service Göttingen GmbH, Göttingen	100.00	0.00	Yes
Asklepios Klinik Service Langen, Langen	100.00	0.00	Yes
Asklepios Klinik Service Nordhessen GmbH, Schwalmstadt (formerly: Asklepios Schwalm-Eder-Kliniken Dienstleistungs-GmbH, Schwalmstadt)	100.00	100.00	No
Asklepios Klinik Service Potsdam GmbH, Brandenburg an der Havel	100.00	0.00	Yes
Asklepios Klinik Service Stadtroda GmbH, Stadtroda	100.00	0.00	Yes
Asklepios Klinik Service Wiesen GmbH, Königstein	100.00	0.00	Yes
Asklepios Klinik Sobernheim GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinik Wiesbaden GmbH, Königstein	94.00	94.00	Yes
Asklepios Kliniken Hamburg GmbH, Hamburg	74.90	74.90	No
Asklepios Kliniken Langen-Seligenstadt GmbH, Langen	94.00	94.00	Yes
Asklepios Kliniken Weißenfels GmbH, Weißenfels	94.00	94.00	Yes
Asklepios Klinikum Bad Abbach GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinikum Uckermark GmbH, Schwedt	94.00	94.00	Yes
Asklepios Krankenpflegeschulen gGmbH, Königstein	95.00	95.00	No
Asklepios Lindau Beteiligungs GmbH, Lindau	100.00	100.00	No
Asklepios Medical Healthcare China Holding GmbH, Königstein	100.00	100.00	No
Asklepios Medical School GmbH, Hamburg	100.00	100.00	No
Asklepios MVZ Bayern GmbH, Cham	100.00	100.00	Yes
Asklepios MVZ Brandenburg GmbH, Brandenburg	100.00	100.00	Yes
Asklepios MVZ Hessen GmbH, Seligenstadt	100.00	100.00	Yes
Asklepios MVZ Mitteldeutschland GmbH, Stadtroda	100.00	100.00	Yes
Asklepios MVZ Niedersachsen GmbH, Goslar	100.00	100.00	Yes
Asklepios MVZ Nord GmbH, Hamburg	100.00	100.00	Yes
Asklepios MVZ Nord SH GmbH, Hamburg	100.00	100.00	Yes
Asklepios MVZ Rheinland-Pfalz GmbH, Kandel	100.00	0.00	Yes
Asklepios MVZ Sachsen-Anhalt GmbH, Weißenfels	100.00	100.00	Yes
Asklepios MVZ Schleswig-Holstein GmbH, Königstein	100.00	100.00	Yes
Asklepios Nordseeklinik Westerland GmbH, Königstein	93.00	93.00	Yes
Asklepios Objektbetreuung Hamburg GmbH, Hamburg	100.00	100.00	No
Asklepios Pflegeheim Weserblick GmbH, Königstein	100.00	100.00	Yes
Asklepios Privita GmbH, Hamburg	100.00	100.00	No
Asklepios Psychiatrie Langen GmbH, Langen	100.00	100.00	Yes
Asklepios Psychiatrie Niedersachsen GmbH, Göttingen	100.00	100.00	Yes
Asklepios Reha - Klinik Bad Schwartau GmbH, Königstein	94.00	94.00	Yes
Asklepios Rehaklinik Bad Oldesloe GmbH, Königstein	100.00	100.00	Yes

Name, registered office	Interest held in % 2020	Interest held in % 2019	Section 264 (3) and section 264b HGB
Asklepios Schwalm-Eder-Kliniken GmbH, Schwalmstadt	94.00	94.00	No
Asklepios Service Einkauf und Versorgung GmbH, Königstein	100.00	100.00	Yes
Asklepios Service Entlassmanagement GmbH, Königstein	100.00	100.00	Yes
Asklepios Service Hotellerie GmbH, Königstein	100.00	100.00	Yes
Asklepios Service IT GmbH, Königstein	100.00	100.00	Yes
Asklepios Service Reinigung GmbH, Königstein	100.00	100.00	Yes
Asklepios Service Technik GmbH, Königstein	100.00	100.00	Yes
Asklepios Stadtklinik Bad Tölz GmbH, Königstein	94.00	94.00	Yes
Asklepios Stadtkrankenhaus Seesen GmbH, Seesen	100.00	100.00	No
Asklepios Südpfalzkliniken GmbH, Burglengenfeld	94.00	94.00	Yes
Asklepios Therapie GmbH, Königstein	100.00	100.00	No
Asklepios Verwaltungs- und Management-GmbH, Königstein	100.00	100.00	Yes
Asklepios Weserbergland-Klinik GmbH, Höxter	94.00	94.00	Yes
Asklepios Westklinikum Hamburg GmbH, Hamburg	74.98	74.98	Yes
Beteiligungsgesellschaft Prof. Mathey, Prof. Schofer GmbH, Hamburg	100.00	100.00	No
BGL Grundbesitzverwaltungs-GmbH, Bad Neustadt a.d. Saale	100.00	0.00	No
Blomenburg Holding GmbH, Kiel	94.00	94.00	Yes
Care-Bridge GmbH, Königstein	100.00	100.00	No
DHZ Deutsches Herzklappenzentrum GmbH, Hamburg	100.00	100.00	No
Digital Infusion GmbH, Berlin	100.00	100.00	No
Dr. Hoefer-Janker GmbH & Co. Klinik KG, Bonn	100.00	100.00	Yes
ESB - Gemeinnützige Gesellschaft für berufliche Bildung mbH, Bad Neustadt a.d. Saale	100.00	0.00	No
Fachklinik Rhein/Ruhr für Herz/ Kreislauf- und Bewegungssystem GmbH & Co. Kommanditgesellschaft, Essen	100.00	100.00	Yes
Fachklinik Rhein/Ruhr für Herz/ Kreislauf- und Bewegungssystem Verwaltungs Gesellschaft mit beschränkter Haftung, Essen	100.00	100.00	No
Fachklinik Zwieselberg GmbH, Freudenstadt	100.00	100.00	No
Fachklinikum Wiesen GmbH, Königstein	100.00	100.00	Yes
Fürstenberg Institut GmbH, Hamburg	80.00	80.00	No
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	100.00	0.00	No
German health tv GmbH, Königstein	100.00	100.00	Yes
GFB medi GmbH, Alsbach	100.00	100.00	No
GKB Klinikbetriebe GmbH, Königstein	94.00	94.00	Yes
Haus Saaletal GmbH, Bad Neustadt a.d. Saale	100.00	0.00	Yes
HDG-Harzkliniken Dienste GmbH, Goslar	100.00	100.00	Yes
Health Care Concept GmbH, Hamburg	100.00	100.00	No

Name, registered office	Interest held in % 2020	Interest held in % 2019	Section 264 (3) and section 264b HGB
Herzzentrum Lahr/Baden GmbH & Co. KG, Bad Rappenau	94.80	94.80	Yes
HKW Hamburger Krankenhauswäscherei GmbH, Hamburg	51.00	51.00	No
INSITE-Interventions GmbH, Frankfurt am Main	100.00	100.00	No
KB Krankenhausbeteiligungsgesellschaft mbH & Co. KG, Essen	100.00	100.00	Yes
KB Krankenhausbeteiligungsverwaltungsgesellschaft mbH, Essen	100.00	100.00	No
Kinderhort Salzburger Leite gemeinnützige Gesellschaft mbH, Bad Neustadt a.d. Saale	100.00	0.00	No
KLINIK “HAUS FRANKEN” GMBH Bad Neustadt/Saale i. L., Bad Neustadt a. d. Saale (formerly: KLINIK “HAUS FRANKEN” GMBH Bad Neustadt/Saale, Bad Neustadt a. d. Saale)	100.00	0.00	No
Klinikum Frankfurt (Oder) GmbH, Frankfurt (Oder)	100.00	0.00	Yes
KLS – Facility Management GmbH, Langen	100.00	100.00	No
Kraichgau-Klinik Aktiengesellschaft, Bad Rappenau	94.80	94.80	No
Kraichgau-Klinik Bad Rappenau GmbH & Co. KG, Bad Rappenau	94.80	94.80	Yes
Lungenpraxis am Wördemannsweg GmbH, Hamburg	100.00	100.00	No
MAH Medizinische Akademie Hamburg GmbH, Hamburg	100.00	100.00	No
Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft mbH, Bad Neustadt a.d. Saale	100.00	0.00	No
MC Kliniken Geschäftsführungs-GmbH, Offenburg	94.80	94.80	No
MC Service GmbH, Offenburg	100.00	100.00	No
MediClin à la Carte GmbH, Offenburg	100.00	100.00	Yes
MediClin Aktiengesellschaft, Offenburg	52.73	52.73	No
MediClin Betriebs GmbH, Offenburg	100.00	100.00	No
MediClin Energie GmbH, Offenburg	100.00	100.00	No
MediClin Fachklinik Rhein/Ruhr Therapie & Pflege GmbH, Essen	100.00	100.00	No
MediClin Geschäftsführungs-GmbH, Offenburg	100.00	100.00	No
MediClin GmbH & Co. KG, Offenburg	100.00	100.00	Yes
MediClin Immobilien Verwaltung GmbH, Offenburg	100.00	100.00	No
MediClin Krankenhaus am Crivitzer See GmbH, Crivitz	0.00	100.00	No
MediClin Medizinisches Versorgungszentrum GmbH, Offenburg	100.00	100.00	Yes
MediClin MVZ Achern GmbH, Achern	100.00	100.00	No
MediClin Pflege GmbH, Offenburg	100.00	100.00	Yes
MediClin Therapie GmbH, Offenburg	100.00	100.00	No
MediClin-IT GmbH, Offenburg	100.00	100.00	No
medicum Hamburg MVZ GmbH, Hamburg	100.00	100.00	No
MEDILYS Laborgesellschaft mbH, Hamburg	100.00	100.00	No
Medizinisches Versorgungszentrum Prof. Mathey, Prof. Schofer GmbH, Hamburg	100.00	100.00	No
Mind District Holding B.V., Amsterdam (Netherlands)	100.00	100.00	N/A
Minddistrict B.V., Amsterdam (Netherlands)	100.00	100.00	N/A

Name, registered office	Interest held in % 2020	Interest held in % 2019	Section 264 (3) and section 264b HGB
Minddistrict Development B.V., Amsterdam (Netherlands)	100.00	100.00	N/A
Minddistrict GmbH, Berlin	100.00	100.00	N/A
Minddistrict LTD, London (England)	100.00	100.00	N/A
MVZ Bad Neustadt/ Saale GmbH, Bad Neustadt a.d. Saale	100.00	0.00	Yes
MVZ des Klinikums Frankfurt (Oder) GmbH, Frankfurt (Oder)	100.00	0.00	No
MVZ Hamburg-Ost HOG GmbH, Hamburg	100.00	100.00	No
MVZ Hanse Histologikum GmbH, Hamburg	51.00	51.00	No
MVZ MED GmbH, Bad Neustadt a.d. Saale	100.00	0.00	No
MVZ MediClin Bonn GmbH, Bonn	100.00	100.00	No
MVZ Onkologie Barmbek GmbH, Hamburg	100.00	100.00	No
MVZ Sobernheim GmbH, Bad Sobernheim	100.00	100.00	Yes
MVZ UKGM GmbH	100.00	0.00	No
MVZ Vorpommern GmbH, Pasewalk	100.00	100.00	Yes
MVZ Zentralklinik GmbH, Bad Berka	100.00	0.00	No
Norddeutsches Herz- und Gefäßzentrum Hamburg GmbH, Hamburg	100.00	100.00	No
Nordseeklinik Neubau GmbH, Königstein	100.00	100.00	Yes
OT-Rhein-Main GmbH, Föhren	100.00	100.00	No
PMD Präventivum GmbH, Hamburg	100.00	100.00	No
Poly Z Med GmbH, Königstein	100.00	100.00	Yes
ProCuraMed AG, Bern (Switzerland)	100.00	100.00	N/A
Prof. Mathey, Prof. Schofer Vermietungsgesellschaft mbH & Co. KG, Hamburg	100.00	100.00	No
ProFuß GmbH, Föhren	80.00	80.00	No
PROMEDIG gemeinnützige Gesellschaft für medizinische Innovation mbH, Hamburg	100.00	100.00	No
Psychosomatische Klinik GmbH Bad Neustadt/Saale, Bad Neustadt a.d. Saale	100.00	0.00	No
PTZ GmbH, Marburg	100.00	0.00	No
PULSO EUROPE BV, Leuven (Belgium)	80.00	80.00	N/A
Pulso Europe LDA, Lisbon (Portugal)	60.00	60.00	N/A
Pulso South East Europe P.C., Athens (Greece)	55.00	55.00	N/A
Reha - Klinik Schildautal Investgesellschaft mbH, Königstein	99.00	99.00	Yes
Rehabilitationszentrum Gernsbach/Schwarzwald GmbH & Co. KG, Bad Rappenau	94.80	94.80	Yes
RHÖN-Cateringgesellschaft mbH, Bad Neustadt a.d. Saale	100.00	0.00	Yes
RHÖN-Innovations GmbH, Bad Neustadt a.d. Saale	100.00	0.00	No
RHÖN-KLINIKUM AG, Bad Neustadt a.d. Saale	93.71	28.69	No
RHÖN-KLINIKUM Energie für Gesundheit GmbH, Bad Neustadt a.d. Saale	100.00	0.00	Yes
RHÖN-KLINIKUM Services GmbH, Bad Neustadt a. d. Saale (formerly: RHÖN-Reinigungsgesellschaft mbH, Bad Neustadt a. d. Saale)	100.00	0.00	No
RHÖN-Kreisklinik Bad Neustadt GmbH, Bad Neustadt a.d. Saale	100.00	0.00	Yes

Name, registered office	Interest held in % 2020	Interest held in % 2019	Section 264 (3) and section 264b HGB
RK Klinik Betriebs GmbH Nr. 35 i. L., Bad Neustadt a. d. Saale (formerly: RK Klinik Betriebs GmbH Nr. 35, Bad Neustadt a. d. Saale)	100.00	0.00	No
RK Reinigungsgesellschaft Nordost mbH i. L., Bad Neustadt a. d. Saale (formerly: RK Reinigungsgesellschaft Nordost mbH, Bad Neustadt a. d. Saale)	100.00	0.00	No
Rückenzentrum St. Georg GmbH, Hamburg	100.00	100.00	No
Sächsische Schweiz Kliniken GmbH, Sebnitz	100.00	100.00	No
Samedi GmbH, Berlin	100.00	100.00	No
Sanomed Sanitätshaus für Orthopädie und Rehabilitationstechnik GmbH, Bad Sobernheim	75.10	75.10	No
UKGM Service GmbH, Bad Neustadt a.d. Saale	100.00	0.00	No
Universitätsklinikum Gießen und Marburg GmbH, Giessen	95.00	0.00	No
Wolfgang Schaffer GmbH i. L., Bad Neustadt a. d. Saale (formerly: Wolfgang Schaffer GmbH, Bad Neustadt a. d. Saale)	100.00	0.00	No
Zentralklinik Bad Berka GmbH, Bad Berka	87.50	0.00	No
ZIT Zentralinstitut für Transfusionsmedizin GmbH, Hamburg	100.00	100.00	No

The following companies, which are of minor importance, are carried at cost because no market price can be determined for them:

Name, registered office	Interest held in %	Equity in EUR thousand	Net profit/loss in EUR thousand
4QD-Qualitätskliniken.de GmbH, Berlin *	45.11	469	–254
Bad Griesbacher Tunnelanlagen GmbH & Co. Betriebs-KG, Bad Griesbach	38.42	1,339	–112
Bäderland Bayerische Rhön GmbH & Co. KG, Bad Kissingen *	0.10	8	0
CLEW Medical Inc., Delaware (USA) *	8.90	5,806	–3,736
Hospiz Mittelhessen gGmbH, Wetzlar *	13.60	525	21
Inovytec Medical Solutions Ltd., Hod Hasharon (Israel) *	10.20	1,588	–1,299
KDC-Krankenhaus-Dienstleistungsgesellschaft Crivitz mbH, Crivitz ***	69.23	27	–29
movival GmbH, Achern	45.45	104	–115
Müritz-Klinikum Service GmbH, Waren *	51.00	273	115
proDRG GmbH, Hamburg	5.00	28	12
Projektanker GmbH, Hamburg	1.20	68	–1
Seniorenpflegeheim GmbH Bad Neustadt a.d. Saale, Bad Neustadt a.d. Saale **	25.00	1,335	286
Siebensachen GmbH, Hamburg	0.004	49	1,157
Telesofia Medical Ltd., Tel Aviv (Israel) *	12.20	46	–383
Tiplu GmbH, Hamburg	5.00	4,352	3,212
Tiplu Schweiz S.A., Zurich (Switzerland)	5.00	N/A	N/A
Wir für Gesundheit GmbH, Berlin *	33.33	132	–1,355

* Figures for 2019; ** Figures for 2018

The following companies are accounted for using the equity method:

Name, registered office	Interest held in %
Athens Medical Center S.A., Athens	36.48
Collm Klinik Oschatz GmbH, Oschatz	25.00
Energiezentrale Universitätsklinikum Gießen GmbH, Giessen	50.00
Meierhofer AG, Munich	40.00

Assets held for sale

No assets were recognised as "held for sale" as at 31 December 2020.

2. Intangible assets

Intangible assets are measured at cost on initial recognition. The cost of an intangible asset acquired in a business combination corresponds to its fair value at the acquisition date.

After initial recognition, intangible assets are recognised at amortised cost.

Entities shall first assess whether the intangible assets have a finite or indefinite useful life.

Intangible assets with finite useful lives are amortised on a straight-line basis over their economic useful lives and are examined for possible impairment if there is any indication that the intangible asset might be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. If there has been a change in the expected useful life of the asset or the expected pattern of con-sumption of the future economic benefits embodied in the asset, another amortisation period or amortisation method is selected. Such changes are treated as changes in estimates.

	Useful life in years
Software and licences	3 – 10
Customer bases	10 – 20

Impairment is recognised in the income statement under "Amortisation of intangible assets and depreciation of property, plant and equipment".

Intangible assets with indefinite useful lives are tested for impairment annually or if there are indications of impairment, if facts or changes in circumstances indicate that the carrying amount may be impaired. The Group recognises a brand with an indefinite useful life, which relates to the purchased Asklepios (umbrella) brand. As at the reporting date, this brand had a carrying amount of EUR 87.6 million. The assumption of an indefinite useful life is based on the duration of intended use and the control of the brand as the public-facing umbrella brand for nearly all of our core business. The brand is tested for potential impairment annually. As the brand itself does not generate any independent cash flows, for the purposes of the impairment test it is allocated to the group of cash-generated units that appear under the brand. For information on the underlying parameters of impairment testing, please refer to the notes in IV. 3) "Goodwill". The impairment test of the brand revealed no change in any material assumption deemed to be realistic that would lead to a decrease in value.

3. Goodwill

Goodwill from business combinations is initially measured at cost, which is calculated as the excess of the cost of the business combination over the Group's interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities. After initial recognition, the goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment at least once a year or if there are indications of impairment, if facts or changes in circumstances indicate that the carrying amount may be impaired.

For the purposes of impairment testing, starting from the acquisition date the goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) or groups of cash-generating units that benefit from synergy effects from the business combination. This applies irrespective of whether other assets or liabilities of the acquirer are allocated to these cash-generating units or groups of cash-generating units. A cash-generating unit or group of cash-generating units to which goodwill is allocated is the lowest level (medical facility or group of facilities) within the entity at which the goodwill is monitored for internal management purposes.

The impairment is determined by establishing the recoverable amount of the cash-generating unit (group of cash-generating units) to which that goodwill relates. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. If the recoverable amount of the cash-generating unit (group of cash-generating units) is below its carrying amount, impairment is recognised. If impairment is higher than the carrying amount of goodwill, the difference shall be distributed proportionally to the assets within the CGU. If the reasons for impairment no longer apply, goodwill is not reversed. Impairment is recognised in the income statement under "Amortisation of intangible assets and depreciation of property, plant and equipment".

The changes in goodwill result from approximate values acquired or sold and already accounted for in the separate financial statements.

The following parameters were used for all CGUs when testing for impairment:

	2020	2019
Planning horizon	3 years	3 years
Growth reduction including perpetuals	0.25%	0.25%
Risk-free interest rate	0.00%	0.10%
Market risk premium	7.50%	6.75%
Beta factor (derived from peer group)	0.81	0.72
Equity ratio	64.96%	67.65%
Debt ratio	35.04%	32.35%
Pre-tax borrowing costs	1.87%	2.06%
Post-tax borrowing costs	1.57%	1.73%
Pre-tax discount rate	4.62%	4.00%
Post-tax discount rate (WACC)	4.52%	3.90%

Where the CGU under consideration is significantly affected by the accounting effects of IFRS 16, this was taken into account by way of an adjustment to the impairment model and the effects of IFRS 16 were included in the budget planning, the carrying amount of the CGU and WACC (3.77%). This did not change the impairment of the affected CGU.

The average revenue growth for the key companies to which goodwill has been assigned is between 1% and around 10% in the 2020 to 2022 planning period.

Our business model includes the turnaround of loss-making hospitals/facilities, which generally takes up to five years in the industry.

As part of planning, the Asklepios management determines the assumptions for the current legal, macroeconomic and market-specific developments and framework conditions as well as the assessment of development, which provide the foundation for corporate planning and the Asklepios Group's three-year plan. For performance and revenue planning, the respective base rates at state level are calculated centrally and specified for each state. The assumptions made regarding cost development result from the economic performance of the facilities and the societal conditions.

The calculation of the value in use (= recoverable amount) includes our strategic orientation, our past experience and general developments in the industry.

Below, the cash-generating units with the most significant goodwill are compared with the total carrying amount of goodwill:

EUR million	2020	2019
RHÖN-KLINIKUM AG	281.8	0.0
MediClin AG	233.4	233.4
Asklepios Kliniken Hamburg GmbH	100.8	100.8
Other goodwill	244.8	241.5
Total	**860.8**	**575.7**

In a goodwill sensitivity analysis, a change in the discount rate (WACC) or EBIT would have had the following effects on impairment:

EUR million	Difference between value in use and carrying amount	Impairment from increase in the discount rate (WACC) by in % points	EBIT in the perpetuity	Impairment from decrease in EBIT by in %
RHÖN-KLINIKUM AG	978	4	112	–51
MediClin AG	852	10	52	–80
Asklepios Kliniken Hamburg GmbH	2,523	14	170	–86

For the other goodwill, there is no change in any material assumption deemed to be realistic that would lead to a decrease in value.

4. Property, plant and equipment

Property, plant and equipment are carried at cost less cumulative depreciation and cumulative impairment losses. Straight-line depreciation is based on the following useful lives:

	Useful life in years
Right-of-use assets for land	60 years
Residential and operational buildings	20 - 52 years
Exterior installations	10 - 20 years
Machinery	6 - 30 years
Other equipment, operating and office equipment	3 - 15 years

The carrying amounts of property, plant and equipment are tested for impairment as soon as there is an indication that the carrying amount of an asset may exceed its recoverable amount.

Property, plant and equipment is either derecognised at the time of disposal or when no further economic benefit is expected to arise from the further use or sale of the asset. Gains or losses resulting from derecognition of the asset are determined as the difference between the net amounts realised and the carrying amount, and are recognised through profit or loss in the consolidated income statement in the period in which the item is derecognised.

Residual amounts of the assets, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted where necessary.

Costs of repairs to property, plant and equipment, such as ongoing maintenance expenses, are recognised in profit or loss.

5. Investment property

Investment property comprises land and buildings that are held to earn rentals or for capital appreciation and are not used for the provision of services, for administrative purposes or for sale in the ordinary course of business. Investment property is measured at cost less cumulative depreciation.

As beneficial ownership of leased properties remains with Asklepios Kliniken GmbH & Co KGaA or is subsidiaries as lessor (operating lease), these properties are shown separately in the statement of financial position and identified accordingly. Leased assets are recognised at cost and depreciated according to the accounting principles for property, plant and equipment. Rental income is recognised on a straight-line basis over the term of the lease.

6. Government grants

The company receives government grants for various government subsidy programmes. Government grants are accounted for in accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) only if there is reasonable assurance that the conditions attached to them will be met and that the grants will be received. Where government grants were issued for the procurement of property, plant and equipment, they are generally offset against the cost of the asset in line with IAS 20.24. Furthermore, the company receives grants that are earmarked for financing ongoing expenses. These grants are recognised in profit or loss and deducted from the relevant expenses on an accrual basis.

Assistance that companies of the Group have been provided in the form of an interest rate advantage for the granting of non-interest-bearing or low-interest-bearing loans is measured at the time it is granted and likewise deducted from the cost of the subsidised assets.

7. Leases

A lease exists when the lessor contractually conveys to the lessee the right to control the use of an identifiable asset for an agreed period of time and the lessor receives consideration from the lessee in exchange.

Accounting by the lessee

The lessee recognises a right-of-use asset and a lease liability at the inception date of the lease. The right-of-use asset is accounted for at cost and is depreciated over the shorter of the lease term and the economic life of the asset. The asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, for payments on or before the inception of the lease, and for restoration and similar obligations. The right-of-use asset is recognised against a lease liability under equity and liabilities in the statement of financial position. The present value of all future lease payments is included in the measurement of the lease liability. These payments are discounted using the interest rate implicit in the lease if it can be determined reliably. If the interest rate cannot be determined, the incremental borrowing rate is used instead. Interest reference rates were derived from corporate bond yields (EUR Europa composite BBB) taking account of MediClin AG's credit rating to determine the incremental borrowing rate. For the rest of the Group, relevant interest reference rates were derived from existing schuldschein loans and interpolated as the Group uses them for financing.

Variable lease payments that depend on an index or rate are initially included in the measurement of the lease liability. They are initially measured using the index or rate as at the commencement date. Residual value guarantees are also included. Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss during the period.

A lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- Short-term leases with a lease term of twelve months or less and containing no purchase options
- Leases for which the underlying asset is of low value (low-value asset)

The lease liability is remeasured to reflect changes to the lease payments: a) if there is a change in the lease term; b) if there is a change in the assessment of an option; c) if there is a change in the expected payments in connection with residual value guarantees; d) or if there is a change in future lease payments resulting from a change in an index or a rate.

Accounting by the lessor

Lessors distinguish between finance and operating leases for each lease.

Leases for which a significant share of the risks and rewards of ownership of the leased asset remain with the lessor are classified as operating leases. In this case, payments made are recognised on a straight-line basis over the lease term and reported in the income statement.

Leases for which the Group bears the significant risks and rewards of ownership of the leased asset are classified as finance leases.

8. Research and development costs

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial implementation of research findings. Research costs are recognised as an expense when they occur. The portion of the development costs for which the requirements for capitalisation as intangible assets under IAS 38 (Intangible Assets) are fully met is recognised as an intangible asset.

There were no capitalised development costs in either the financial year or the previous year. Research costs are subsidised and are therefore recognised in other comprehensive income.

9. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset (IAS 23.11). Borrowing costs of EUR 1.0 million (previous year: EUR 0.4 million) were capitalised in connection with construction projects in the 2020 financial year. The capitalised amount was calculated as a surcharge rate from the capitalisation rate for loans taken out (2.9% on average).

All other borrowing costs are expensed in the period in which they are incurred (IAS 23.8).

10. Impairment of non-financial assets

Other intangible assets and property, plant and equipment are subject to impairment testing by the company in accordance with IAS 36.

An impairment loss is charged on other intangible assets and property, plant and equipment if, as a result of certain events or developments, the carrying amount of the asset is no longer covered by the expected proceeds from the sale or the discounted net cash flow from further use. If it is not possible to determine the recoverable amount for individual assets, the cash flows are determined from the next higher cash-generating unit.

Impairment losses are reversed if the reason for impairment ceases to apply in subsequent years. The reversal of impairment losses is limited to the maximum amount of amortised cost that would have resulted had the impairment losses not been charged.

The test for impairment is carried out annually. If there are indications that could result in potential impairment, tests are carried out more frequently. Net cash flows are determined on the basis of forecasts for the individual reporting units; for subsequent years, the net cash flow trend is determined. The expected net cash flows are discounted using a risk-adjusted interest rate. Other parameters are derived from standardised industry figures. We use the expertise of independent advisory firms for this purpose.

11. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or as financial liabilities are presented separately. Financial instruments are recognised when a Group company becomes party to a contract for the financial instrument. Financial instruments are initially measured at fair value. Transaction costs (except transaction costs for financial assets measured at fair value through profit or loss) are considered as part of the purchase price on initial recognition. The classification of financial assets on initial measurement is dependent on the characteristics of the contractual cash flows of the financial assets and on the business model.

A distinction is made between the business models “hold”, “hold and sell” and “other”. Financial assets that contain interest and principal payments as described in IFRS 9 where the objective is to collect the contractual cash flows are assigned to the “hold” business model. Financial assets that are held in order to collect contractual cash flows but also to be sold are assigned to the “hold and sell” business model. Financial assets that are held with trading intent or that do not meet the criteria of “hold” or “hold and sell” are assigned to the “other” business model.

For purposes of subsequent measurement, financial assets are classified in four categories as specified in IFRS 9:

- → Financial assets measured at amortised cost (debt instruments)
- → Financial assets measured at fair value through other comprehensive income (debt instruments)
- → Financial assets measured at fair value through other comprehensive income (equity instruments)
- → Financial assets measured at fair value through profit or loss

Financial assets are derecognised if the rights to the payments expire or are transferred and the Group has transferred substantially all the risks and rewards incidental to ownership.

a) Financial assets measured at amortised cost (debt instruments)

Financial assets shall be measured at amortised cost if both of the following conditions are met:

- → the financial assets are held within a business model whoseobjective is to hold financial assets to collect contractual cash flows, and
- → the contractual terms of the financial asset result in cash flows at specified dates that are only repayments of portions of the nominal amount and interest on those portions of the nominal amount that have not yet been repaid.

Financial assets measured at amortised cost are subsequently measured using the effective interest method and are tested for impairment. Gains and losses are recognised in consolidated profit or loss when the asset becomes impaired, is modified or is derecognised. Interest rate effects from using the effective interest method are also recognised in profit or loss. The Group allocates trade receivables, other financial assets and cash and cash equivalents to this category.

b) Financial assets measured at fair value through other comprehensive income (debt instruments)

Financial assets are to be measured at fair value through other comprehensive income if both of the following conditions are met:

- → the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- → the contractual terms of the financial asset result in cash flows at specified dates that are only repayments of portions of the nominal amount and interest on those portions of the nominal amount that have not yet been repaid.

In the case of debt instruments measured at fair value through other comprehensive income, interest income, remeasurements of gains and losses on currency translation, and impairment losses or reversals are recognised in the consolidated income statement. Other changes in fair value are recognised in equity. When a financial asset is derecognised, the cumulative gain or loss from changes in fair value recognised in other comprehensive income is reclassified to the consolidated income statement. There were no such financial assets as at 31 December 2020.

The Group defines the classification of its financial assets upon initial recognition and reviews it at the end of each financial year, where permitted and appropriate.

The carrying amount of cash and cash equivalents, receivables and current liabilities is approximately equivalent to the fair value given the short-term nature of these instruments. The fair value of investments in equity instruments that are traded on organised markets is determined by the quoted market price at the end of the reporting period.

c) Financial assets measured at fair value through other comprehensive income (equity instruments)

On initial measurement, an entity shall decide whether to classify its equity instruments as equity instruments measured at fair value through other comprehensive income if they satisfy the definition of equity in IAS 32 and are not held for trading. Gains and losses from these financial assets are not reclassified to the consolidated income statement. Dividends are recognised in the consolidated income statement under other income. Equity instruments measured at fair value through other comprehensive income are not tested for impairment.

d) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets held for trading, financial assets designated at fair value through profit or loss on initial recognition and financial assets that must be measured at fair value. Financial assets such as shares or interest-bearing securities are classified as held for trading if they are held with the intention of sale in the short term. As specified by the provisions of IFRS 9, derivative financial instruments are generally measured at fair value through profit or loss if they are not used as hedging instruments in hedge accounting. Examples of derivative financial instruments include options, futures and forwards, and interest rate swaps. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss regardless of the business model. Gains and losses from these financial assets are recognised in profit or loss. One exception to this is financial instruments designated for hedge accounting; gains and losses resulting therefrom are reported under equity in other comprehensive income. There are no financial assets in the form of debt instruments that could be allocated to this category in the Group.

e) Financial liabilities

Financial liabilities as defined in IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or as other financial liabilities.

The Group defines the classification of its financial liabilities upon initial recognition and reviews it at the end of each financial year, where permitted and appropriate.

Financial liabilities measured at fair value through profit or loss are recognised at fair value upon initial recognition. Gains and losses from changes in fair value are recognised in profit or loss as incurred. There was no classification of financial liabilities as "financial liabilities measured at fair value through profit or loss" within the Group at the end of the reporting period, as was the case in the previous year.

Each financial liability that is assigned to the category of "financial liabilities measured at amortised cost" is initially measured at the fair value of the consideration received less any transaction costs attributable to borrowing.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. They are reported under other financial liabilities.

A financial liability is derecognised if the underlying obligation relating to the liability is discharged, cancelled or expires.

f) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset if there is a currently enforceable legal right for the Group to offset the recognised amounts, and if the Group intends to settle the financial assets and financial liabilities on a netbasis or to realise the asset and settle the liability simultaneously. The legal right must not be contingent on a future event and must be enforceable in the normal course of business.

g) Determination of fair value

The following table shows financial instruments measured at fair value analysed in terms of measurement method. The different levels are as follows:

- Level 1: Market prices (unadjusted) used on the active market for identical assets and liabilities
- Level 2: Other information, apart from the level 1 market prices, that is observable for the assets and liabilities either directly (i.e. as price) or indirectly (i.e. derived from price)
- Level 3: Other information for assets and liabilities not based on market data, as no market price can be determined for them

31 Dec. 2020 (EUR million)	Level 1	Level 2	Level 3	Net total
Financial assets	0.0	0.0	6.8	**6.8**
Financial liabilities	0.0	0.0	0.0	**0.0**

31 Dec. 2019 (EUR million)	Level 1	Level 2	Level 3	Net total
Financial assets	0.0	0.0	3.5	**3.5**
Financial liabilities	0.0	0.0	0.0	**0.0**

The fair value of financial instruments that are traded on the active market is based on the quoted market price at the end of the reporting period. The market is considered active if quoted prices are readily and regularly available from an exchange, dealer, industry group, pricing service or regulatory agency, and those prices represent current and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded on an active market is calculated using a measurement method. Fair value is thus estimated on the basis of the results of a measurement method that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs. If all inputs required for measuring fair value are observable, the instrument is assigned to level 2.

If at least one significant input is not based on observable market data, the instrument is assigned to level 3. There were no reclassifications in the financial year or in the previous year.

h) Net results by measurement category

EUR million	From subsequent measurement			2020	2019
	From interest results	Depreciation, amortisation and impairment	Loss allowance		
Financial assets at amortised cost	0.7	–2.0	–62.3	**–63.6**	–6.0
Financial liabilities at amortised cost	–7.7	0.0	0.0	**–7.7**	–1.5

The net result from the subsequent measurement of financial assets measured at amortised cost primarily comprises income and expenses from loss allowances on trade receivables.

12. Income taxes

a) Current tax assets and liabilities

Current tax assets and current tax liabilities for current and prior periods should be measured at the amount expected to be recovered from or paid to the tax authorities. Tax risks currently exist primarily on the basis of differing legal opinions on the part of the German federal financial authorities and Asklepios. The Group recognises appropriate provisions for potential tax receivables as at the end of the reporting period. At present, this does not result in material risk.

b) Deferred taxes

Deferred taxes are recognised using the asset and liability method for all temporary differences at the end of the reporting period between the carrying amount of an asset or liability in the consolidated statement of financial position and the tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which an asset is realised or a liability is settled. This is based on the tax rates (and tax laws) applicable at the end of the reporting period. Future changes in the tax rates must be taken into account at the end of the reporting period if the material conditions for effectiveness in a legislative process are fulfilled.

Deferred tax assets are recognised for deductible temporary differences and unused tax loss carryforwards to the extent that it is likely that there will be sufficient taxable income against which the deductible temporary differences and unused tax loss carryforwards can be utilised. The carrying amount of deferred tax assets is tested at the end of each reporting period and reduced to the extent that it is no longer likely that sufficient taxable income will be available against which the deferred tax asset can be at least partly utilised. Unrecognised deferred tax assets are tested at the end of each reporting period and recognised to the extent that it has become likely that future taxable income will allow the realisation of deferred tax assets.

The calculation of deferred taxes as at 31 December 2020 is again subject, as it was in the previous year, to a corporate income tax rate of 15% plus a solidarity surcharge of 5.5% on corporate income tax. The operating clinics are generally exempt from trade tax.

Income taxes that relate to items of other comprehensive income are also recognised in other comprehensive income and not in the consolidated income statement. This related to the change in pension commitments of EUR 8,490 thousand in the financial year (previous year: EUR 16,126 thousand).

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable claim to set off actual tax assets and liabilities and these relate to income taxes levied on the same taxable entity by the same tax authority. Deferred taxes are not discounted.

13. Inventories

As specified in IAS 2, inventories are measured at the lower of cost and net realisable value, with weighted average costs used as a simplified measurement method. All discernible risks in inventories arising from longer storage periods and reduced utility are appropriately accounted for with write-downs.

14. Forderungen aus Lieferungen und Leistungen

Receivables are not secured and there is a risk that all or some of them will default. Specific loan loss allowances are recognised in a separate impairment account if particular circumstances mean that trade receivables are no longer expected to be collected. Receivables are derecognised directly if the receivable is definitively classified as uncollectible.

Impairment losses take into account all discernible risks on the basis of individual risk assessments and historical credit loss experience.

Contract assets relate to patients whose treatment is not yet complete as at the end of the reporting period. We do not report any partial profits from the measurement of inpatients as at the end of the reporting period (zero profit method); please refer to IV.22) Estimates and assumptions. The Group makes an inventory of the number of patients in hospital as at the end of the reporting period. If at the end of the reporting period we are to assume that contract costs will exceed contract revenue, we initially write down the estimated contract costs. From the 2020 financial year, inpatients at the end of the reporting period are no longer recognised as inventories but within trade receivables. For 2019 and 2018, there would have been a corresponding shift in favour of trade receivables.

15. Receivables and liabilities under German Hospital Financing Act

Receivables under the German Hospital Financing Act include claims to subsidy payments that are committed by decision of the relevant funding authorities. The liabilities to be recognised in this context are depleted as the funds are used for the intended purpose. In this financial year, the receivables and liabilities under the German Hospital Financing Act are stated without netting for the first time (previously netted at state level).

16. Recognition of revenue

Revenue mainly results from hospital operations and therefore solely constitutes revenue from the provision of services. Like all hospitals in the Federal Republic of Germany, our hospitals are subject to legally imposed fee schedules (including the German Hospital Fees Act (KHEntgG), the German National Hospital Rate Ordinance (BPflV) and the German Hospital Financing Act (KHG)). The hospital services provided and the prices charged to payers (predominantly health insurance funds) are governed by a number of laws and regulations at national and state level. Inpatient hospital services should be remunerated through budgets negotiated prospectively with the statutory health insurance funds. However, budget negotiations do not actually take place until mid-way through a financial year and some of these negotiations are not concluded until after the end of a financial year. In these instances, there is uncertainty over the agreed service volumes and/or remuneration amounts, which we offset with reasonable estimates. Health insurance fund payments for patients are usually collected after the relevant service has been provided.

In the financial year, the costs for patient care were removed from the DRGs for the first time in accordance with section 17b (4) sentence 2 of the German Hospital Financing Act (KHG) and thus remunerated separately. In connection with this, separate budgets must be negotiated with the health insurance funds. According to the scheme, these budgets will ultimately be financed by the taxpayer. There are major uncertainties regarding the calculation of care fee figures, put simply the costs of patient care per day, for which provision was made.

The majority of our revenue results from billing flat-rate payments per case, DRGs as per the German Hospital Fees Act in our acute care hospitals, and the flat-rate fee system for psychiatric and psychosomatic facilities (PEPP) as per the German National Hospital Rate Ordinance in our psychiatric care facilities. In some departments, remuneration is determined by negotiated budgets based on daily nursing rates in line with state regulations.

The negotiated budgets, which are generally capped, are based on the total of service volume and price. The budgets are negotiated between our hospitals and the payers. At the end of the year, each hospital compares the billed service volume (number and type of service) against the respective budget for the hospital negotiated with the health insurance funds, which sometimes reveals overruns or shortfalls in revenue, which can generally be offset by the health insurance fund deducting an additional amount from or paying an additional amount to the hospital. As part of this, only the variable costs additionally incurred or not incurred are paid or deducted in the amount of defined lump sums. The resulting receivables (contract assets) or liabilities (contract liabilities) are recognised in the consolidated statement of financial position with a corresponding adjustment of revenue.

Contract assets constitute conditional rights on the part of the Asklepios Group to receive cash and cash equivalents and relate to services performed by Asklepios that have not been billed by the end of the reporting period. These primarily relate to claims arising under the German Hospital Fees Act and the German National Hospital Rate Ordinance for patient treatments that are not yet complete as at the end of the reporting period. These patients are measured by multiplying the respective base rate at state level by the case mix index (CMI) allocable to the individual patients present at the end of the reporting period, with the CMI share for the main service being allocated to the year in which the service was actually performed. The remaining share is then allocated to the respective financial years according to the number of days stayed. Contract assets are reclassified to trade receivables when the Group's claims become unconditional.

As a rule, this occurs in the next financial year. However, revenue is already recognised on recognition of the contract assets. Loss allowances for credit risks on contract assets are recognised according to the accounting principles for trade receivables.

Contract liabilities result from advance payments received by the Group in the form of cash or cash equivalents before the end of the reporting period. On first-time recognition in the statement of financial position, these are measured at the fair value of the consideration received, as third parties have acquired a claim to service fulfilment. This usually occurs together with the revenue recognition in the next financial year.

The coded revenue is also subject to regular audits by the German Medical Service of the Health Insurance Funds (MDK). If the MDK reduces revenue, there will be changes to the transaction price. For Asklepios, there is a fundamental risk after MDK audits of receiving lower remuneration for treatments performed, in some circumstances resulting in refunds. The measurement of trade receivables and revenue from hospital services provided takes into account estimates regarding the MDK complaints quota, and relevant revenue adjustments are made based on historical experience. In accordance with IFRS 15, a refund liability is recognised in the amount of the expected refund. The final outcome of the MDK audits in turn influences the payment or deduction of amounts for the respective financial year.

Dividend income is recognised at the time the right to receipt of payment arises and is reported in net investment income. Interest income is recognised using the effective interest method.

17. Other receivables and other assets

Other receivables and other assets are carried at amortised cost. Appropriate specific loan loss allowances are made for high-risk items.

18. Cash and cash equivalents

Cash and cash equivalents shown in the statement of financial position comprise short-term, highly liquid money market investments with an original term of less than three months from the date of acquisition. Cash and cash equivalents are consistent with the cash and cash equivalents item in the consolidated statement of cash flows.

19. Other provisions

A provision is recognised if the Group has a current (legal, contractual or constructive) obligation arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation is possible. The expense from recognising the provision is reported in the consolidated income statement net of the highest probable amount recognised for a reimbursement.

Non-current provisions are discounted. If provisions are discounted, the increase in the provision that is required over time is recognised as interest expense.

20. Pension provisions

The Group has various pension plans. The plans are financed through payments to insurance companies or pension funds or through the recognition of provisions, the amount of which is based on actuarial calculations. The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan for which the Group makes fixed contributions to an independent company (insurance company or pension fund). In this case, the Group pays contributions to public or private pension insurance schemes as a result of a contractual or statutory obligation and bears no other payment obligations beyond the payment of the contributions. The contributions are recognised in staff costs when they become due.

A defined benefit plan is a pension plan that does not fall under the definition of a defined contribution plan. It is typically characterised by the fact that it prescribes a pension benefit amount that an employee will receive upon retirement the level of which typically depends on one or several factors such as age, length of service and salary. The provision for defined benefit plans reported in the statement of financial position corresponds to the present value of the defined benefit obligation (DBO) on the reporting date less the plan assets held to cover the obligation.

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 estimated future cash outflows using the interest rate for corporate bonds with high credit ratings with a maturity matching that of the pension obligation. Pension obligations are measured on the basis of actuarial pension reports taking into account the assets held to cover these obligations.

Actuarial gains and losses, which are based on experience-based adjustments and changes in actuarial assumptions, are recognised immediately. They are reported as components of comprehensive income outside the consolidated income statement in the statement of comprehensive income, and after initial recognition in comprehensive income are transferred immediately to retained earnings, so there is no effect on profit or loss in subsequent periods.

IAS 19 (rev. 2011) introduced the concept of net interest expense (income). Net interest expense (income) is calculated by multiplying the net defined benefit liability (asset) by the discount rate. The calculation of net interest expense (income) as per IAS 19 (rev. 2011) also applies the discount rate implicitly to plan assets. The difference between (expected) net interest expense (income) and actual expense (income) is recognised under remeasurements in other comprehensive income.

As a result of collectively agreed regulations, the Group pays contributions to a public-sector pension scheme (supplementary pension fund for municipalities, ZVK) for a certain number of employees. The contributions are collected using a pay-as-you-go system. This scheme is a multi-employer scheme (IAS 19.8 (rev. 2011)) in which the participating companies share both the credit risk and the biometric risk.

The ZVK pension scheme is essentially to be classified as a defined benefit plan (IAS 19.30 (rev. 2011)). Because the information required for a detailed calculation of the share of future payment obligations attributable to the Group is not available, the requirements of IAS 19.34 (rev. 2011) apply. Funding for the ZVK scheme is based on a pay-as-you-go system, whereby the contribution rate for a certain coverage period is determined for the entire pool of insured companies and not for each individual insured risk. This means that Asklepios is also exposed to the risks (biometric, investment) borne by the other ZVK sponsoring employers. The obligations are therefore to be accounted for as defined contribution plans. There are no agreements as defined by IAS 19.36 (rev. 2011), which means that no corresponding assets or liabilities are recognised. The recognition of any liability item in the statement of financial position is subordinate to warrantor obligations of public-sector entities. Ongoing contributions to ZVK are recognised as pension expenses for the respective years and are reported as post-employment benefit obligations under staff costs.

Pension provisions also include indirect obligations covered by provident funds, where Asklepios Kliniken GmbH & Co. KGaA or its subsidiaries meet the obligations by paying corresponding contributions to the pension providers. The obligations are accounted for by deducting the provident fund plan asset. There are also commitments to civil servants of the city of Hamburg and individual contractual obligations to retired board members of subsidiaries.

21. Share-based payment transactions

Share-based payment transactions are accounted for in accordance with IFRS 2. In the 2014 financial year, option rights in the form of virtual shares were issued at RHÖN Klinikum AG. They are accounted for as cash-settled. The provision for the obligation resulting from the virtual shares was recognised in the amount of the expected expense. The fair value of the virtual shares was calculated using a binomial model. The obligations resulting from virtual share options were settled entirely with a payout in June 2019. Otherwise, active and former Management Board members have a 3.0% (previous year: 3.0%) share in the share capital of RHÖNInnovations GmbH, founded in March 2016, and other employees have a 3.0% (previous year: 3.0%) share.

The payments made for the shares when the company was founded totalling EUR 0.3 million – EUR 0.1 million of which attributable to the Management Board members – are recognised under other liabilities as cash-settled share-based payment transactions in accordance with IFRS 2. The profit or loss for the reporting year includes EUR 0.1 million in connection with this. The Management Board members were granted a put option to offer the shares to RHÖN-KLINIKUM AG after five years, for the first time as at 31 December 2020.

It was also possible to return the shares on termination of employment. The shares were measured at fair value, but at least at the nominal amount of the shares. It is not possible to sell the shares freely. The current and former Management Board members offered their shares with effect as at 31 December 2020. The preliminary purchase prices were paid in February 2021.

22. Estimates and assumptions

When preparing the consolidated financial statements, certain assumptions or estimates must be made for the measurement of items in the statement of financial position, the reporting of contingent liabilities, and the recognition of income and expenses.

The main forward-looking assumptions and other main sources of estimation uncertainties as at the reporting date that entail a considerable risk that significant adjustments will have to be made to the carrying amounts of assets and liabilities within the next financial year are explained below (for the carrying amounts of receivables and liabilities and more detailed explanations, please refer to the information in VIII. “Notes on items of the consolidated statement of financial position”).

- Acquisitions: Assumptions and estimates have an impact on acquisitions as part of purchase price allocation. Contingent purchase price liabilities are carried at fair value as part of purchase price allocation.
- Goodwill impairment: The Group tests goodwill for impairment annually. This requires an estimate of the value in use of the cash-generating units to which the goodwill is allocated. To determine the value in use, the Group has to estimate the expected future cash flows of the cash-generating unit and the discount rates to calculate the present value of these cash flows.

  As at 31 December 2020, the carrying amount of goodwill was EUR 860.8 million (previous year: EUR 575.7 million).

  For more information on this, please refer to the notes on goodwill and impairment testing under IV.3) Goodwill.
- Fair value of derivative and other financial instruments: The fair value of financial instruments that are not traded on an active market is calculated using suitable measurement methods, which are selected from a number of methods. The assumptions applied are largely based on prevailing market conditions on the reporting date.
- Fair value of investments accounted for using the equity method: If the fair value of financial assets recognised in the statement of financial position cannot be determined using data from an active market, it is determined using measurement parameters including the discounted cash flow method. The input parameters included in the model are based as far as possible on observable market data and on assumptions of growth rates and interest rates. The carrying amount of investments accounted for using the equity method was EUR 37.6 million as at 31 December 2020 (previous year: EUR 496.7 million).

- Inpatients at end of reporting period (contract assets): As part of our patient billing process, we receive fixed fees based on the respective DRGs, which are calculated using the standard base rates for the respective German state and the national coding system. The Group makes an inventory of the number of patients in hospital as at the end of the reporting period. This is based on the milestones 'length of stay' in relation to the national average length of stay and the date of the operation. As the costs per inpatient at the end of the reporting period cannot be reliably determined due to the difficulty of identifying patient numbers and projecting the development of the course of treatment for these patients, the Group calculates the costs per inpatient at the end of the reporting period using the fixed fees that Asklepios receives. Given the unreliable estimate of costs per inpatient at the end of the reporting period, the Group does not report any partial profits from the measurement of inpatients as at the end of the reporting period. Asklepios reports revenue only in the amount of the estimated contract costs incurred (zero profit method) by applying a discount to the estimated costs per inpatient at the end of the reporting period. The carrying amount was EUR 74.3 million as at 31 December 2020 (previous year: EUR 68.1 million). In the financial year, inpatients at the end of the reporting period are no longer recognised as inventories but within trade receivables.
- Pensions and other obligations: The amount of pension provisions depends on a number of actuarial assumptions. These mainly relate to:
  - discount rates
  - future salary increases

  Due to the long-term nature of these provisions, such estimates are subject to significant uncertainty. Please refer to our explanations under VIII.20) Provisions for pensions and similar obligations. The carrying amount was EUR 404.6 million as at 31 December 2020 (previous year: EUR 350.4 million).
- Taxes: Taxable profits are calculated on the basis of an assessment of the circumstances based on applicable legal standards and interpretations thereof. Amounts recognised as tax expense, tax liabilities and tax receivables are based on the assumptions made. The capitalisation of tax loss carryforwards in particular requires estimates regarding the amount of existing loss carryforwards and the taxable income that will be available in the future to offset these loss carryforwards. There is uncertainty primarily in the interpretation of these complex tax regulations. Differences from the assumptions that occur at a later stage are recognised in the period in which they occur. Expenses and income from such differences are recognised in the period in which they occur. Please refer to VI.9) Income taxes.
- Recognition of revenue: Our inpatient hospital services should be remunerated through budgets negotiated prospectively with the statutory health insurance funds. However, budget negotiations do not actually take place until mid-way through a financial year and some of these negotiations are not concluded until after the end of a financial year. In these instances, there is uncertainty over the agreed service volumes and/or remuneration amounts, which Asklepios offsets with reasonable estimates. Past experience shows that the intrinsic inaccuracy of each estimate in this case is insignificant in relation to revenue. Since the financial year, Asklepios hospitals have also had to agree budgets with the health insurance funds with regard to nursing staff. The approach in these cases was the same as that described above.
- Other provisions: Estimates of amount, probability of occurrence and timing are required for provisions.

  A number of Group companies are responsible for covering and managing the loss events that have occurred and are expected to occur up to a specified level of loss. If this level is exceeded, other external insurance policies come into play. The provisions recognised in the financial year are estimates of future payments for reported loss events and for losses that have been incurred but have not yet been reported. The estimates are based on historical experience and current claims behaviour. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts. Obligations for payment of compensation were calculated on the basis of actuarial methods by an external actuary.

  The amount of the provisions recognised is determined in particular by specified actuarial parameters, the level of loss in the individual case and the timing of the required payments arising from the loss events. The provision includes both individual losses and claims adjustment expenses. Past experience shows that the intrinsic inaccuracy of the estimate is insignificant. For more information on the presentation of provisions, please refer to the statement of provisions in VIII.21) Other provisions.
- Trade receivables: Identifiable risks are accounted for by impairment losses. They are measured by the probability of default based on past experience and maturity structure as a percentage according to the time they have been outstanding and the risk of non-recognition.

V. Disclosures on financial risk management

1. Financial risk management system

Financial risks are defined as risks that originate from a company's investing and financing activities and its interactions with financial markets. The Group has various financial assets, essentially comprising cash and cash equivalents, trade receivables and other receivables, which arise directly from its operating activities. The financial liabilities reported by the Group essentially comprise trade payables, liabilities to banks and lease liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operating activities.

The main risks arising from the company's operating activities can be divided into the following three risk clusters:

1. Liquidity risks
2. Interest rate risks
3. Credit risks

Group-wide financial risk management aims to minimise potential adverse effects of developments on the financial markets on the financial position of the Group.

As risk management is a central management function, the company's management has set relevant targets and strategies that apply globally to the whole company. Management identifies, assesses, manages and controls financial risks in close cooperation with the Group's operating units and risk managers. In this regard, the company's management issues guidance for both general risk management and management of certain types of risk, such as the handling of interest rate and credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity.

2. Liquidity risks

Liquidity risks stem from a possible lack of financing to settle liabilities as they fall due in terms of volume and maturity. The latter fact in particular leads to the need to accept unfavourable financing conditions in the event of potential liquidity bottlenecks. The central task of the Group's Financing, Treasury and Investor Relations department is to manage short-term liquidity risks and longer-term financing risks, for which it uses a Group-wide integrated cash management system with a focus on efficient management of current cash and cash equivalents.

Prudent liquidity management involves holding an adequate reserve of cash and cash equivalents, the option of financing an adequate amount using lines of credit obtained and the ability to issue suitable financial instruments on the market.

Given the dynamic nature of the business environment in which the Group operates, the aim of management is to ensure that financing remains as flexible as needed by securing sufficient lines of credit and constant access to capital markets. All credit agreements are complied with on an ongoing basis.

The table below shows the maturities of liabilities based on minimum contractual obligations (without discounting).

EUR million	Total as at 31 Dec. 2020	Up to 12 months	1 to 5 years	More than 5 years
Trade payables	**97.4**	97.3	0.1	0.0
Financial liabilities	**2,423.4**	75.8	1,587.0	760.6
Lease liabilities	**505.1**	64.1	215.3	225.7
Liabilities under German Hospital Financing Act	**261.0**	222.5	38.5	0.0
Other financial liabilities (not including derivatives)	**254.8**	196.9	45.4	12.5

EUR million	Total as at 31 Dec. 2019	Up to 12 months	1 to 5 years	More than 5 years
Trade payables	87.2	87.1	0.1	0.0
Financial liabilities	1,460.8	128.8	979.2	352.8
Lease liabilities	533.0	54.0	204.1	274.9
Liabilities under German Hospital Financing Act	148.4	125.9	19.1	3.4
Other financial liabilities (not including derivatives)	148.6	90.9	40.3	17.4

3. Credit risks

Credit risks (including customer or customer default risk) arise when a debtor fails to meet all or some of its contractual obligations.

Asklepios is exposed to only a low level of risk from an unexpected loss of cash or income. Firstly, Asklepios has a low del credere risk thanks to the high share of debtors that are German (statutory) health insurance companies, supplemented with a smaller share of public welfare authorities and some private patients. Secondly, financial contracts are entered into only selectively and are distributed over a broad group of banks with a good credit rating. The cash investment policy, which is largely short term, follows the principle of "security over yield" and spreads excess Group liquidity across different banks from the three major German deposit protection systems with a limit for each individual institution. By contrast, the growing influence of the economic crisis on the earnings situation of the social insurance schemes results in the risk of delayed payment of trade receivables, which in turn leads to a risk of more capital being tied up in current assets.

There is also a risk that individual receivables will not be recognised after audits are conducted by the MDK.

Refund liabilities are recognised for this risk of non-recognition (validity risk) instead of impairment losses as defined in IFRS 9.

Loss allowances are recognised as soon as there is the expectation that at least some of the receivables are uncollectible.

As in the previous year, there are no significant concentrations of risk as at 31 December 2020. With respect to the other financial assets held by the Group, the maximum exposure to credit risk arising from default of the counterparty is equal to the carrying amount of the corresponding instruments.

For all payment transactions processed using an automated payment management system, at the very least the principle of dual control applies. The conclusion of financial contracts is also regulated in a volume-weighted approval catalogue.

4. Interest rate risks

Fluctuations in market interest rates affect future interest payments for floating-interest liabilities. Material increases in the base interest rate or the bank margin can therefore impair the Group's profitability, liquidity and financial position. The same applies to the foreign currency risks, which are very limited.

For fixed-rate financial liabilities, the operating cash flow and Group profit are largely unaffected by changes in the market interest rate. Accordingly, the longer-term liabilities from the schuldschein loan agreement have a fixed interest rate.

The interest rate risk is presented by way of sensitivity analyses in accordance with IFRS 7. They present the effects of changes in market interest rates on interest income and expenses, on other components of profit or loss, and on equity.

There is no interest rate risk within the meaning of IFRS 7 for financial instruments that are subject to fixed interest rates and measured at amortised cost.

The average balance was used as the closing balance of cash and cash equivalents is not reliable for calculating interest rate sensitivities. The average balance was taken to be the arithmetic mean of the opening and closing balances.

	31 Dec. 2020		31 Dec. 2019	
EUR '000 **Variable: interest rate**	**+100 basis points**	**-100 basis points**	**+100 basis points**	**-100 basis points**
Earnings before income taxes	15,021	–15,504	–316	–2,948

5. Capital management

The top priority for the Group in terms of capital management is to support and secure its operating activities. The foundation for this is a stable equity ratio and a good credit rating, which are indicators of the Group's financial and economic stability.

As at 31 December 2020, the equity ratio amounted to 25.2% (previous year: 33.2%) and was therefore down on the previous year due to the increased total assets as a result of the consolidation of RHÖN-KLINIKUM AG and the presentation of the receivables and liabilities under the German Hospital Financing Act without netting.

The Group uses the net debt ratio (net financial liabilities to EBITDA) as a means of assessing credit rating, and this figure – adjusted for effects from the application of IFRS 16 Leases, acquisitions and expansion investments – should not exceed 3.5x.

The following table illustrates how this ratio was calculated in the financial year:

EUR million	2020	2020*	2019
Financial liabilities	2,645.6	2,181.5	1,869.5
Cash and cash equivalents	548.5	548.5	265.0
Short-term time deposits	166.4	166.4	0.0
Net financial debt	1,930.7	1,466.6	1,604.5
EBITDA**	450.5	388.3	462.8
Net debt ratio	**4.3x**	**3.8x**	**3.5x**

* Excluding effects from the application of IFRS 16 Leases
** Rhön EBITDA for the 2020 financial year

The net debt ratio, adjusted for effects from the application of IFRS 16 Leases, is 3.8x (previous year: 2.8x). The increase results from the financing associated with the acquisition of RHÖN-KLINIKUM AG and the relatively weak EBITDA due to the pandemic.

As at the end of the reporting period, the Group has cash reserves of EUR 548.5 million (previous year: EUR 265.0 million) in the form of cash and cash equivalents and unutilised lines of credit for a further EUR 770.3 million (previous year: EUR 435.2 million).

VI. Notes to the consolidated income statement

1. Revenue

Revenue breaks down by business segment as follows:

EUR million	2020	2019
Clinical acute care	3,613.3	2,914.5
Postacute and rehabilitation clinics	550.9	578.2
Social and welfare facilities	15.6	15.3
Miscellaneous	163.2	29.4
Total	**4,343.1**	**3,537.3**

The Asklepios Group facilities treated a total of 2,592,045 patients in the 2020 financial year (of which 392,659 at RHÖN-KLINIKUM AG from 1 July 2020). This equates to an increase on the previous year (2,497,095 patients) of 3.8%, which is due to the acquisition of RHÖN Klinikum AG while case numbers declined because of the coronavirus pandemic. The number of inpatient cases declined slightly to 665,359, 86,282 of which at RHÖN (previous year: 674,689). The number of outpatient cases increased slightly to 1,926,686 (previous year: 1,822,406) due to RHÖN's share of 306,377, with countervailing effects from the coronavirus pandemic. The increase in the number of patients, due in particular to the first-time consolidation of RHÖN in combination with compensation payments for bed capacity in connection with the coronavirus pandemic, resulted in a revenue increase of 22.8% from EUR 3,537.3 million to EUR 4,343 million, with EUR 693.8 million of the revenue attributable to the RHÖN Group.

In the 2020 financial year, EUR 420.7 million was recognised within revenue as service performance under the various laws and regulations in connection with COVID 19. EUR 392.5 million of this is attributable to revenue relating to compensation payments for the provision of bed capacity. The other main components are the flat fee for additional costs and the compensation payments for rehabilitation clinics, which were likewise deemed to be remuneration for services and recognised under revenue. A further gross amount of EUR 21.1 million was reported under other income.

2. Other operating income

Other operating income is broken down as follows:

EUR million	2020	2019
Income from services	154.1	91.0
Income from ancillary, additional and other operations	60.9	71.6
Income from cost reimbursements	32.0	28.0
Income from other grants	14.7	10.7
Miscellaneous	65.0	57.8
Total	**326.7**	**259.1**

EUR 93.3 million of the total other operating income is attributable to the Rhön Group. EUR 43.9 million of the income from services is attributable to the Rhön Group and to other own work capitalised, which amounted to EUR 14.5 million in the reporting year (previous year: EUR 14.7 million). The decrease in income from ancillary, additional and other operations is due mainly to slightly lower income from cafeteria and canteen operations. Income includes a gross amount of EUR 21.1 million in connection with COVID-19.

3. Cost of materials

The Asklepios Group's cost of materials ratio in relation to revenue increased slightly year-on-year to 22.4% as at 31 December 2020 (previous year: 20.9%). In absolute terms, cost of materials increased by EUR 235.7 million to EUR 973.5 million year-on-year. The main reasons for this were an increase of EUR 73.7 million in medical product expenses to EUR 203.4 million and an increase of EUR 44.1 million in expenses for anaesthetics and other surgical supplies to EUR 118.3 million. In total, EUR 208.2 million of the cost of materials comes from the Rhön Group.

4. Staff costs

Staff costs increased by EUR 554.0 million to EUR 2,824.2 million year-on-year. EUR 435.9 million of the total staff costs is attributable to the Rhön Group. The number of employees went up from 36,265 full-time equivalents in the previous year to 50,371 full-time equivalents. This includes 14,050 employees of the Rhön Group. The staff costs ratio in relation to revenue increased from 64.2% to 65.0% due to the slightly higher rise in staff costs. This can be accounted for by the increased headcount and wage increases.

Staff costs comprise wages and salaries of EUR 2,342.9 million (previous year: EUR 1,886.2 million), social security expenses of EUR 424.4 million (previous year: EUR 344.4 million), and contributions and additions to pension provisions of EUR 56.9 million (previous year: EUR 39.7 million). Staff costs include expenses for defined contribution plans of EUR 56.4 million (previous year: EUR 44.9 million).

Pension expenses include Asklepios Group benefits from defined contribution and defined benefit pension commitments and similar pension obligations. Pension schemes for (former) employees include both pension provisions and claims with supplementary pension funds (ZVK), the Pension Institution of the Federal Republic and the Federal States (VBL), and direct insurance policies. Employees are also covered by the statutory pension scheme.

Ongoing contributions to VBL/ZVK are recognised as pension expenses in operating earnings.

Employer contributions to pension insurance schemes are also classified as defined contribution plan benefits.

5. Other operating expenses

Other operating expenses relate to:

EUR Mio.	2020	2019
Maintenance and servicing	142.9	111.3
Other administrative and IT expenses	26.7	24.6
Contributions, consulting and audit fees	56.2	34.7
Training expenses	12.6	15.8
Advertising and travel expenses	17.8	24.5
Office supplies, postage and telephone charges	26.5	21.5
Taxes, dues and insurance	50.7	42.7
Rental expenditure	14.1	9.6
Miscellaneous	109.6	41.0
Total	**457.1**	**325.6**

Contributions, consulting and audit fees include expenses for acquisitions, IT projects, annual financial statement audits and other consulting projects. Miscellaneous expenses relate to various items for current business operations.

6. Depreciation, amortisation and impairment

Depreciation and amortisation breaks down as follows:

EUR Mio.	2020	2019
Depreciation of property, plant and equipment	189.5	140.8
Amortisation of intangible assets	41.1	24.7
Depreciation of right-of-use assets	56.3	56.5
Total depreciation and amortisation	**286.9**	**222.0**

7. Net investment income

Net investment income breaks down as follows:

EUR million	2020	2019
Income from equity investments	25.3	16.7
Remeasurement as per IFRS 3	–139.0	0.0
Net investment income	**–113.7**	**16.7**

Income from equity investments includes shares of investments accounted for using the equity method and the reversal of the impairment loss on the investment in AMC (EUR 24.7 million). Net investment income also includes the income from the remeasurement of the shares in RHÖN held before the control date (EUR 139.0 million).

8. Net interest income

Net interest income breaks down as follows:

EUR million	2020	2019
Interest income	3.5	2.0
Interest expenses	–59.9	–44.7
Net interest income	**–56.4**	**–42.7**

The Group received EUR 2.3 million (previous year: EUR 1.1 million) from reported interest income. In addition to interest expenses for IFRS 16, the Group paid EUR 34.6 million (previous year: EUR 3.6 million) in interest expenses.

Interest expenses break down as follows:

EUR million	2020	2019
Interest expenses from schuldschein loan agreements	–29.6	–23.4
Interest expenses from IFRS 16	–9.7	–9.5
Loans and overdraft facilities	–4.6	–3.9
Interest expenses from pensions and similar obligations	–4.3	–5.0
Interest expenses from discounting provisions	–4.2	–1.2
Interest expenses from additional tax payment	–3.5	–0.2
Other financial expenses	–4.0	–1.5
Interest expenses	**–59.9**	**–44.7**

Interest income breaks down as follows:

EUR million	2020	2019
Interest income from default interest	1.4	0.9
Interest income from discounting provisions	0.0	0.7
Other financial income	2.1	0.4
Interest income	**3.5**	**2.0**

9. Income taxes

Income taxes relate to current and deferred taxes on income. Corporate income tax plus the solidarity surcharge is recognised under income taxes. This item also includes deferred taxes, as per IAS 12, on differences in the tax base between the IFRS and tax accounts and on realisable tax loss carryforwards, which can usually be carried forward indefinitely.

Income taxes break down as follows:

EUR ’000	2020	2019
Current income taxes	–30,058	–36,715
Deferred income taxes	6,843	–5,797
Total	**–23,215**	**–42,512**

Taxes paid in the financial year amounted to EUR 36.0 million (previous year: EUR 31.4 million).

Reconciliation between actual tax expenses and the amount taking account of the German corporate income tax rate on earnings before income taxes is as follows:

EUR ’000	2020	2019
Earnings before income taxes	–41,910	214,810
Calculated tax expense *	6,632	–33,994
Remeasurement as per IFRS 3	–21,995	0
Capitalised and non-capitalised loss carryforwards	–1,002	–1,119
Trade tax	–11,656	–9,769
Tax refunds/back payments for previous years	5,324	–701
Tax increase/reduction due to differing tax rates	2,471	4,686
Tax increase/reduction due to adjustments of deferred taxes	–2,375	610
Tax increases/reductions due to settlements/non-tax-deductible expenses, corporate income tax on settlements/non-tax-deductible expenses and corporate income tax on settlements of non-controlling interests	–3,891	–3,075
Elimination of items not relevant to taxation	3,408	0
Dividend income, taxed at 5%	0	951
Miscellaneous	–130	–101
Tax expense for the current year	**–23,215**	**–42,512**

* Tax rate calculated for 2020 and 2019: 15.825%

The actual tax rate was 23.9% (previous year: 19.8%).

VII. Notes to the consolidated statement of cash flows

The statement of cash flows is classified by cash flows from operating, investing and financing activities as per IAS 7. Cash flow from operating activities is calculated using the indirect method. Cash and cash equivalents comprise cash and balances with banks.

Cash and cash equivalents increased by EUR 283.4 million to EUR 548.5 million year-on-year. This includes changes in cash and cash equivalents due to consolidation effects of EUR 121.0 million. Cash flow from operating activities amounted to EUR 596.5 million (previous year: EUR 260.8 million) and was influenced by the health insurance funds' payment performance.

The operating cash flow is offset by a cash outflow from investing activities of EUR 853.9 million (previous year: EUR 265.4 million). Payments for investing activities mainly comprise investments in fixed assets and in Rhön Klinikum AG.

Financing activities resulted in a cash inflow of EUR 540.9 million (previous year: cash outflow of EUR 82.0 million). Cash flow from financing activities was influenced mainly by the placement of a new schuldschein loan agreement in the amount of EUR 730.0 million. This was primarily offset by the scheduled repayments of the 2013 and 2015 schuldschein loan agreements of EUR 77.0 million, repayments of schuldschein loan agreements in the Rhön sub-group of EUR 10.0 million, and the repayment of financial liabilities from right-of-use assets (EUR 47.1 million).

VIII. Notes on items of the consolidated statement of financial position

1. Business combinations accounted for using the acquisition method

Acquisitions in 2020

On 28 February 2020, Eugen Münch, the founder of RHÖN-KLINIKUM AG ("RHÖN"), Ingeborg Münch and HCM SE, an investment company owned by Mr and Mrs Münch, (Eugen and Ingeborg Münch and HCM SE referred to collectively as "Münch") entered into a comprehensive agreement to reorganise the shareholder structure of RHÖN. Münch and Asklepios Kliniken GmbH & Co. KGaA are to combine their investments in RHÖN in a newly established joint venture. The parties have agreed, subject to a condition precedent, that HCM SE will contribute around 7.6% of its RHÖN shares directly to the joint venture, and that Eugen and Ingeborg Münch will sell their approximately 12.4% RHÖN shares to Asklepios Kliniken GmbH & Co. KGaA, which will contribute these shares and the RHÖN shares it already holds to the joint venture.

In connection with this transaction, Asklepios Kliniken GmbH & Co. KGaA also announced a voluntary public takeover offer to the other RHÖN shareholders of EUR 18.00 per share.

After acquiring a further 1.08% of the shares in March 2020, the joint venture of Asklepios Kliniken GmbH & Co. KGaA and RHÖN founder Eugen Münch had thus already secured just over a 50% voting rights majority in RHÖN before the takeover offer commenced. As at 1 July 2020 (control date, first possible date on which AMR Holding GmbH could have exercised its voting rights majority if a hypothetical general meeting had been convened), AMR Holding GmbH acquired 92.3% in RHÖN-KLINIKUM AG due to the deposits and the public takeover offer. The remeasurement of the shares held in RHÖN before the control date as at 1 July 2020 resulted in impairment in accordance with IFRS 3 of EUR 139.0 million, which was recognised in a separate item in net investment income.

In the second half of the year, Asklepios Kliniken GmbH & Co. KGaA acquired a further 1.4% share in RHÖN. The resulting cash outflows (EUR 16.6 million) were recognised in the statement of cash flows under acquisitions of subsidiaries.

The purchase price allocations as defined in IFRS 3 are presented to the extent that it was possible to obtain information and are classed as provisional within the meaning of IFRS 3.45 et seq. to the extent that material value-adjusting effects at RHÖN (especially from receivables and provisions) resulting from periods prior to addition to the consolidated group can still influence the purchase price allocation, as the adjustment period for the purchase price allocation runs until 30 June 2021.

The purchase price allocations performed in the previous year did not result in adjustment in the financial year and are therefore deemed final.

Remeasurement of acquired assets and liabilities at the acquisition date

The starting point is a systematic identification process, which assess all potential assets and liabilities not yet recognised for their eligibility to be recognised in purchase price allocation on the basis of due diligence. An assessment of the fair values of all identified assets and liabilities is also required. The costs recognised as the carrying amount of the investments in the separate financial statements of the Asklepios parent companies are to be replaced by the assets and liabilities of the acquired companies (notion of separate purchase). In applying the acquisition method, the identifiable assets acquired and liabilities assumed can be recognised only if they meet the definitions of assets and liabilities in the IFRS Conceptual Framework at the acquisition date (IFRS 3.11).

The acquirer's application of the recognition principle and conditions may result in recognising some assets and liabilities that the acquiree had not previously recognised as assets and liabilities in its financial statements (IFRS 3.13). This can result in the recognition of separate acquired assets and assumed liabilities. Identifiable intangible assets in particular are classified as separate acquired assets.

The acquirer is to measure the identified assets acquired and the liabilities assumed at their acquisition-date fair values (IFRS 3.18).

The fair values of the identifiable assets and liabilities of the acquired group at the acquisition date are as follows:

EUR million	Rhön
Assets	
Non-current assets	914
Cash and cash equivalents	121
Current assets	456
Total assets	**1,492**
Liabilities	
Non-current liabilities	126
Current liabilities	493
Total liabilities	**619**
Total identifiable net assets at fair value	**873**
Transferred consideration measured at fair value	675
Non-controlling interests measured at fair value	134
Fair value of the share already held	346
Less total identifiable net assets at fair value	–873
Goodwill from the acquisition attributable to the parent company	**282**

The fair value of the non-controlling interests was determined to be the amount of the voluntary public takeover offer, EUR 18.00 per share. The transferred consideration (EUR 675 million) was settled in cash. The transaction costs incurred in connection with the acquisition (EUR 4.8 million) are recognised in other operating expenses.

Non-current assets mainly include intangible assets (EUR 12 million) and property, plant and equipment (EUR 865 million), and current assets relate to trade receivables (EUR 172 million) and financial assets (EUR 232 million). At the acquisition date, trade receivables had a fair value of (EUR 172 million). The gross contractual amount of the trade receivables is (EUR 230 million). The difference equals the best estimate at the acquisition date of the contractual cash flows not expected to be collected. Non-current and current liabilities mainly comprise trade payables (EUR 84 million) and provisions (EUR 136 million). Unfavourable contracts from a cooperation as well as minor contingent liabilities and adjustments in fixed assets were identified in the purchase price allocation in particular.

The business combination also resulted in goodwill totalling EUR 281.8 million. Goodwill mainly represents the expected future earnings power that will result from leveraging synergy effects with the newly acquired entities. It is assumed that the goodwill is non-tax-deductible.

With respect to income taxes, the acquirer shall recognise and measure a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination in accordance with IAS 12 (IFRS 3.24). It shall account in particular for the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition in accordance with IAS 12 (IFRS 3.24).

The measurement difference arising from the assets recognised in connection with the business combination pursuant to IFRS 3 results in deferred tax assets of EUR 0.3 million and deferred tax liabilities of EUR 19.3 million.

Since the acquisition date, the company acquisitions have contributed a total of EUR 693.8 million to revenue and EUR 35.4 million to consolidated net income. Had the business combinations taken place at the beginning of the year, the newly acquired companies would have contributed EUR 1,364.3 million to revenue and EUR 22.5 million to consolidated net income.

2. Intangible assets

2020 EUR '000	Goodwill	Other intangible assets	Prepayments for intangible assets	Total
Cost / As at 1 Jan. 2020	**591,066**	**288,697**	**29,992**	**909,755**
Changes in consolidated group	281,260	10,367	1,863	293,490
Additions/investments similar to acquisitions	4,602	56,658	3,055	64,315
Disposals	–1,546	–1,742	–611	–3,899
Reclassification	0	33,879	–26,609	7,270
As at 31 Dec. 2020	**875,382**	**387,859**	**7,690**	**1,270,931**
Cumulative amortisation / As at 1 Jan. 2020	**–15,348**	**–132,363**	**0**	**–147,711**
Addition from assignment agreement	0	0	0	0
Amortisation and impairment for the financial year	–288	–37,606	–3,168	–41,062
Reclassifications	0	–51	30	–21
Amortisation and impairment on disposals	1,036	1,811	0	2,847
As at 31 Dec. 2020	**–14,600**	**-204,788**	**–3,138**	**–185,947**
Residual carrying amounts / As at 31 Dec. 2020	**860,782**	**183,071**	**4,552**	**1,084,984**

2019 EUR '000	Goodwill	Other intangible assets	Prepayments for intangible assets	Total
Cost / As at 1 Jan. 2019	**557,915**	**252,540**	**18,242**	**828,697**
Changes in consolidated group	26,904	3,035	0	29,939
Additions/investments similar to acquisitions	6,737	29,027	12,802	48,567
Disposals	–1,273	–1,052	–4	–2,329
Reclassification	782	5,148	–1,048	4,881
As at 31 Dec. 2019	**591,066**	**288,697**	**29,992**	**909,755**
Cumulative amortisation / As at 1 Jan. 2019	**–14,772**	**–107,919**	**0**	**–122,691**
Changes in consolidated group	0	–533	0	–533
Amortisation and impairment for the financial year	–291	–24,423	0	–24,714
Reclassifications	–285	–13	0	–298
Amortisation and impairment on disposals	0	524	0	524
As at 31 Dec. 2019	**–15,348**	**–132,363**	**0**	**–147,711**
Residual carrying amounts / As at 31 Dec. 2019	**575,718**	**156,335**	**29,992**	**762,045**

Both software and capitalised customer bases and brands are reported under other intangible assets.

The goodwill recognised by the Group breaks down as follows:

Goodwill EUR '000	2020	2019
RHÖN-KLINIKUM AG	281,806	0
MediClin AG, Offenburg	233,422	233,422
Asklepios Kliniken Hamburg GmbH, Hamburg	100,847	100,847
Asklepios Fachkliniken Brandenburg GmbH, Brandenburg location	17,957	17,957
Asklepios Klinikum Uckermark GmbH, Schwedt	14,044	14,044
Mind District Holding B.V., Amsterdam (Netherlands)	13,260	13,260
Samedi GmbH, Berlin	12,756	12,756
Asklepios Klinik Sobernheim GmbH, Königstein	10,835	10,835
Sanomed Sanitätshaus für Orthopädie und Rehabilitationstechnik GmbH, Bad Sobernheim	11,364	11,364
Asklepios Klinik Wiesbaden GmbH, Königstein	10,240	10,240
Asklepios Fachkliniken Brandenburg GmbH, Lübben location	9,729	9,729
Asklepios Kliniken Langen-Seligenstadt GmbH, Langen	9,496	9,496
Fürstenberg Institut GmbH, Hamburg	8,670	8,670
INSITE-Interventions GmbH, Frankfurt am Main [1]	13,304	8,064
Asklepios Harzkliniken GmbH, Goslar	7,815	7,815
Asklepios Südpfalzkliniken GmbH, Burglengenfeld	6,835	6,835
Asklepios Klinikum Bad Abbach GmbH, Königstein	6,442	6,442
Asklepios Schwalm-Eder-Kliniken GmbH, Schwalmstadt	6,342	6,342
Asklepios MVZ Bayern GmbH, Cham	6,442	6,442
Asklepios Fachkliniken Brandenburg GmbH, Teupitz location	5,750	5,750
ProCura Med AG, Bern (Switzerland)	4,908	4,908
Miscellaneous	68,518	70,500
Total	**860,782**	**575,718**

[1] In the financial year, a Group company merged into Insite-Interventions GmbH, the goodwill of which is now likewise presented here

The impairment of all goodwill included in the consolidated statement of financial position and assigned to the cash-generating units was recognised in value in use. Impairment was not required in the reporting year.

3. Property, plant and equipment

2020 EUR '000	Land and buildings including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	Assets under construction	Total
Cost / As at 1 Jan. 2020	**2,101,178**	**183,726**	**666,072**	**120,775**	**3,071,751**
Changes in consolidated group	676,744	13,701	103,215	49,162	842,822
Additions	30,342	6,466	72,444	116,228	225,480
Disposals	–5,960	–3,145	–32,229	–767	–42,101
Reclassification	30,331	6,005	5,866	–49,472	–7,270
As at 31 Dec. 2020	**2,832,635**	**206,755**	**815,368**	**235,926**	**4,090,682**
Cumulative depreciation / As at 1 Jan. 2020	**–890,230**	**–100,130**	**–437,436**	**0**	**–1,427,796**
Depreciation for the financial year	–91,120	–14,812	–77,373	–6,172	–189,477
Depreciation on disposals	2,442	2,082	29,616	0	34,140
Reclassifications	–2	–584	608	0	22
As at 31 Dec. 2020	**–978,912**	**–113,444**	**–484,586**	**–6,172**	**–1,583,111**
Residual carrying amounts / As at 31 Dec. 2020	**1,853,723**	**93,311**	**330,782**	**229,754**	**2,507,571**

2019 EUR '000	Land and buildings including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	Assets under construction	Total
Cost / As at 1 Jan. 2019	**1,985,939**	**167,924**	**619,300**	**148,490**	**2,921,653**
Transfer of right-of-use assets	0	0	–1,437	0	–1,437
Cost / As at 1 Jan. 2019 (adjusted)	**1,985,939**	**167,924**	**617,863**	**148,490**	**2,920,216**
Changes in consolidated group	77	114	1,391	3	1,586
Additions	56,270	10,049	62,767	64,974	194,060
Disposals	–2,326	–845	–25,025	–11,034	–39,230
Reclassification	61,217	6,483	9,077	–81,658	–4,881
As at 31 Dec. 2019	**2,101,178**	**183,726**	**666,072**	**120,775**	**3,071,751**
Cumulative depreciation / As at 1 Jan. 2019	**–823,978**	**–88,205**	**–400,726**	**0**	**–1,312,908**
Transfer of right-of-use assets	0	0	393	0	393
Cost / As at 1 Jan. 2019 (adjusted)	**–823,978**	**–88,205**	**–400,333**	**0**	**–1,312,516**
Changes in consolidated group	–67	–97	–1,013	0	–1,178
Depreciation for the financial year	–67,923	–12,709	–60,188	0	–140,819
Depreciation on disposals	1,924	565	23,930	0	26,419
Reclassifications	–186	315	168	0	298
As at 31 Dec. 2019	**–890,230**	**–100,130**	**–437,436**	**0**	**–1,427,796**
Residual carrying amounts / As at 31 Dec. 2019	**1,210,948**	**83,596**	**228,637**	**120,775**	**1,643,956**

The amounts recognised under buildings including buildings on third-party land relate to a new building in Barmbek. The lease agreement has a term of 20 years. Once the lease agreement ends, the property will be attributable to Asklepios Kliniken Hamburg GmbH, Hamburg. It was funded by means of a partially subsidised loan. The unsubsidised part is reported under financial liabilities (see VIII.14) Financial liabilities).

Subsidies and government grants used to finance investments are deducted from the cost of the subsidised assets, which results in a reduction in current depreciation. This item relates to subsidies used for the intended purpose that were granted under the German Hospital Financing Act (KHG) with a residual carrying amount of EUR 1,151.8 million (previous year: EUR 1,005.3 million) and other government and third-party grants with a residual carrying amount of EUR 103.1 million (previous year: EUR 104.9 million). The subsidies that were granted under the German Hospital Financing Act will fall due for repayment only if hospital operations are discontinued in accordance with section 8 (1) KHG (no longer being included in the hospital plan).

The Group therefore has long-term interest-free and redemption-free access to subsidies of EUR 1,254.8 million (previous year: EUR 1,110.2 million).

4. Leases

Statement of financial position

The following right-of-use assets and lease liabilities are reported in the statement of financial position:

Right-of-use assets EUR '000	2020	2019
Land and buildings including buildings on third-party land	431,363	468,485
Technical equipment and machinery	2,543	1,577
Operating and office equipment	5,656	3,893
Intangible assets	1,244	1,877
Total	**440,807**	**475,832**

Lease liabilities EUR '000	2020	2019
Current lease liabilities	63,718	53,709
Non-current lease liabilities	400,440	431,693
Total	**464,158**	**485,402**

Income statement

The income statement shows the following expenses in connection with the leases:

Depreciation of right-of-use assets EUR '000	2020	2019
Land and buildings including buildings on third-party land	52,498	53,078
Technical equipment and machinery	1,214	1,383
Operating and office equipment	1,987	1,422
Intangible assets	633	628
Total	**56,332**	**56,511**
Interest expenses	9,740	9,521
Expenses for short-term leases (less than 12 months)	724	2,467
Expenses for leases for low-value assets (under EUR 5,000)	2,057	1,368
Expenses for variable lease payments (not included in lease liabilities)	15,746	9,088

Total lease payments amounted to EUR 70,379 thousand in 2020.

Statement of right-of-use assets by class of property, plant and equipment

2020 EUR '000	Land and buildings including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	Intangible assets	Total
As at 1 Jan. 2020	**468,485**	**1,577**	**3,893**	**1,877**	**475,832**
Additions	16,650	2,182	3,884	0	22,716
Disposals	–1,273	–1	–135	0	–1,409
Depreciation, amortisation and impairment	–52,498	–1,214	–1,987	–633	–56,332
As at 31 Dec. 2020	**431,364**	**2,544**	**5,656**	**1,244**	**440,807**

Leasing activities of the Asklepios Group

The main leased assets are the leased hospital properties of MediClin AG, which up to and including 2018 were accounted for as operating leases. There are also other longer-term lease agreements for properties, vehicles, printers and medical equipment, but these are immaterial in comparison with the hospital properties.

Renewal and termination options

A number of the Group's property and equipment lease agreements contain renewal options. Such contractual conditions are designed to give the Group maximum operational flexibility with respect to the assets it uses. If it has become reasonably certain that the respective option will be exercised, the term of the lease is renewed accordingly. The volume of renewal options was EUR 44.1 million as at 31 December 2020, taking into account the maximum utilisation of all options (previous year: EUR 17.7 million). There are no renewal options for the leased hospital properties of MediClin AG; the agreements are due to expire on 31 December 2027. A renewal would have to be treated separately.

There are currently no termination options in the Group.

Residual value guarantees

The Group grants residual value guarantees in some cases to optimise lease costs during the term of the agreement. The Group estimates the payments from residual value guarantees that are expected to be made and recognises them as part of the lease liability. As at 31 December 2020, it was assumed that an amount of EUR 43 thousand would need to be paid on account of concluded residual value guarantees.

Obligations under leases not yet commenced

Leases that the Asklepios Group has concluded but have not yet commenced. There were no such obligations as at 31 December 2020 (previous year: EUR 256 thousand gross).

5. Investments accounted for using the equity method

Changes in investments were as follows:

EUR '000	2020	2019
Start of the year	496,706	474,544
Changes in the consolidated group	355	0
Acquisition of additional interests	0	10,696
Investment income incl. OCI	1,694	17,037
Dividend payment for the current year	0	–5,571
Reversal of impairment losses	24,693	0
Switch from the equity method to full consolidation	–485,867	0
End of the year	**37,582**	**496,706**

Market capitalisation of the interests for which there is a published price quotation was EUR 47.5 million on a pro rata basis (previous year: EUR 401.7 million). The proportional comprehensive income for all investments accounted for using the equity method was EUR 25.3 million (previous year: EUR 16.7 million). Other comprehensive income was not reported.

The summarised financial information for the main investment accounted for using the equity method is as follows:

EUR '000	30 Jun. 2020	30 Sep. 2019
Current assets	117,221	592,441
Non-current assets	258,697	1,053,362
Current liabilities	144,503	280,847
Non-current liabilities	152,597	185,640

EUR '000	1 Jan. – 30 Jun. 2020*	1 Jan. – 31 Dec. 2019**
Revenue	90,258	1,294,416
Operating earnings after taxes	–278	50,376

* Revenue 2019: EUR 197,273 thousand; operating earnings after taxes: EUR 7,671 thousand
** Approximated figures based on Q3 2019

6. Receivables under German Hospital Financing Act

Receivables under German hospital financing law of EUR 180.1 million (previous year: EUR 122.0 million) relate to out-standing claims to state subsidies. The share attributable to the RHÖN Group, recognised in the consolidated financial statements for the first time as at 31 December 2020, is EUR 0 million.

From 31 December 2020, liabilities and receivables under the German Hospital Financing Act are stated without netting.

7. Financial and other financial assets

Non-current financial assets of EUR 9.0 million (previous year: EUR 4.3 million) relate primarily to companies in which AKG has a shareholding of between 20% and 51%. These other equity investments are not consolidated for reasons of materiality, but are accounted for at cost. Financial assets also include an investment property of Rhön AG of EUR 2.2 million.

Other financial assets break down as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Receivables under BPflV and KHEntG	228,577	101,946
Receivables from time deposits	166,371	0
Receivables from the financing of training centres	54,042	29,224
Receivables from trustor	8,983	8,747
Receivables from tax authority/ social insurance	6,141	1,484
Receivables from employees	4,732	3,263
Receivables from supplier bonuses	3,801	4,411
Receivables from insolvency insurance partial retirement/ pension liability insurance	1,601	1,821
Receivables from association of statutory health insurance physicians	0	3,767
Miscellaneous other financial assets	34,028	20,199
Other financial assets	**508,276**	**174,862**
Of which non-current	1,760	4,904
Of which current	506,516	169,958

The receivables under the German Hospital Financing Act for claims to subsidy payments that are committed by decision of the relevant funding authorities (recognised in the previous year under other financial assets) of EUR 180.1 million (previous year: EUR 122.0 million; 1 January 2019: EUR 124.9 million) were, due to a clearer factual interpretation of IFRS, reclassified to receivables under German Hospital Financing Act from this financial year, as this better reflects the character of the item. They are no longer offset against the liabilities to be recognised for lump-sum subsidies not yet used for the intended purpose in line with state regulations (offsetting effect as at 31 December 2019: EUR 54.0 million and as at 1 January 2019: EUR 59.4 million). The previous year's amount was adjusted accordingly for the purpose of comparison.

The increase in other financial assets is attributable in particular to the EUR 126.6 million rise in receivables under the German National Hospital Rate Ordinance to EUR 228.6 million and to the receivables from time deposits of EUR 166.4 million. The latter were acquired as part of the acquisition of the Rhön Group.

Other financial assets were impaired in the amount of EUR 0.2 million as at the end of the reporting period (previous year: no impairment).

8. Inventories

Inventories break down as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Materials and supplies	128,164	58,863
Work in progress	2,002	0
Finished goods and merchandise	1,484	1,537
Total	**131,650**	**60,399**

Materials and supplies essentially include medical supplies.

There were no impairment losses in the financial year (previous year: EUR 0.0 million).

From the 2020 financial year, the inpatients at the end of the reporting period previously recognised in inventories (31 December 2019: EUR 68.1 million; 1 January 2019: EUR 64.4 million) are recognised within trade receivables. The previous year's amount was adjusted accordingly for the purpose of comparison.

9. Trade receivables

EUR '000	31 Dec. 2020	31 Dec. 2019
Gross receivables	784,298	710,586
Of which inpatients at end of reporting period*	74,309	68,078
Less impairment	–112,335	–62,178
Net receivables	**671,964**	**648,408**
Of which non-current receivables	626	637
Of which current receivables	671,338	647,771

* Recognised in inventories in the previous year

Trade receivables are measured at amortised cost, which usually corresponds to the nominal amount, less a reasonable amount for credit losses. An amount of EUR 671,338 thousand (previous year: EUR 647,771 thousand) has a remaining term of less than one year. IFRS 9 thereby prescribes use of an impairment matrix (simplified approach). A primary distinction can be made in the groups of receivables between payers of statutory health and pension insurance and self-pay patients. The relevant credit risks are calculated using historical loss rates and historical experience (self-pay patients) and as at 31 December 2020 using Germany's CDS spread (payers of statutory health and pension insurance). The expected loss over the remaining lifetime is calculated as a fixed percentage depending on the length of time the receivable is past due.

In the case of trade receivables for which there is a validity risk due to MDK audits, the validity risk is accounted for with refund liabilities.

EUR '000	Carrying amount	Of which: Not past due as at end of reporting period	Of which: Past due by the following numbers of days as at end of reporting period: Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
	as at 31 Dec. 2020							
Trade receivables from health insurance funds	577,741	416,874	66,671	9,869	5,374	13,390	13,028	52,535
Trade receivables from other debtors	132,248	72,231	13,435	5,418	3,579	10,103	4,238	23,244
	as at 31 Dec. 2019							
Trade receivables from health insurance funds	421,676	245,863	74,846	13,419	10,002	10,771	15,568	51,207
Trade receivables from other debtors	220,830	128,550	19,614	6,840	5,454	6,111	10,733	43,528

While the CDS spread for German government bonds is used for receivables from legal institutions, the collective specific loan loss allowance on receivables from other debtors is based on historical credit loss experience in the receivables portfolio. On this basis, a matrix is generated that, adjusted for future-oriented insolvency forecasts, maps the probability-weighted probabilities of default depending on these maturity structure classes.

Write-downs of trade receivables amounted to EUR 112.3 million (previous year: EUR 62.2 million), whereby trade receivables of EUR 2.0 million were derecognised in the financial year (previous year: EUR 9.4 million).

EUR '000	2020	2019
Write-downs as at 1 Jan.	62,178	73,848
Additions to write-downs	66,009	38,256
Utilisation and reversal	–15,852	–49,926
Write-downs as at 31 Dec.	**112,335**	**62,178**

10. Current income tax assets

Current income tax assets relate to claims for the reimbursement of corporate income tax against tax authorities.

11. Other assets

Other assets break down as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Receivables from taxes	97	185
Doubtful other receivables	787	0
Prepayments	0	2,103
Advance payments made for expenses in the next financial year	25,381	10,965
Other assets	**26,265**	**13,253**
Of which non-current	62	6
Of which current	26,203	13,247

12. Cash and short-term deposits

Cash and short-term deposits are subject to variable interest rates. Short-term deposits are made for different periods of time depending on the Group's liquidity requirements. Interest is charged at the respective interest rates applicable for short-term deposits. The fair value of cash and cash equivalents corresponds to their carrying amount.

Total cash and short-term deposits includes subsidies received. The subsidies are earmarked for a specific purpose and may be used only for subsidised capital expenditure.

13. Equity

In accordance with IAS 1, the development of equity is presented in a statement of changes in consolidated equity, which is a separate component of the consolidated financial statements.

EUR '000	31 Dec. 2020	31 Dec. 2019
Equity attributable to the parent company	1,051,756	1,187,882
Non-controlling interests	540,794	389,370
Total equity	**1,592,550**	**1,577,252**

Components of equity

Please refer to the statement of changes in consolidated equity for information on the breakdown of equity.

a) Issued capital

The issued capital is the liable capital under company law of the parent company Asklepios Kliniken GmbH & Co. KGaA. It has been paid in full. The issued capital relates in full to 100,500 bearer shares with voting rights (no-par-value shares) with a notional interest in the share capital of EUR 1.00 per share. There are no restrictions on voting rights or the transfer of shares – even if they result from an agreement between shareholders – or we are not aware of such restrictions. None of our shares have special rights bestowing control.

b) Reserves

Reserves include the capital reserves and retained earnings. Retained earnings consist of earnings retained from previous years.

A total of EUR 140.4 million (previous year: EUR 137.8 million) was allocated to retained earnings in the 2020 financial year. Equity increased by EUR 15.3 million to EUR 1,592.6 million (previous year: EUR 1,577.3 million).

c) Non-controlling interests

The non-controlling interests contain third-party shares in the equity of consolidated subsidiaries.

Non-controlling interests of approximately 6% relate to the entities that operate hospitals. Please refer to IV.1) Basis of consolidation.

EUR 21.7 million of the consolidated net income for the year is attributable to non-controlling interests (previous year: EUR 31.9 million). Subject to executive approval, a provisional amount of EUR 15.0 million (previous year: EUR 18.2 million), and thus cumulatively EUR 211.8 million, of this net income for the year is attributable to the non-controlling interests of Asklepios Kliniken Hamburg GmbH, Hamburg, in 2020. Non-controlling interests hold 25.1% of the voting rights in Asklepios Kliniken Hamburg GmbH in total. For Asklepios Kliniken Hamburg GmbH, the consolidated financial statements include a total of EUR 688.0 million (previous year: EUR 527.1 million) in assets that can be liquidated at short notice (including cash and cash equivalents of EUR 244.2 million, which were up by EUR 91.6 million year-on-year) and EUR 822.3 million (previous year: EUR 823.8 million) in non-current assets available for generating future income (EUR 1,415.7 million in total in 2020). Non-current liabilities of EUR 495.9 million (previous year: EUR 451.3 million) and current liabilities of EUR 315.3 million (previous year: EUR 218.2 million) were included in the consolidated financial statements for Asklepios Kliniken Hamburg GmbH. In connection with the measurement of non-current liabilities, actuarial losses of EUR 47.9 million (previous year: EUR 94.2 million) before taking account of deferred tax assets of EUR 8.2 million (previous year: EUR 16.1 million) were included in the consolidated financial statements in the reporting year, EUR 12.0 million (previous year: EUR 23.6 million) of which were charged to non-controlling interests in other comprehensive income. Asklepios Kliniken Hamburg GmbH generated cash inflow from operating activities of EUR 169.8 million (previous year: EUR 57.6 million), cash outflow from investing activities of EUR 60.6 million (previous year: EUR 54.2 million) and cash outflow from financing activities of EUR 17.7 million (previous year: EUR 17.4 million). In 2020, the company reports total comprehensive income of EUR 18.5 million (previous year: EUR –8.6 million), of which EUR 0.5 million (previous year: EUR 0.7 million) is attributable to non-controlling interests. The total comprehensive income includes other comprehensive income of EUR –39.6 million (previous year: EUR –78.0 million).

Subject to executive approval, a provisional amount of EUR 1.8 million of the net loss for the year (previous year: EUR 10.3 million of the net income for the year) attributable to non-controlling interests, and thus cumulatively EUR 169.9 million, is attributable to the non-controlling interests of MEDICLIN Aktiengesellschaft (MediClin AG), Offenburg, in 2020. Non-controlling interests hold 47.27% of the voting rights in MEDICLIN Aktiengesellschaft in total. There were no distributions to non-controlling interests in the reporting year (previous year: EUR 1.1 million). For MEDICLIN Aktiengesellschaft, the consolidated financial statements include a total of EUR 203.9 million (previous year: EUR 166.0 million) in assets that can be liquidated at short notice (including cash and cash equivalents of EUR 100.4 million, which were up by EUR 63.2 million year-on-year) and EUR 683.6 million (previous year: EUR 731.8 million) in non-current assets available for generating future income (EUR 671.0 million in total in 2020). Non-current liabilities of EUR 539.3 million (previous year: EUR 561.2 million) and current liabilities of EUR 171.4 million (previous year: EUR 145.8 million) were included in the consolidated financial statements for MEDICLIN Aktiengesellschaft. In connection with the measurement of non-current liabilities, actuarial losses of EUR 5.8 million (previous year: EUR 9.5 million) before taking account of deferred tax assets of EUR 0.9 million (previous year: EUR 1.5 million) were included in the consolidated financial statements in the reporting year, EUR 2.7 million of which were charged to non-controlling interests in other comprehensive income. MediClin AG generated cash inflow from operating activities of EUR 118.7 million (previous year: EUR 69.6 million), cash outflow from investing activities of EUR 8.6 million (previous year: EUR 35.6 million) and cash outflow from financing activities of EUR 46.5 million (previous year: EUR 30.5 million). In 2020, the company reports total comprehensive income of EUR –13.9 million (previous year: EUR 1.7 million), of which EUR –0.1 million (previous year: EUR 0.5 million) is attributable to non-controlling interests. The total comprehensive income includes other comprehensive income of EUR –4.9 million (previous year: EUR –8.0 million).

In 2020, subject to executive approval, a provisional amount of EUR 1.8 million of the net income for the year attributable to non-controlling interests is attributable to the non-controlling interests of RHÖN-KLINIKUM AG (Rhön AG), Bad Neustadt an der Saale, which was included in the consolidated financial statements as a subsidiary for the first time. Non-controlling interests hold 13.9% of the voting rights in Rhön Aktiengesellschaft in total. There were no distributions to non-controlling interests in the reporting year. For Rhön Aktiengesellschaft, the consolidated financial statements include a total of EUR 566.4 million in assets that can be liquidated at short notice (including cash and cash equivalents of EUR 91.0 million) and EUR 1,063.2 million in non-current assets available for generating future income (EUR 1,567.1 million in total in 2020). Non-current liabilities of EUR 166.1 million and current liabilities of EUR 273.4 million were included in the consolidated financial statements for Rhön Aktiengesellschaft. In connection with the measurement of non-current liabilities, actuarial losses of EUR 15 thousand before taking account of deferred tax assets of EUR 3 thousand were included in the consolidated financial statements in the reporting year, EUR 1 thousand of which were charged to non-controlling interests in other comprehensive income. Rhön AG generated cash inflow from operating activities of EUR 113.3 million, cash outflow from investing activities of EUR 135.2 million and cash outflow from financing activities of EUR 15.1 million. In 2020, the company reports total comprehensive income of EUR 4.8 million, of which EUR 1.0 million is attributable to non-controlling interests. The total comprehensive income includes other comprehensive income of EUR 2.4 million.

There were no material transactions with material non-controlling interests in 2019 or 2020.

d) Development of other comprehensive income

Other comprehensive income includes both the development of actuarial losses from pension provisions of EUR 44.1 million (previous year: EUR –85.6 million) and the share of total comprehensive income of investments accounted for using the equity method of EUR 1,066 thousand (previous year: EUR 413 thousand).

EUR 33 thousand (previous year: EUR 43 thousand) of the actuarial losses from pension provisions relates to non-controlling interests.

14. Financial liabilities

EUR '000	31 Dec. 2020	31 Dec. 2019
Current portion	40,214	114,398
Non-current portion	2,141,262	1,269,663
Total financial liabilities*	**2,181,476**	**1,384,061**

EUR 96.7 million was repaid in total in the financial year (previous year: EUR 101.5 million).

Asklepios has a long-term and balanced maturity profile, primarily thanks to the repeated issuance of schuldschein loan agreements. The debut transaction on the schuldschein market in November 2013 had a volume of EUR 300 million, while the second schuldschein transaction in August 2015 placed schuldschein loan agreements of EUR 580 million. This was followed in November 2017 by Asklepios' largest transaction on the schuldschein market to date with the third schuldschein loan agreement of EUR 780 million. The fourth schuldschein loan agreement of EUR 730 million was then placed in October 2020, which primarily served the early refinancing and placement of the RHÖN acquisition financing.

All schuldschein loan agreements were placed with fixed and variable interest and subscribed by both domestic and international investors.

Other financial liabilities essentially bear interest at floating rates and usually have fixed-interest periods of between one and three months. The redemption payments are essentially in line with the fixed-interest terms. EUR 5.2 million (previous year: EUR 6.3 million) of the other financial liabilities of the MediClin sub-group are secured by land charges (carrying amount: EUR 16.6 million; previous year: EUR 17.7 million).

The non-subsidised portion of a loan to finance a new building with a carrying amount of EUR 19.5 million (previous year: EUR 23.1 million) as at 31 December 2020 had a fair value of EUR 21.9 million (previous year: EUR 26.3 million) as at the same date.

Of the financial liabilities, the following amounts will fall due in the next few years:

Financial year	Amount in EUR million
2022	388,0
2023	98,2
2024	510,0
2025	478,5
Subsequent years	706,8
Total	**2.181,5**

Changes in financial liabilities were as follows:

EUR '000	1 Jan. 2020	Cash changes	Maturity reclassification	Non-cash changes	Changes in consolidated group	31 Dec. 2020
Lease payment obligations	485,402	–47,078	0	15,334	10,501	464,159
Current financial liabilities	114,398	–96,700	22,516	0	0	40,214
Non-current financial liabilities	1,269,663	730,000	-22,516	3,298	160,817	2,141,262
Total	**1,869,463**	**586,222**	**0**	**18,632**	**171,318**	**2,645,635**

The changes in current and non-current financial liabilities in the previous year mainly affected cash. Of the changes in lease payment obligations in the 2019 financial year, EUR –52.1 million affected cash and EUR +532.1 million did not affect cash (first-time application of IFRS 16).

The future payments from financial liabilities and the interest and instalment components included therein break down as follows:

31 Dec. 2020 Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	76	1,587	761	2,423

31 Dec. 2019 Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	129	979	353	1,461

Credit facilities

The Group has freely available lines of credit of EUR 770.3 million as at the end of the reporting period (previous year: EUR 435.2 million). As in the previous year, none of them are secured by land charges. Drawings on these credit lines are subject to floating interest.

15. Trade payables

There are trade payables due to third parties. An amount of EUR 97.3 million (previous year: EUR 87.1 million) has a remaining term of less than one year.

16. Lease liabilities

Maturity analysis EUR '000	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Lease liabilities as at 31 Dec. 2020	63,718	207,130	193,310	464,158

Maturity analysis EUR '000	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Lease liabilities as at 31 Dec. 2019	53,709	196,339	235,354	485,402

The increase in current lease liabilities relating to hospital properties results primarily from the suspension of rental payments for the months of May and June 2020 of EUR 7.9 million in the MEDICLIN Group. This suspension was based on the "German Act to Mitigate the Consequences of the COVID-19 Pandemic Under Civil, Insolvency and Criminal Procedure Law" of 27 March 2020. When it comes to accounting for the rent reduction, MEDICLIN uses the amendment to IFRS 16 Leases "Covid-19-Related Rent Concessions" published by the IASB on 28 May 2020.

This provides relief in accounting for concessions, such as deferral of rental instalments or rent discounts, granted in direct connection with the outbreak of the coronavirus pandemic. In addition, MEDICLIN exercises the option to apply the amendment to IFRS 16 early for the financial year from 1 January 2020 to 31 December 2020. The suspended rents for the two months amount to EUR 7.9 million and relate to rents for 21 hospital properties. The default interest rate in accordance with section 288 (2) BGB is 8.12% p.a.

17. Liabilities under German Hospital Financing Act

Liabilities under German hospital financing law of EUR 261.0 million (previous year: EUR 148.4 million) relate to subsidies committed or received but not yet used. The share attributable to the RHÖN Group, consolidated in the consolidated financial statements for the first time as at 31 December 2020, is EUR 21.5 million. From 31 December 2020, liabilities and receivables under the German Hospital Financing Act are stated without netting.

18. Other financial liabilities

The liabilities under the German Hospital Financing Act resulting from liabilities for lump-sum subsidies not yet used for the intended purpose in line with state regulations (recognised in the previous year under other financial liabilities) of EUR 261.0 million (previous year: EUR 148.4 million; 1 January 2019: EUR 144.5 million) are, due to a clearer factual interpretation of IFRS, reclassified to liabilities under German Hospital Financing Act from this financial year, as this better reflects the character of the item. They are no longer offset against receivables to be recognised in this context that were committed by decision of the relevant funding authorities (offsetting effect as at 31 December 2019: EUR 54.0 million and as at 1 January 2019: EUR 59.4 million). The previous year's amount was adjusted accordingly for the purpose of comparison.

In the financial year, other financial liabilities comprised:

EUR '000	31 Dec. 2020	31 Dec. 2019
Subsidised loans	47,085	56,300
Liabilities from outstanding invoices	116,628	58,321
Purchase price commitments/liabilities to former payers	5,739	5,814
Liabilities to state authorities	7,547	6,075
Liabilities from third-party funds	8,076	2,938
Liabilities to Landeskrankenhausgesellschaft	19,248	2,659
Liabilities to external shareholders	3,745	2,803
Liabilities to senior consultants	934	680
Liabilities to shareholders	754	891
Miscellaneous other financial liabilities	45,070	12,060
Other financial liabilities	**254,825**	**148,541**
Of which non-current	57,895	57,679
Of which current	196,930	90,862

The subsidised loans of EUR 47.1 million (previous year: EUR 56.3 million) are financed in full by the respective states, affecting interest and repayment.

The future payments from subsidised loans and the interest and instalment components included therein break down as follows:

31 Dec. 2020 Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	4	8	22	34

31 Dec. 2019 Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	4	10	23	37

The interest component included in the minimum obligations amounts to EUR 4.7 million (previous year: EUR 5.7 million).

The purchase price obligations essentially comprise obligations from a number of acquisitions. Liabilities for third-party obligations concern statutory obligations to perform maintenance and fire protection work, while liabilities from grants include funds for investments obtained from sponsors, etc., that have not yet been used.

19. Other liabilities

Other liabilities break down as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Payroll liabilities	263,625	157,693
Tax liabilities (wage tax, VAT)	53,927	39,480
Advance payments received	38,123	3,308
Miscellaneous	5,915	5,190
Other liabilities	**361,590**	**205,670**
Of which non-current	8,890	8,109
Of which current	352,700	197,561

As at 31 December 2020, EUR 106.0 million of the other liabilities were attributable to the group of RHÖN-KLINIKUM AG included in the consolidated financial statements, of which EUR 90.4 million constituted payroll liabilities. The payroll liabilities mainly include performance-related remuneration, annual leave not taken and overtime.

Payroll liabilities in-clude termination benefits (mainly partial retirement and severance payments) of EUR 21.9 million (previous year: EUR 7.0 million). Liabilities from partial retirement agreements of EUR 2.7 million (previous year: EUR 2.0 million) contain future Group obligations from the outstanding settlement amount during the time the beneficiaries are in office and the top-up amount pursuant to IAS 19 (rev. 2011), which accumulates on a pro rata basis. For unresolved cases, an estimate was used based on previous acceptance of comparable contractual offers. The capitalised values of EUR 1,764 thousand (fair value) (previous year: EUR 1,984 thousand) to secure outstanding settlement amounts are offset against the obli-gations in the financial year.

Tax liabilities contain wage tax and VAT yet to be paid to the tax authority.

20. Provisions for pensions and similar obligations

Some employees were granted post-employment annuity payments under the Group's pension scheme, which takes the form of defined contribution and defined benefit plans. The Group's obligations cover both existing and future benefit claims.

Pension provisions for defined benefit plans are determined in accordance with IAS 19 on the basis of actuarial assumptions. In the financial years, the following parameters were applied:

	2020	2019
Discount rate	0.40%	0.90%
Expected salary increases	2.10%	2.00%
Expected pension increases	1.50%	1.00%
Average employee turnover	0.00%	0.00%

The cost trends in the medical sector were not considered in the calculation of pension provisions on grounds of immateriality. The 2018 G Heubeck mortality tables were used as a biometric basis for calculation.

Hamburg obligations (provision: EUR 331,477 thousand; DBO: EUR 644,784 thousand)

The Group's defined benefit pension obligations are oriented towards the Hamburg Act on Additional Retirement Pensions and the respective valid version of the bylaws of the Pension Institution of the Federal Republic and the Federal States (VBL), and are based on benefit guideline no. 1 of the collective agreement on the company pension scheme at Landesbetrieb Krankenhäuser (LBK Hamburg) – a public-law institution – dated 24 July 2000. These obligations are met by way of the insured provident fund of LBK e.V. In addition, there are obligations to civil servants of the city of Hamburg on leave of absence and individual contractual obligations that are partially covered by employer's pension liability insurance policies. For employees entitled to a pension at Asklepios Westklinikum Hamburg GmbH, acquired on 1 July 2008, there are unfunded benefit obligations in accordance with the bylaws of the VBL.

The Hamburg Act on Additional Retirement Pensions allows for pension benefits on the basis of final salary. The corresponding present value of the obligations was EUR 558,772 thousand as at 31 December 2020. The benefit amount is calculated from years of service and pay according to the pay grade when pension payments begin. Pensions increase by 1% per year.

The present value of the obligation from defined contribution pension commitments according to the bylaws of the VBL is EUR 76,907 thousand. The annual contribution amount is determined by the pay subject to supplementary pension payments. The pension payments result from the actuarial annuitisation of the contributions. The current annuities increase by 1% each year. The obligations in accordance with the Hamburg Civil Service Pension Act include individual obligations of EUR 9,105 thousand.

As the payable benefits are lifelong pension payments, there is a longevity risk, which is largely hedged by the pension liability insurance policies in place. In addition, because the payable benefit depends on salary, there is a risk that the required payment to the employee will increase due to future salary increases. The Group bears this risk in full.

MediClin defined benefit obligations (provision: EUR 68,114 thousand; DBO: EUR 69,713 thousand)

The defined benefit obligations relate to two pension plans that have recently been concluded, one with MAUK and the other with the Kraichgau-Klinik Group pension scheme, and three (previous year: four) individual obligations. Both pension plans are closed, which means that no more new pension obligations can be added. The MAUK pension plan is a lump-sum payment provident fund for the accrual of tax-free special funds earmarked to provide retirement income for employees. It is a pension fund with legal capacity, which grants the benefits outlined in the plan under exclusion of legal rights. These benefits are funded through contributions that MEDICLIN makes to MAUK. Since the 2019 financial year, MUK is also classed as a defined benefit pension plan. It has been closed to new entrants since 31 December 2018, except for employees who were still in the five-year vesting period as at 31 December 2018. As at 31 December 2001, the MAUK pension plan was replaced by the MUK pension plan.

At this date, the benefits accrued by active employees up to this point under the MAUK plan were in effect frozen. Under the terms and conditions of the plan, lifetime or time-limited benefits are granted in the form of a retirement pension, an early retirement pension or a disability pension. The retirement pension amount is between EUR 5.00 and EUR 10.00 a month per eligible year of service based on average weekly working hours. If the pension is taken early (before the age of 65), the entitlements earned are reduced by 0.5% for each month that the pension is claimed early. Except for two of the individual obligations, the ongoing pension payments are paid from the assets of the employee provident fund. MEDICLIN pays sufficient funds to MAUK for this. The MAUK fund's assets comprise voluntary contributions from MEDICLIN and returns on plan assets.

Section 12 of the MAUK bylaws stipulates that fund assets are to be invested in a profitable way and are to be used solely for fund purposes and for incurred administrative costs. Loans may be granted to the sponsoring employer at an appropriate rate of interest, but this option is not utilised.

The pension provisions relating to the Kraichgau-Klinik Group are the result of the acquisition of the majority of shares in Kraichgau-Klinik AG in 2008. The Kraichgau-Klinik AG pension scheme provides for pension benefits, which include a retirement pension or early retirement pension and a deferred disability pension. The monthly retirement pension amounts to 0.5% per year of company service – but not exceeding 12% – of the average monthly salary for the last twelve months before pension payments begin. If an early retirement pension is taken, the retirement pension calculated according to this formula is reduced by 0.5% for every month that the pension is claimed early before the claimant reaches retirement age. If the claimant retires early on the grounds of disability, a disability pension is paid, which is deferred until the claimant reaches retirement age. The pension amount is calculated using the same formula as the retirement pension, but takes account only of the years of service that the employee achieved up to the date of the disability. The age limit for employees who joined the company before 31 December 1994 is 60 for women and 65 for men. In the case of employees who joined the company after 31 December 1994, the retirement age is 65 for both men and women. No more new beneficiaries have been added to this plan since August 1997.

There is still an individual obligation to a former executive of Kraichgau-Klinik AG. The claim to retirement benefits under this obligation comprises a basic entitlement of 32.55% and linear increments of 0.9% of the annual pensionable salary. Increments count only from 1 April 2000. The maximum benefit entitlement is 48.75% of the pensionable salary. The disability pension entitlement is 100% of the retirement pension entitlement. In the event of the death of the beneficiary, the surviving spouse receives a widows' pension totalling 60% of the retirement pension to which the beneficiary was entitled at the time of his death, or to which he would have been entitled if he had become disabled. The retirement age of 65 was reached in 2018, which means that the individual obligation is now in the payout phase.

The pension obligations are accounted for in full and were remeasured for preparation of the IFRS statement of financial position.

The Group's obligations cover both existing and future benefit claims.

The pension provisions are measured in line with actuarial principles using the benefit/years of service method under IAS 19, taking account of future trends. The current service cost, which is calculated at the start of the financial year and is subject to interest until the end of the financial year, is calculated using the projected unit credit method. The defined benefit obligation (DBO) at the end of the reporting period is the present value of the benefits earned in the preceding accounting periods calculated using the projected unit credit method. The same method that is used to attribute benefits to periods of service is used to determine the current service cost. In accordance with IAS 19, the adjustment effects from actuarial gains and losses that arise in the financial year are recognised in "other comprehensive income". By contrast, the insured portion of the MUK pension obligation is recognised at the fair value of the pension liability insurance policies in place. Only the obligation from the adjustment of ongoing benefits of 1% a year, which is not covered by the pension liability insurance policy, is measured in line with actuarial principles.

MEDICLIN provident fund (provision: EUR 211 thousand; DBO: EUR 15,324 thousand)

For its active employees who have reached five years of service with the company (as at the end of 31 December) and are 28 years of age, MEDICLIN pays an annual contribution to the MediClin retirement pension scheme (basic retirement pension plan) up to the age of 65. The contribution is adjusted in line with the rising cost of living (maximum of 1.5% p.a.). The basic retirement pension plan comprises a monthly retirement pension or the option of a one-off lump-sum payment. The retirement pension increases automatically by 1% a year and is guaranteed for at least ten years. The MediClin retirement pension scheme also offers eligible employees the option of making contributions to a private pension scheme from their gross salary. MEDICLIN rewards employees for this deferred compensation option by increasing its own pension contribution by 20%, no less than EUR 50 but no more than EUR 100 a year. MEDICLIN transfers its contributions directly to MediClin-Unterstützungskasse e. V. (MUK e. V.). MUK e. V. is a social welfare fund for sponsoring employers and administrative bodies of MEDICLIN AG that are hospital operators, whose retirement pension schemes are managed partly or fully by this provident fund. The sole and irrevocable purpose of the association is to operate this provident fund. The association follows the requirements of sections 1 to 3 of the legally valid version of the Implementing Regulation on Corporate Tax (KStDV) or the requirements that replace or supplement them. Under the terms and conditions of the benefit plan, the association takes out pension liability insurance policies on the life of the member/beneficiary to fund the agreed benefits. MEDICLIN terminated the works agreement underlying this pension plan as at 31 December 2018 in order to set up a new, modern company pension scheme.

All employees who joined one of the MEDICLIN sponsoring employers before 31 December 2018 are still entitled to an employer-funded basic retirement pension plan under the MediClin retirement pension scheme. Even employees who are still in the vesting period will subsequently receive accrued entitlements from the MediClin retirement pension scheme. Employees who joined the company on or after 1 January 2019 will fall under a different pension scheme. A new agreement on this is being concluded with the Group Works Council. All existing MediClin retirement pension scheme contracts – both the employer-funded basic retirement pension plan and the self-funded contracts from deferred employee compensation – are being continued unconditionally in line with the valid benefit plans.

MUK e. V. is structured as an insured provident fund, whereby its pension obligations are covered by a corresponding pension liability insurance policy with an insurance company. MUK e. V. met its duty to make adjustments in accordance with section 16 of the German Company Pensions Act by making a commitment in respect to a guaranteed annual 1% adjustment (section 16 (3) sentence 1 of the German Company Pensions Act). When the pension liability insurance policy was taken out, the guaranteed adjustment of 1% p.a. in favour of a higher maturity payment was not covered by the policy because it was anticipated that the 1% adjustment would easily be generated through insurer surpluses. As a result of continuing low interest rates on the capital markets, particularly for pension liability insurance policies that have a high guaranteed interest rate it has increasingly been the case that virtually no surplus allocations have been made, which means that the insurer could no longer guarantee the adjustment to pension payments in the amount pledged in the pension plan. Nonetheless, the pension obligations were adjusted by 1% p.a. under the terms of the contract. The adjustment is being funded retrospectively through annual one-off payments to the insurer. This is classed as a systematic coverage gap, the future amount of which is presented as a best estimate in the financial statements. This means that, from now on, these pension obligations will be classified and accounted for as defined benefit obligations. The insurance coverage of MUK retirement benefits has since been changed; new pension obligations are no longer affected by a coverage gap from adjustment obligations because the 1% adjustment guarantee has now been included in the policy coverage. The amount of the coverage gap was determined by an actuary. The present value of the future coverage gap is calculated on the basis of the pension entitlements earned. An actuarial interest rate of 0.9% was assumed in the calculation of the coverage gap. An amount of 2.75% p.a. was recognised as the insurer's overall interest rate. Furthermore, the calculation also assumes that the percentage of scheme members who opt for current pension payments in lieu of the total pension capital (one-off payment) is still approximately 5%.

RHÖN-KLINIKUM AG (provision: EUR 1,114 thousand; DBO: EUR 1,114 thousand)

Some employees are granted post-employment annuity payments under the Group's pension scheme, which takes the form of defined benefit and defined contribution plans. The Group's obligations cover both existing and future benefit claims. Defined benefit obligations are financed by setting aside provisions. Contributions under defined contribution plans are recognised in profit or loss as incurred. For Management Board members, there is a plan that provides for pension benefits after termination of the employment relationship. In addition to their ongoing remuneration, when Management Board members leave the Board they receive a pension benefit, capped at 1.5 times their last annual remuneration, which depends on their duration of employment and the amount of remuneration. Unlike the other pension plans, the benefit obligation is not calculated on the basis of a standard retirement age but rather on individual contract terms. In this context, there are risks in respect of changes to the assessment basis. These relate primarily to the dependency on final salary or variable remuneration components. If this assessment basis develops differently than assumed in the provision calculations, additional financing could be required. This arrangement no longer applies to Management Board members appointed after the acquisition by Asklepios Kliniken GmbH & Co. KGaA.

Other (provision: EUR 2,957 thousand; DBO: EUR 2,957 thousand)

In the Group, there are also individual obligations financedby provisions of EUR 2,957 thousand (DBO EUR 2,957 thousand).

The Group's total provisions break down as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Present value of funded benefit obligations	620,987	572,453
Present value of unfunded benefit obligations	113,705	103,322
Total present values of pension obligations	**734,692**	**675,775**
Fair value of plan assets	–330,070	–325,416
Effect of the asset cap as at 31 December	0	0
Net provisions	**404,622**	**350,359**

In the financial years shown, there were no effects from the change in demographic assumptions as these were unchanged year-on-year.

The development is as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Provision as at 1 January	350,359	274,662
RHÖN addition	1,058	0
Current service cost	12,147	5,738
Corporate transaction (previous year: past service cost)	–67	22
Net interest expense/income	3,103	4,663
Benefits paid	–3,355	–2,682
Experience adjustments	–174	–2,473
Reversal through settlement	0	–22,903
Employer contributions to plan assets	–12,307	–11,254
Actuarial losses from changes in financial assumptions	53,858	104,586
Provision as at 31 December	**404,622**	**350,359**

The present value of the pension obligations developed as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Present value of the obligations as at 1 January	675,775	580,575
RHÖN addition	1,058	0
Reclassification to defined benefit plans	1	13,899
Service cost	11,840	5,738
Past service cost	580	22
Interest cost	6,004	10,464
Experience adjustments	–2,256	–2,473
Reversal through settlement	–174	–22,903
Actuarial losses from changes in financial assumptions	60,190	106,153
Benefits paid	–18,325	–15,700
Present value of the obligations as at 31 December	**734,693**	**675,775**
Of which unfunded benefit obligations	**113,705**	**103,322**
Present value of funded benefit obligations	**620,988**	**572,453**

The fair value of plan assets developed as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Fair value of plan assets as at 1 January	325,416	305,913
Reclassification to defined benefit plans	150	13,899
Expected return on plan assets	2,915	5,801
Benefits paid	–14,970	–13,769
Remeasurement of plan assets	4,251	1,697
Employer contributions to plan assets	12,307	11,875
Fair value of plan assets as at 31 December	**330,069**	**325,416**

If there is excess cover in the provident fund, it is not economically usable, so it is not recognised as an asset.

Plan assets mostly comprise pension liability insurance policies taken out to cover the provident fund obligations from benefit obligations.

EUR 10.4 million (previous year: EUR 10.0 million) was contributed to the Hamburg provident fund in the 2020 financial year. The amount paid in to plan assets for the 2021 financial year is expected to be comparable to 2020.

The sensitivity of the obligation in relation to the change in relevant actuarial assumptions (figures in brackets relate to the previous year) is as follows:

		Relative change of the obligation
Actuarial interest rate	–0.50%	Increase of 10.39% (11.20%)
Actuarial interest rate	+0.50%	Decrease of 9.11% (9.83%)
Income trend	–0.50%	Decrease of 0.72% (0.93%)
Income trend	+0.50%	Increase of 0.98% (decrease of 0.76%)
Mortality	–0.10%	Increase of 4.21% (decrease of 4.33%)

The effects of sensitivity were determined by the same method as the obligation at the end of the year. Only the change in the factor presented was considered, while other factors were assumed to be constant. This assumption could turn out differently in reality.

As the pension adjustment is contractually fixed (1% increase), this is not an influencing factor listed in the sensitivity analysis.

Because of the existing pension liability insurance policies, most of the biometric risk is not borne by the Group but rather by the insurer, meaning that there was no sensitivity analysis here either.

The estimated payments from the pension provisions and plan assets are as follows:

Financial year	EUR '000
2021	17,052
2022	17,690
2023	18,749
2024	19,605
2025	20,464
2026-2030	115,391
Total	**208,951**

The estimated employer contributions to plan assets for 2020 amount to EUR 12.3 million. Estimated benefit payments from pension provisions are EUR 3.1 million.

The annual benefit payment obligation arises from the insurance contracts in place with the provident funds.

The weighted average duration of pension obligations is around 19 years (previous year: 19 years)

Multi-employer plans (Hamburg)
Asklepios Kliniken (not including RHÖN AG or MediClin)

In the financial year, Asklepios registered a total of 7,801 employees entitled to supplementary pension provisions.

Since 1 January 2002, BVK Zusatzversorgung, Munich, has paid a benefit that arises if an annual amount of 4.00% of an employee's gross salary is paid in full into a funded scheme. The contributions are made exclusively by the employer. The size of the contribution depends on the respective employee's pay subject to supplementary pension payments. The bylaws provide for a flat redevelopment charge for additional financing requirements above the actual contribution (2,466 Asklepios employees).

In the financial year, the contribution rate of ZVK Darmstadt was 6.2% (frozen) of the pay subject to supplementary pension payments. As a result of the closure of the integrated scheme and the switch to the points model, the fund levies a flat redevelopment charge of 2.3%to cover additional financing requirements in order to finance the claims and accrued entitlements arising before 1 January 2002. In accounting group II, which is already funded, a compulsory contribution of 6.35% is levied (2,372 Asklepios employees).

In the following year, Asklepios is expecting a contribution/funding requirement for members of BVK Zusatzversorgung, Munich, of EUR 4.9 million (previous year: EUR 4.6 million). For members of the Zusatzversorgungskasse der Gemeinden und Gemeindeverbände (supplementary pension fund for municipalities and municipal associations) in Darmstadt, Asklepios is expecting a funding requirement of EUR 6.6 million (previous year: EUR 4.9 million).

BVK Zusatzversorgung, Munich, had 5,880 members in the 2019 financial year (previous year: 5,850) and managed assets of EUR 24.2 billion (previous year: EUR 22.7 billion). In 2019, 766,137 compulsorily insured employees and 738,394 non-contributory insurance contracts were registered via these members. Company pensions are paid to 303,998 compulsorily insured employees.

The supplementary pension fund for municipalities and municipal associations in Darmstadt has more than 650 members. 94,880 compulsorily insured employees, 98,460 non-contributory insured individuals and around 5,710 voluntarily insured individuals were registered via these members. Company pensions are paid to 50,810 former employees and their surviving dependants.

There are different additional supplementary pension entitlements for 2,656 Asklepios employees at various pension institutions, which are comparable to those referred to above. Asklepios is expecting a funding requirement of EUR 7.2 million (previous year: EUR 7.0 million) for members.

The financing requirements for compulsory insurance benefits are determined for the coverage period plus one year. To cover these financing requirements, the contributions and redevelopment charges for the coverage period must be determined according to actuarial principles in such a way that the contributions to be paid for the coverage period together with other income expected from compulsory insurance and the partial assets available at the start of the coverage period are expected to suffice to finance the expenditure for the coverage period and one additional year. The coverage period is measured in such a way that the expected obligations of the fund resulting from entitlements and benefits from compulsory insurance can be met on an ongoing basis, but must not be less than ten years. The contribution and redevelopment charge requirements for a new coverage period must be determined after five years at the latest (rolling coverage period).

If a member leaves the accounting group of BVK Zusatzversorgung, Munich, ZVK Darmstadt or the other supplementary insurers, the fund must be paid a settlement amount equal to the present value of its obligations from compulsory insurance on the date the membership ended. The calculation of present value takes account of company pension beneficiaries' claims to benefits and pension points from accrued entitlements as at the date the membership ended. Individually financed supplementary contributions are not included.

Defined contribution plans and multi-employer plans (MEDICLIN)

A new Group works agreement regarding the pension scheme was concluded on 1 October 2020 and took effect as at 1 January 2021. It grants a pension entitlement to employees who joined a MEDICLIN company on or after 1 January 2019 and employees who joined a MEDICLIN company before 1 January 2019 and have not previously received an employer-financed pension plan. This new pension scheme is no longer purely employer-financed; instead, the beneficiaries contribute to the financing of their pension. MEDICLIN AG concluded a group contract for the new pension scheme with "KlinikRente Versorgungswerk". This pension scheme is a defined contribution plan in the form of direct insurance via deferred compensation based on gross salary with mixed financing. MEDICLIN contributes to each entitled employee's pension on condition that the employees also pay a contribution themselves. The employer contribution amounts to EUR 40.00 per month and is tied to the following conditions:

The employees conclude a defined compensation agreement under the group contract with KlinikRente for at least 1.00% of the sum of their fixed monthly compensation components (employee contribution). The full employer contribution of EUR 40.00 also depends on the employee waiving any claim to employer contributions to capital-building benefits. Otherwise, employer contributions to capital-building benefits are counted towards the entitlement to the employer contribution to the pension scheme. The employee has been at the company for at least six months and the employment contract has not been terminated. A temporary employment contract is not detrimental. The employer contribution to the pension scheme is only made for contracts in the group contract with KlinikRente and requires a written application from the employee.

In addition to the contribution of EUR 40 per month, MEDICLIN forwards 15.00% of the deferred compensation to the direct insurance as an additional employer contribution, provided MEDICLIN saves social security contributions through the deferred compensation. If employees leave the employment relationship before pension payments begin, they receive a proportional entitlement to pension benefits, even if the statutory vesting dates have not yet been reached. The employer contribution is increased by 1% on 1 July each year. The first increase was made as at 1 July 2021. Likewise on 1 July every year, the 1% proviso of the employee contribution is reviewed as a condition of the employer contribution. If the review finds that the employee contribution has to be increased by at least EUR 5.00 in order to fulfil the 1.00%proviso, the deferred compensation amount must be increased. The payment of a retirement pension begins on the first day of the month following the recipient's 67th birthday. Early retirement benefits can be drawn from the age of 62. It is possible to defer the payment until the age of 72. An annuity from capital 20 times the amount of the annual annuity guaranteed after retirement, less annuities guaranteed after retirement already paid, is agreed as a death benefit after retirement.

As a result of collectively agreed regulations, some employees at three hospitals have employer-financed provident fund pensions with Unterstützungskasse für Krankenhäuser in Mecklenburg-Vorpommern e. V. (UMVK), Unterstützungskasse zur Förderung der betrieblichen Altersversorgung e. V. (ufba) and Rheinische Zusatzversorgungskasse (RZVK). EUR 0.8 million was spent on this in the reporting year (previous year: EUR 0.8 million). Ongoing contributions are recognised as pension expenses for the respective years in operating earnings. RZVK provides a multi-employer plan that cannot be recognised as a defined benefit pension plan because there is insufficient information available. It accounts for EUR 0.7 million (previous year: EUR 0.7 million) of the total expense for defined contribution pension plans. Contributions of EUR 0.7 million (previous year: EUR 0.7 million) are expected for next year. In addition, there is a defined contribution plan for all employees under the German statutory pension insurance scheme, to which the employer must contribute at a rate, unchanged year-on-year, of 9.3% (employer contribution) of the remuneration subject to pension contributions. The employer contributions for the year amounted to EUR 23.1 million (previous year: EUR 22.4 million).

Defined contribution plans and multi-employer plans (RHÖN)

As a result of collectively agreed regulations, the Group pays contributions to the Pension Institution of the Federal Republic and the Federal States (VBL) and to other public-sector pension schemes (Bayerische Versorgungskammer-Zusatzversorgung, BVK) for a certain number of employees. The supplementary pension funds are public-law corporations or institutions. The contributions are collected using a pay-as-you-go system. Due to this financing structure, there is a risk of contributions increasing as a result of the collection of restructuring contributions, which can be imposed entirely or disproportionately on employers. These schemes are multi-employer schemes (IAS 19.8) in which the participating companies share both the risk of the investment and the biometric risk. The VBL/BVK pension scheme is essentially to be classified as a defined benefit plan (IAS 19.38). However, the information required to appropriately account for the Groups' share in the future payment obligation is not available due to the pay-as-you-go financing. As a result of this financing according to the pay-as-you-go system, whereby the contribution rate for a certain coverage period is determined on the basis of the entire insurance portfolio and not on the basis of the individual insured risk, the pension plan is to be accounted for as a defined contribution plan in accordance with IAS 19.34.

There are no agreements as defined by IAS 19.37, which means that no corresponding assets or liabilities are recognised. The recognition of any liability item in the statement of financial position is subordinate to warrantor obligations of public-sector entities.

Ongoing contributions to VBL/BVK are recognised as pension expenses for the respective years or as post-employment benefit obligations under staff costs. In addition to the contribution, VBL collects redevelopment charges from participating employers with compulsorily insured employees in accounting group West. In the 2020 financial year, the redevelopment charge amounted to 0.17% of the insured compensation. In accounting group West, VBL finances its benefits via a modified coverage period system (pay-as-you-go system). The current coverage period is from 2016 to 2022. The contribution rate is set such that the contribution to be paid for the duration of the coverage period together with the other expected income and available assets is enough to finance the expenditure during the coverage period and the six subsequent months. Since 1 January 2002, the contribution rate has been 7.86% of the pay subject to supplementary pension payments, of which 6.45% is borne by employers and 1.41% by employees. Since 1 July 2017, an additional employee contribution of 0.4% has applied. The BVK contribution rate is between 4.8% and 7.75% depending on the year the employee joined.

Because of insufficient information, no statement can be made regarding the size of the participation in the pension schemes on the basis of the Group's contribution for RHÖN-KLINIKUM AG in comparison with the total contributions paid to VBL and to other public-sector pension schemes (BVK). In the event of termination of VBL participation, the resulting legal consequences are stipulated in section 23 of VBL's bylaws. The termination of VBL participation also ends the compulsory insurance. As VBL also continues to settle pension rights and entitlements arising until the end of the participation, the departing participant must pay an equivalent value in compensation, with the exception of funded portions. This equivalent value comprises serves to fund existing entitlements and to cover administrative costs and future claims to benefits. The supplementary pension fund also has a similar rule. As departure from pay-as-you-go financing means that the risks of other system participants must also be compensated for on a pro rata basis, only the pension fund itself can perform a transparent actuarial calculation. The VBL/BVK membership exists due to the acquisition of hospitals from the public sector. The hospitals in Giessen and Marburg are members of VBL, while RHÖN Kreisklinik Bad Neustadt a. d. Saale is a member of BVK.

21. Other provisions

Changes in other provisions were as follows in the financial year:

EUR '000	1 Jan. 2020	Utilisation/ reclassification	Reversal	Addition to consolidated group	Addition	31 Dec. 2020
Contractual obligations	75,041	–20,168	0	108,073	424	163,370
Provisions for repayment risks	3,495	–268	–85	19,192	65,853	88,188
Loss compensation payments/ compensation for losses	156,695	–5,399	–869	5,351	25,162	180,940
Health insurance funds	49,993	–34,413	–2,636	18,834	90,456	122,234
Litigation risks	2,114	–768	–251	205	12,153	13,453
Other provisions	15,152	–4,007	–5,080	9,765	23,426	39,256
Total	**302,490**	**–65,022**	**–8,922**	**161,420**	**217,475**	**607,444**

The provisions break down by maturity as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Up to one year	301,357	85,082
Over one year	306,088	217,408
Total other provisions	**607,445**	**302,490**

Contractual obligations include recognised provisions that are expected to be utilised from non-standard lease obligations and the reduction of the maintenance backlog up to 2024. An amount of EUR 9.0 million is expected to be utilised in 2021, and an amount of approximately EUR 36.0 million in 2022 through 2025. In particular, provisions for unfavourable contracts (EUR 94.8 million) for a cooperation are also included, the depletion of which is expected within the next five years (utilisation in 2021: EUR 16.4 million).

The provisions for repayment risks cover potential claims to repayments of subsidies and similar claims.

The provision for loss compensation payments/compensation for losses was calculated for liability claims against physicians on the basis of actuarial methods by an external actuary. The provision includes both individual losses and IBNR (incurred but not reported) cases as well as claims adjustment expenses. The expected payments were discounted using a market interest rate for a matching maturity period. Of these provisions, an amount of EUR 19.0 million is expected to be utilised in 2021, and an amount of around EUR 47.2 million in 2022 through 2025.

The provisions for health insurance funds include budget risks (additional payment or deduction amounts) and provisions for risks arising from outstanding audits by the MDK (validity risk).

Litigation risks arise from legal disputes with employees, suppliers and payers. Obligations from legal rulings and litigation costs owed by Asklepios are to be recognised under this item.

Other provisions relate to provisions for current business operations.

These provisions are utilised on an ongoing basis, as in previous years, and in line with the requirements of IAS 37.

22. Current income tax liabilities

Current income tax liabilities of EUR 25,911 thousand (previous year: EUR 12,264 thousand) can be attributed to the corporate income tax and solidarity surcharges not yet assessed for the past financial year and previous years.

23. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities break down as follows:

EUR '000	31 Dec. 2020	31 Dec. 2019
Deferred tax assets		
Pension provisions	67,923	58,251
Contractual obligations	22,597	8,673
Tax loss carryforwards	7,010	6,803
Provision for repayment risks	6,333	0
Lease liabilities	60,231	65,258
Miscellaneous	40,732	13,225
Total deferred tax assets	**204,826**	**152,210**
Offset	59,145	65,258
Deferred tax assets in statement of financial position	**145,681**	**86,952**
Deferred tax liabilities		
Differences in value of intangible assets and property, plant and equipment	45,640	40,407
Right-of-use assets in accordance with IFRS 16	59,145	65,682
Miscellaneous	14,460	13,487
Total deferred tax liabilities	**119,245**	**119,576**
Offset	59,145	65,258
Deferred tax liabilities in statement of financial position	**60,100**	**54,318**

Deferred tax assets are recognised to account for temporary differences and tax losses carried forward, provided that their realisation in the near future appears to be sufficiently certain and there is a corresponding amount of deferred tax liabilities.

Deferred taxes that relate to items directly recognised in other comprehensive income are reported in equity or in other comprehensive income and not in the consolidated income statement. An amount of EUR 8,490 thousand (previous year: EUR 16,126 thousand) related to deferred tax assets recognised in other comprehensive income on account of temporary differences in pension provisions.

In the 2020 financial year, no deferred tax assets were recognised on corporate tax loss carryforwards of EUR 99.8 million (previous year: EUR 72.3 million) and on trade tax loss carryforwards of EUR 34.5 million (previous year: EUR 30.1 million) because it is unlikely that sufficient taxable profit will be generated in the near future to cover these amounts. Deferred tax assets of EUR 3.4 million were recognised on trade tax loss carryforwards of EUR 21.6 million (previous year: deferred tax assets of EUR 2.7 million on loss carryforwards of EUR 19.1 million).

24. Additional information on financial instruments

Carrying amounts, amounts recognised and fair values by class and measurement category (all level 3)

EUR '000	Measurement category as per IFRS 9	Carrying amount 31 Dec. 2020	Amount recognised in statement of financial position as per IFRS 9: Amortised cost	Fair value in other comprehensive income	Fair value in profit or loss	Fair value 31 Dec. 2020
ASSETS		**1,728,731**	**1,728,730**	**0**	**1**	**1,728,731**
Cash and cash equivalents	FAAC	548,491	548,491	0	0	548,491
Trade receivables	FAAC	671,964	671,964	0	0	671,964
Other financial assets	FAAC	508,276	508,275	0	1	508,276
EQUITY AND LIABILITIES		**2,533,765**	**2,533,765**	**0**	**0**	**358,300**
Trade payables	FLAC	97,465	97,465	0	0	97,465
Financial liabilities	FLAC	2,181,475	2,181,475	0	0	0
Other financial liabilities	FLAC	254,825	254,825	0	0	260,835
Of which: aggregated by IFRS 9 measurement category:						
Financial assets at amortised cost	FAAC	1,728,731	1,728,730	0	0	1,728,731
Financial liabilities at amortised cost	FLAC	2,533,765	2,533,765	0	0	358,300

IFRS 9 categories: FAAC – Financial assets at cost; FLAC – Financial liabilities at cost

EUR '000	Measurement category as per IFRS 9	Carrying amount 31 Dec. 2019	Amount recognised in statement of financial position as per IFRS 9			Fair value 31 Dec. 2019
			Amortised cost	Fair value in other comprehensive income	Fair value in profit or loss	
ASSETS		**1,088,278**	**1,088,278**	**0**	**0**	**1,088,278**
Cash and cash equivalents	FAAC	265,047	265,047	0	0	265,047
Trade receivables	FAAC	580,329	580,329	0	0	580,329
Other financial assets	FAAC	242,902	242,902	0	0	242,902
EQUITY AND LIABILITIES		**1,471,308**	**1,956,710**	**0**	**0**	**1,965,897**
Trade payables	FLAC	87,247	87,247	0	0	87,247
Financial liabilities	FLAC	1,384,061	1,384,061	0	0	1,387,238
Other financial liabilities	FLAC	0	485,402	0	0	491,412
Of which: aggregated by IFRS 9 measurement category (IAS 39):						
Financial assets at amortised cost	FAAC	1,088,278	1,088,278	0	0	1,088,278
Financial liabilities at amortised cost	FLAC	1,714,275	1,714,275	0	0	1,965,897

IFRS 9 categories: FAAC – Financial assets at cost; FLAC – Financial liabilities at cost

The fair value of loans was calculated by discounting the expected future cash flows using market interest rates. The fair value of other financial assets was calculated using market interest rates.

IX. Other notes

1. Annual average number of FTEs

The average number of employees was 50,371 in the financial year (previous year: 36,265).

FTEs by group	2020	2019
Nursing service	19,533	13,950
Medical-technical service	7,498	5,012
Medical service	6,381	5,333
Functional service	4,988	3,463
Administrative service	3,890	2,785
Financial and care service	4,368	2,511
Miscellaneous	3,713	3,211
Total	**50,371**	**36,265**

2. Contingencies and other financial obligations

Contingencies and other financial obligations break down as follows:

EUR '000	2020	2019
Rental and lease agreements	53,480	56,785
Purchase commitments	28,790	25,777
Sureties	21,084	23,624
Supply agreements	21,112	21,658
Maintenance contracts	20,519	21,493
Insurance contracts	1,304	2,334
Capital commitments	579	1,251
Miscellaneous	32,149	24,554
Total	**179,017**	**177,476**

The purchase commitments include orders in investments that were not yet delivered as at the cut-off date. Of the purchase commitments, EUR 1.6 million was attributable to intangible assets and EUR 27.2 million to property, plant and equipment.

All contingencies and other financial obligations are carried at their nominal amount and are due as follows:

	EUR '000
Up to 1 year	97,002
Between 1 and 5 years	31,087
More than 5 years	50,928
Total	**179,017**

3. Investment property

The Group rents out housing to employees, office and commercial spaces to third parties (e.g. cafeteria), and practice premises to doctors and collaborative laboratories that cooperate with the hospital under cancellable operating leases. The material operating leases in terms of amount result from the leasing of real estate to third parties. The largest item in absolute terms is the leasing of a property to a care home operator. On the basis of the requirements of IFRS 13.97, the fair value is determined for assets accounted for in accordance with IAS 40.

The determined fair value is not observable on an active market and cannot be derived from a quoted price and is therefore allocated to level 3 of the fair value hierarchy of IFRS 13. The fair value is determined using an income capitalisation calculation. The input factors are the corresponding components of the income capitalisation approach such as gross income, interest on land value and indicative land value. On the basis of income capitalisation calculations, no material differences are seen between the fair values of these properties and the carrying amounts shown below. For this reason, no external fair value assessment was obtained.

Depreciation is recognised on a straight-line basis over a useful life of 33⅓ years. Rental income of EUR 0.4 million was earned in 2020. Operating expenses for investment property amounted to EUR 0.2 million in the financial year. These are attributable entirely to properties with which rental income was generated. The carrying amount of the property was EUR 2.2 million as at 31 December 2020 and was stated under financial assets.

4. Management remuneration

Members of key management personnel include the managing directors of Asklepios Kliniken Management GmbH – the sole general partner of Asklepios Kliniken GmbH & Co. KGaA – and the members of the Supervisory Board of Asklepios Kliniken GmbH & Co. KGaA.

The remuneration paid to the management personnel of Asklepios Kliniken GmbH & Co. KGaA totalled EUR 4.2 million in the financial year (previous year: EUR 4.2 million, of which fixed remuneration of EUR 2.5 million and variable remuneration of EUR 1.7 million). The management remuneration is divided into fixed remuneration of EUR 2.5 million and variable remuneration of EUR 1.7 million. The variable remuneration is primarily based on the EBITDA and the EAT of the consolidated financial statements. It exclusively comprises short-term employee benefits.

The remuneration paid to members of the Supervisory Board of Asklepios Kliniken GmbH & Co. KGaA totalled EUR 1 million in the 2020 financial year (previous year: EUR 0.9 million), of which EUR 112 thousand (previous year: EUR 112 thousand) were meeting fees.

5. Fees of the auditor of the consolidated financial statements (section 314 (1) no. 9 of the German Commercial Code – HGB)

The following total fees (inclusive of VAT) for the auditor of the Group's consolidated financial statements were recognised as an expense in the financial year:

Fees EUR '000	2020	2019
Audits of financial statements	3,123	2,948
Other assurance services	365	29
Tax consultancy services	54	35
Other services	457	93
Total	**3,999**	**3,105**

Other assurance services relate primarily to reviews.

6. Related party disclosures

For Asklepios Kliniken GmbH & Co. KGaA, related parties as defined by IAS 24.9 include entities controlled by the Group and entities significantly influenced by the Group and vice versa. The parent company, fellow subsidiaries, subsidiaries and equity investments in particular are therefore defined as related parties.

Related parties EUR '000	2020	2019
Receivables	9,457	9,613
of which for consulting services	9,457	9,613
of which for hotel services	0	0
of which for leases	0	0
Liabilities	7,085	666
of which for consulting services and cost transfers	7,028	422
of which for hotel services	22	131
of which for Supervisory Board members	24	24
of which for leases	10	89
Income	497	291
of which for consulting services	293	0
of which for services	205	291
of which for hotel services	0	0
of which for leases	0	0
Expenses	3,684	3,278
of which for consulting services and cost transfers	1,165	826
of which for hotel services	81	58
of which for Supervisory Board members	765	721
of which for leases	1,673	1,673

Transactions between Asklepios Kliniken GmbH & Co. KGaA and its consolidated subsidiaries and between the consolidated subsidiaries themselves were eliminated in the consolidated statement of financial position and the consolidated income statement.

Dr Bernard gr. Broermann, Königstein-Falkenstein, is the sole shareholder of Broermann Holding Gesellschaft mit beschränkter Haftung – which, in turn, is the parent company of Asklepios Kliniken GmbH & Co. KGaA.

With the exception of transactions with the Supervisory Board and Supervisory Board members' consulting services, the balances listed above relate exclusively to transactions with related party companies owned by Dr Bernard gr. Broermann, Königstein-Falkenstein, and concern rental and lease agreements, reimbursement of administrative costs, consulting costs and transitory items at market conditions.

In the financial year, there were no material transactions with related party companies over which the Group has significant influence (equity investments of between 20.0% and 50.0%). There were also no other related party transactions.

Members of the Supervisory Board of Asklepios Kliniken GmbH & Co. KGaA and their related companies and institutions performed consulting services totalling EUR 840 thousand (previous year: EUR 826 thousand) at market conditions in the financial year. The services are recognised in other operating expenses. Remuneration paid to employee representatives on the Supervisory Board for services outside their work on the Supervisory Board totalled EUR 0.8 million in 2020 (previous year: EUR 0.7 million), of which EUR 26 thousand (previous year: EUR 28 thousand) were meeting fees.

7. Legal disputes

The company is occasionally involved in legal disputes in the course of its business activities. The company is not aware of any events that could have a significantly adverse effect on its results of operations, net assets and financial position.

8. Declaration of compliance with the German Corporate Governance Code

The current versions of the declaration of compliance in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) of the listed companies RHÖN-KLINIKUM AG and MediClin AG, which are included in the consolidated financial statements, have been published and made permanently available on the companies' websites. The current declaration of compliance is also included in the corporate governance declaration in accordance with section 289a HGB, which is likewise available on each company's website.

9. Report on post-reporting date events

There were no events after the end of the reporting period that had a significant impact on the net assets, financial position and results of operations.

10. Executive bodies of Asklepios Kliniken GmbH & Co. KGaA

Supervisory Board

The members of the Supervisory Board of the company are:

Ivo Schramm	Chairman of the Supervisory Board, Lawyer, Döbeln
Uwe Ostendorff	Deputy Chairman of the Supervisory Board, trade union secretary, Berlin
Barbara Brosius	Business consultant, Kronberg
Dr Julia Dannath-Schuh	Business consultant, Hamburg
Dr Miklas Drüeke	Anaesthetist, Bad Tölz
Dr Hans-Otto Koderisch	Internal medicine specialist, Heidelberg
Prof. Karsten Krakow	Senior consultant, Frankfurt am Main
Rainer Laufs	Business consultant, Kronberg
Prof. Karl-Heinrich Link	Senior consultant (retired), Wiesbaden
Monika Paga	Specialist nurse in anaesthesia, Schwedt
Heiko Piekorz	Nurse, Waldow
Katharina Ries-Heidtke (until 22 February 2021)	Employee, Hamburg
Dirk Reischauer	Lawyer, Wiesbaden
Jochen Repp	Lawyer, Oberursel
Dr Anke Savcenko	Medical director for anaesthesia/intensive care, Schwedt
Michael Schreder	HR manager, Fernwald
Martin Simon Schwärzel	Specialist nurse, Griesheim
Hilke Stein	Trade union secretary, Hamburg
André Stüve	Architect, Damme
Stephan zu Höne	Managing director, geology graduate, Kassel

Management Board

Asklepios Kliniken Management GmbH, Königstein im Taunus

Kai Hankeln Bad Bramstedt	State-certified business economist Chairman of the Management Board
Hafid Rifi Friedberg	Economics graduate Deputy Chairman of the Management Board
Marco Walker Hamburg	Economics graduate
Prof. Christoph U. Herborn Hamburg	Specialist for radiology
Joachim Gemmel Hamburg	Business administration graduate

All members of the Management Board represent Asklepios Kliniken Management GmbH

Hamburg, 17 March 2021
On behalf of Asklepios Kliniken Management GmbH

Kai Hankeln

Hafid Rifi

Joachim Gemmel

Prof. Christoph U. Herborn

Marco Walker

Independent auditor's report

To Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Audit Opinions

We have audited the consolidated financial statements of Asklepios Kliniken GmbH & Co. KGaA, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Asklepios Kliniken GmbH & Co. KGaA for the financial year from 1 January to 31 December 2020.

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 § [Article] 315e Abs. [paragraph] 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 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, 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.

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

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibilities of the Executive Directors and the Advisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The advisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main, 31 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Burkhart	**Lars Müller**
German Public Auditor	German Public Auditor

Report of the supervisory board

The Supervisory Board of Asklepios Kliniken GmbH & Co. KGaA thoroughly performed the tasks required of it in accordance with the law, articles of association and rules of procedure in the 2020 financial year. Based on regular written and verbal reports provided by the general partner Asklepios Kliniken Management GmbH or the management (hereinafter "Group management"), the Supervisory Board fully addressed the business performance, position and planned operating policy of Asklepios Kliniken GmbH & Co. KGaA. It was promptly and comprehensively informed of all events of significance to the company. This helped the Supervisory Board to support and monitor the activities of the Group management on an ongoing basis.

During the 2020 financial year, the Supervisory Board held a total of four meetings. At these meetings, the Group management reported the performance of the business along with all events of significant importance to the Supervisory Board. The Supervisory Board carefully examined and – where necessary – approved matters of significant importance, namely transactions requiring its approval in accordance with the law, articles of association and rules of procedure. Some matters such as contractual matters involving Supervisory Board members were handled in accordance with section 114 AktG by the General Committee of the Supervisory Board, which took the relevant decisions or expressed recommendations to the Supervisory Board. The Supervisory Board was also informed about the development of operating business, HR performance indicators and performance levels, steps taken to optimise patient satisfaction as well as legislative initiatives in the healthcare industry and discussed these matters with the Group management. Reporting focused in particular on the effects of the COVID-19 crisis. These included the relevant statutory conditions, the impact of state support and flat-rate allowances, crisis management, (ICU) capacities, short-time working hours and the approach to infections and quarantine among employees. Furthermore, the Supervisory Board was informed about the strategic direction and financial development of the newly acquired companies, specifically about the potential acquisition of RHÖN-KLINIKUM AG and, following its completion, about the integration and first-time consolidation of the Rhön Klinikum.

The consolidated financial statements, the annual financial statements as at 31 December 2020 as well as the Group management report and the management report were examined by the auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, and approved without reservation. The auditor's reports were supplied to all members of the Supervisory Board and were dealt with in detail by the Audit Committee on 21 April 2021 and at the financial statements meeting of the Supervisory Board on 28 April 2021.

The Supervisory Board took note of the annual financial statements and consolidated financial statements presented by the Group management. The auditors reported to the Supervisory Board members on the main findings of their audits. The Supervisory Board acknowledged the findings of the audits of the financial statements. According to the final outcome of the Supervisory Board's own review, no objections were raised regarding the consolidated financial statements, the annual financial statements or the management reports.

The Supervisory Board recommends that the Annual General Meeting adopts the 2020 annual financial statements of Asklepios Kliniken GmbH & Co. KGaA. The Supervisory Board endorses the Group management's proposal for the appropriation of profits.

In accordance with section 312 AktG, the general partner has prepared a report on Asklepios Kliniken GmbH & Co. KGaA's relations with affiliates (dependent company report) for the 2020 financial year.

The auditor examined the dependent company report and issued the following opinion:

"In line with our engagement, we audited the legal representatives' report according to section 312 AktG on relations with affiliates according to section 313 AktG for the reporting period from 1 January to 31 December 2020. As there are no objections to be raised based on the final outcome of our audit, we issue the following audit opinion according to section 313 (3) sentence 1 AktG: Having conducted a proper audit and assessment, we confirm that 1. the factual statements in the report are correct and 2. the company's compensation with respect to the transactions listed in the report was not inappropriately high."

The Audit Committee and the Supervisory Board received and reviewed the dependent company report and the audit report in good time. The auditor attended the relevant meetings and reported on his audit of the dependent company report and his significant audit findings. Based on the final outcome of the audit, the Supervisory Board approved the dependent company report and the audit report and has no objections to raise against the general partner's declaration at the end of the dependent company report, which reads as follows:

"We declare that the company received appropriate compensation for all transactions in the 2020 financial year that are listed in the report on relations with affiliates in accordance with section 312 AktG, in accordance with the circumstances known to us when the transactions were conducted. No other measures were implemented or omitted in the relevant financial years."

On behalf of the Supervisory Board, I would like to sincerely thank the Group management and all employees of the Asklepios Group for their successful work and their huge personal dedication throughout the 2020 financial year, especially given the challenges presented by the coronavirus pandemic.

Falkenstein, 28 April 2021

Ivo Schramm
Chairman of the Supervisory Board

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Editor's note
For reasons of readability, persons are generally referred to using the masculine form. These terms refer to all persons belonging to the corresponding group of people – irrespective of their (social) gender and gender identity.

Content disclaimer

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of the management and currently available information. These forward-looking statements are not to be understood as a guarantee of future developments and results referred to therein.

On the contrary, future developments and results are dependent on a wide range of factors. These include various risks and uncertainties and are based on assumptions that may not be accurate. We do not assume any obligation to update the forward-looking statements contained in this report. This annual report does not constitute an offer to sell or a request to submit an offer to purchase bonds of Asklepios Kliniken GmbH & Co. KGaA or its subsidiaries.

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