

Quarterly Statement

Q3 2024



RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

Business Performance

MATERIAL EVENTS AND SECTOR-SPECIFIC ENVIRONMENT

The sentiment in the German economy continued to decline in September. During the first half of 2024, the ifo business climate index had peaked at 89.3 points, before falling in the further course of the year to 85.4 points by September. Despite decreasing inflation, high cost pressures from medical supplies and services (including the associated energy needs) continue to impact the financial performance of hospitals in Germany due to the chronic underfunding of the German healthcare system. Other critical challenges of the hospital sector include the increasing shortage of specialists and a corresponding shortage of qualified staff.

On 17 October 2024 the German parliament passed the Hospital Care Improvement Act (Krankenhausversorgungsverbesserungsgesetz, KHVVG). The main aspects of the hospital reform set out in this Act are the introduction of a remuneration component for capacity availability in conjunction with the establishment of service groups, the creation of new cross-sector care facilities as well as a transformation fund in the amount of € 50 billion over a period of ten years from 2026. The provisions of this hospital reform are to become effective from 1 January 2025. Under the new legislation, the federal states are to assign the respective service groups to their hospital facilities by the end of 2026. Compensation will be gradually transferred over to the new system in 2027 and 2028.

On 28 March 2024, the Hospital Transparency Act (Krankenhaustransparenzgesetz) intended to help underpin the hospital reform entered into force. At the heart of the regulation is the introduction of a transparency list which will inform the population about the service offering, staffing and quality levels of hospitals. Since the launch of the Bundes-Klinik-Atlas (Federal Hospital Atlas) on 17 May 2024, potential patients can obtain data relating, among other things, to a hospital's case numbers, number of beds, nursing staff, emergency levels and select certificates. In future, further data are expected to be made available. In addition, hospitals in future will be assigned to various care levels depending on the service groups they keep available. Levels 1 to 3 as well as separate levels for specialised hospitals (Level F) and cross-sector healthcare providers without emergency medical availability (Level Ii) are planned.

Based on current analyses conducted internally, RHÖN-KLINIKUM AG, given its position, is ready for the impending hospital reform. Key challenges of the sector such as structural underfunding, shortage of specialist staff and excessive red tape have to be addressed by politicians responsibly and with viable solutions for the future in

order to preserve the efficiency and performance of the German healthcare system.

TREND IN SERVICE VOLUMES

Our acute inpatient capacities are nearly unchanged at 5,464 beds (31 December 2023: 5,460 beds).

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

January to September	2024	2023	Change	
			absolute	%
Inpatient and semi-inpatient treatments at our				
Acute hospitals	146,042	140,939	5,103	3.6
Rehabilitation hospitals and other facilities	4,186	4,000	186	4.7
	150,228	144,939	5,289	3.6
Outpatient attendances at our				
Acute hospitals	376,555	359,198	17,357	4.8
Medical care centres	162,004	160,457	1,547	1.0
	538,559	519,655	18,904	3.6
Total	688,787	664,594	24,193	3.6

NET ASSETS POSITION AND RESULT OF OPERATIONS

The Group's revenue and earnings performance during the first nine months of 2024 compared with the same period of the previous year is as follows:

January to September	2024	2023	Change	
	€ m	€ m	€ m	%
Revenues	1,171.1	1,089.0	82.1	7.5
EBITDA	75.1	73.4	1.7	2.3
EBIT	29.5	24.3	5.2	21.4
EBT	36.0	27.9	8.1	29.0
Consolidated profit	30.4	23.8	6.6	27.7

With revenues up by € 82.1 million or 7.5%, we reported an increase in Group EBITDA by € 1.7 million or 2.3% to € 75.1 million. EBIT increased by € 5.2 million or 21.4% to reach € 29.5 million, while higher consolidated profit in the amount of € 6.6 million (27.7%) to € 30.4 million.

In addition to the increase in patient numbers by 3.6% and the increase in cost weights by 4.6%, the higher revenues were driven among other developments by the increase in state base rates.

The uptake in other income by € 13.5 million or 7.0% is mainly attributable to the higher income from ancillary and incidental activities (€ 20.6 million), which include higher funding for training centres as well as higher sales of drugs and cytostatics. These positive developments compare with declining reimbursements by the legislator in connection with compensation for higher energy expenditures from the Health Fund (Gesundheitsfonds; € 2.7 million) as well as reversals of liabilities from previous years totalling € 5.0 million recognised in the income statement in the same period last year.

Compared with the same period last year, materials and consumables used increased by € 42.4 million (11.8%) due to higher purchase prices and the provision of a higher proportion of material cost-intensive services compared with the increase in revenues.

With a slight decline in the average number of full-time employees, the higher level of employee benefits expense of the first nine months of financial year 2024 compared with the same period of the previous year by € 49.3 million or 6.8% to € 774.2 million is driven by the general wage increases. The personnel expense ratio declined from 66.6% to 66.1%.

Other expenses increased from € 124.4 million by € 2.9 million or 2.3% to reach € 127.3 million. The increase is attributable to expenditures for maintenance and servicing requirements.

Due to the positive interest rate development for the Group, the positive finance result improved from € 3.6 million by € 2.9 million to € 6.5 million.

At an unchanged tax rate, the tax expense item saw an increase by € 1.6 million due to a higher tax assessment basis.

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

	30 Sept. 2024		31 Dec. 2023	
	€ m	%	€ m	%
ASSETS				
Non-current assets	956.5	51.9	981.3	55.4
Current assets	885.0	48.1	789.2	44.6
	1,841.5	100.0	1,770.5	100.0
LIABILITIES				
Shareholders' equity	1,310.6	71.2	1,280.2	72.3
Non-current liabilities	154.0	8.4	154.8	8.7
Current liabilities	376.9	20.4	335.5	19.0
	1,841.5	100.0	1,770.5	100.0

OTHER INFORMATION

Employees

On 30 September 2024, the Group of RHÖN-KLINIKUM AG employed 18,507 persons (31 December 2023: 18,246).

Employees	30 Sept. 2024		31 Dec. 2023		Change	
					absolute	%
Hospitals	16,301		16,116		185	1.1
Medical care centres	335		326		9	2.8
Service companies	1,871		1,804		67	3.7
Total	18,507		18,246		261	1.4

Consolidated Condensed Interim Financial Statement

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30 Sept. 2024		31 Dec. 2023	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	173,995	9.4	175,928	9.9
Property, Plant and Equipment	769,111	41.8	792,108	44.8
Investments accounted for using the equity method	600	0.0	533	0.0
Other financial assets	12,777	0.7	12,744	0.7
	956,483	51.9	981,313	55.4
Current assets				
Inventories	33,075	1.8	34,214	1.9
Trade receivables	233,074	12.7	229,528	13.0
Other financial assets	290,643	15.8	297,291	16.8
Other assets	21,705	1.2	17,480	1.0
Current income tax assets	7,436	0.4	4,656	0.3
Cash and cash equivalents	299,083	16.2	206,042	11.6
	885,016	48.1	789,211	44.6
	1,841,499	100.0	1,770,524	100.0

	30 Sept. 2024		31 Dec. 2023	
	€'000	%	€'000	%
EQUITY AND LIABILITIES				
Shareholders' equity				
Issued share capital	167,406	9.1	167,406	9.5
Capital reserve	574,168	31.2	574,168	32.4
Other reserves	539,882	29.3	510,542	28.8
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,281,380	69.6	1,252,040	70.7
Non-controlling interests in equity	29,221	1.6	28,186	1.6
	1,310,601	71.2	1,280,226	72.3
Non-current liabilities				
Financial liabilities	141,853	7.7	141,776	8.0
Provisions for post-employment benefits	0	0.0	547	0.0
Other provisions	4,820	0.3	5,000	0.3
Other financial liabilities	6,723	0.4	7,213	0.4
Deferred tax liabilities	612	0.0	289	0.0
	154,008	8.4	154,825	8.7
Current liabilities				
Financial liabilities	1,623	0.1	961	0.0
Provisions for post-employment benefits	963	0.0	173	0.0
Trade payables	65,854	3.6	66,835	3.8
Current income tax liabilities	11,532	0.6	8,846	0.5
Other provisions	35,689	1.9	34,691	2.0
Other financial liabilities	10,562	0.6	11,514	0.7
Other liabilities	250,667	13.6	212,453	12.0
	376,890	20.4	335,473	19.0
	1,841,499	100.0	1,770,524	100.0

Consolidated Income Statement, January to September 2024

January to September	2024		2023	
	€ '000	%	€ '000	%
Revenues	1,171,053	100.0	1,088,955	100.0
Other income	206,175	17.6	192,672	17.7
	1,377,228	117.6	1,281,627	117.7
Materials and consumables used	400,521	34.2	358,100	32.9
Employee benefits expense	774,220	66.1	724,915	66.6
Other expenses	127,285	10.9	124,381	11.4
Result of impairment on financial assets	103	0.0	860	0.1
	1,302,129	111.2	1,208,256	111.0
Interim result (EBITDA)	75,099	6.4	73,371	6.7
Depreciation/amortisation and impairment	45,639	3.9	49,100	4.5
Operating result (EBIT)	29,460	2.5	24,271	2.2
Result of investments accounted for using the equity method	67	0.0	73	0.0
Finance income	8,645	0.8	5,965	0.6
Finance expenses	-2,458	-0.2	-2,850	-0.3
Result of value increase of financial investments	238	0.0	400	0.1
Finance result (net)	6,492	0.6	3,588	0.4
Earnings before taxes (EBT)	35,952	3.1	27,859	2.6
Income taxes	5,602	0.5	4,028	0.4
Consolidated profit	30,350	2.6	23,831	2.2
of which				
non-controlling interests	1,035	0.1	670	0.1
shareholders of RHÖN-KLINIKUM AG	29,315	2.5	23,161	2.1
Earnings per share in €				
undiluted	0.44		0.35	
diluted	0.44		0.35	

Consolidated Statement of comprehensive Income January to September 2024

January to September	2024	2023
	€ '000	€ '000
Consolidated profit	30,350	23,831
of which		
non-controlling interests	1,035	670
shareholders of RHÖN-KLINIKUM AG	29,315	23,161
Changes in fair value through other comprehensive income (FVOCI)	32	156
Income taxes	-5	-25
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	27	131
Revaluation of defined benefit pension plans	-3	6
Income taxes	1	-1
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	-2	5
Other comprehensive income¹	25	136
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	25	136
Total comprehensive income	30,375	23,967
of which		
non-controlling interests	1,035	670
shareholders of RHÖN-KLINIKUM AG	29,340	23,297

¹ Sum of value changes recognised at equity.

The present document is a Quarterly Statement pursuant to section 53 of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB) and does not constitute an interim report within the meaning of International Accounting Standard 34. This Quarterly Statement should be read together with the Annual Report for Financial Year 2023 and the additional information contained therein. In the Quarterly Statement the same accounting policies already adopted by the European Union were applied as in the Consolidated Financial Statements for the financial year ending on 31 December 2023.

With regard to new or amended Standards and Interpretations exceeding such scope to be applied as of 1 January 2024 or subsequent years and already adopted by the European Union, we refer to the statements made in the Consolidated Financial Statements as at 31 December 2023. Except for the following statement, there were no new or amended Standards and Interpretations in the first nine months of 2024 exceeding such scope to be applied as of 1 January 2024 or subsequent years and already adopted by the European Union.

The amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” adopted into European law by the European Union on 15 May 2024 relate to disclosure rules for supplier finance arrangements. With the amendments, undertakings are required to provide qualitative and quantitative information about finance arrangements with suppliers. The amendments are to be applied to reporting periods commencing on or after 1 January 2024, and have no material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

The income tax expense was deferred in the reporting period based on the tax rate expected for the entire financial year.

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

IMPRINT

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This Interim Statement is also available in German.