

HALF-YEAR FINANCIAL REPORT 2020



RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

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

LETTER TO SHAREHOLDERS

Dear Ladies and Gentlemen,
Dear Shareholders,

The first half of 2020 has presented our Company with challenges of unusual proportions. Two issues in particular have preoccupied our attention: the takeover of RHÖN-KLINIKUM AG by Asklepios Kliniken GmbH & Co. KGaA and the COVID-19 pandemic.

Asklepios Kliniken GmbH & Co. KGaA has now successfully concluded the voluntary public takeover offer to the shareholders of RHÖN-KLINIKUM AG that had been announced on 28 February 2020 and published on 8 April 2020. The additional acceptance period of the takeover offer with an offer price of 18.00 euros in cash per RHÖN share expired with effect on 6 July 2020. In their own statements issued on 22 April 2020 following a thoroughgoing review, the Board of Management and the Supervisory Board had each assessed the offer as reasonable from a financial viewpoint. After expiry of the takeover offer, Asklepios and Dr. Bernard große Broermann together with the Company founder Mr. Eugen Münch hold roughly 93.38% of the voting interests in RHÖN-KLINIKUM AG. A further 24,000 treasury shares are held by RHÖN-KLINIKUM AG directly.

Dear Shareholders, after the takeover RHÖN-KLINIKUM AG continues to be admitted in the Prime Standard of the Frankfurt Stock Exchange, the segment with the highest post-admission obligations for stock-listed companies, and thus continues to be committed to the highest level of transparency. However, since under the rules of Deutsche Börse a minimum free float of 10.0% is required to remain in the SDAX and we are no longer able to meet this criterion after conclusion of the takeover offer, the share of RHÖN-KLINIKUM AG as expected had to leave the SDAX Index on expiry of 13 July 2020. But our share remains in the

indices CDAX composite index and in the sector index DAXsector Pharma+Healthcare.

Strong partnership with Asklepios – RHÖN-KLINIKUM AG remains independent Company

The Board of Management of RHÖN-KLINIKUM AG welcomes the new partnership with Asklepios. With our five maximum and intermediate care sites, we will remain an independent and stock-listed company under the umbrella of the Asklepios Group. RHÖN and Asklepios will mutually complement each other strategically. Together we can make the best possible use of the Group's economies of scale. This means bringing together the best of both companies, with patient care and investment strength necessary for it standing to benefit most from this new development. We want to assume a position of strength in the hospital sector, which is faced with particular challenges with the increasingly difficult regulatory and demographic environment.

Universitätsklinikum Gießen und Marburg GmbH (UKGM) with its two sites is the third-largest university hospital in Germany, and thanks to its interdisciplinary and interfacility transfer of knowledge benefiting our patients as well as our colleagues at our other sites already today plays a key role for our Group. This is also to continue under the strategic partnership with Asklepios. Both sites are strong university hospitals with a rich tradition, and today are among Germany's best university hospitals in terms of their medical, scientific and commercial standards.

Our employees in Giessen and Marburg thus have every right to be proud of what they have achieved since the privatisation decision taken by the Federal State of Hesse in 2005. As a private hospital operator, RHÖN-KLINIKUM AG has made considerable investments from own funds in UKGM since its privatisation.

Our more than above-average financial commitment benefits not only the over 500,000 patients each year and the over 10,000 employees of UKGM but also the entire region of Central Hesse. It is our stated goal for UKGM to remain a fixture for excellent healthcare in Central Hesse not only today but also in future.

COVID-19 pandemic well managed – resumption of normal operations

Our success in handling care for all patients – with and without COVID-19 – in this exceptional situation is something we owe to the dedicated work of our employees at all hospital sites, who in addition to a huge sense of responsibility also showed team spirit, commitment and great compassion for all patients and their relatives. We wish to express our sincere thanks to them for that. With their commitment they have ensured that, despite all the challenges, we have so far coped well with this global pandemic.

Even during the peak phase of the COVID-19 pandemic we succeeded in keeping sufficient capacity available for medical emergencies. This was only possible because we made the best-possible preparations for the corona pandemic early and at all times acted as a reliable partner for the local, state and federal authorities, outpatient care facilities and the emergency services. Coronaviruses and the conditions caused by them will have an impact on daily clinical operations for the unforeseeable future. We are also prepared for that and can respond quickly and flexibly to any further spikes in COVID-19 patient numbers. However, we should return to normal medical care and to regular patient care as soon as possible, also with regard to other diseases. At all our sites, these are duties we have never lost sight of during the entire first wave of the COVID-19 pandemic.

Additional costs for corona pandemic not covered by relief package

The corona pandemic has had a greater impact on RHÖN-KLINIKUM AG economically

compared with other competitors given our portfolio structure. With exclusively maximum and intermediate care facilities at our sites, we normally treat more complex and therefore also more highly remunerated cases than many other hospital operators. During the corona pandemic we postponed or cancelled elective operations – to the extent medically justifiable – in response to regulatory requirements so that we could, among other things, keep intensive care beds available for COVID-19 patients.

With regard to the state relief measures brought in by the German Government for hospitals as part of COVID-19 legislation, we do not expect these alone to be sufficient. The measures of the German Government up to 12 July 2020 take account neither the care level of the respective hospitals nor regional differences in care. Particularly with intermediate and maximum care providers, the relief payments made uniformly up to 12 July 2020 for operating costs in the amount of 560 euros per day and bed do not suffice for the beds kept available. Furthermore, the expenditures for making available additional intensive care beds are more likely to total 80,000 to 90,000 euros instead of the planned 50,000 euros. We therefore welcome the decision by the German Government and the healthcare funds as of 13 July 2020 to allocate the relief payments in a graduated remuneration system. For almost all somatic hospitals of RHÖN-KLINIKUM AG, our view was followed and a higher remuneration class granted. That said, these new relief provisions apply only until 30 September 2020. Continuing these beyond then and also remunerating the still necessary availability services will remain one of our main demands to federal politicians. At the same time it is essential to take account of the fact that the phase of returning to “normal operations” will take longer than the phase of the mandatory reduction in service volumes at the beginning of the COVID-19 pandemic.

I now draw your attention to the performance of the first half of 2020: compared with the same period last year, we succeeded in raising

revenues by 4.1% to 670.5 million euros in the first six months. At 35.5 million euros, EBITDA fell short of the previous year's level of 60.9 million euros. The EBITDA margin was 5.3%. Taking account of depreciation/amortisation, financing costs and taxes, EBITDA resulted in a consolidated result of - 3.7 million euros after 20.5 million euros in the previous year. The decline in earnings compared with the previous year is essentially marked by positive one-off effects of the previous year in connection with the reversal of provisions for legal and tax risks in the amount of 15.3 million euros, as well as effects from the agreements reached on the remuneration of university outpatient units amounting to 6.7 million euros after profit participation. Moreover, the key figures of the first half of 2020 include transaction-related expenses in the amount of 7.7 million euros as well as 2.3 million euros for the redundancy agreement with a former member of the Board of Management. The decline in service volumes compares with reimbursements as a result of COVID-19 legislation in the amount of 51.6 million euros.

Extraordinary Virtual General Meeting on 3 June 2020

On 3 June 2020, we held an Extraordinary Virtual General Meeting for the first time since RHÖN-KLINIKUM AG was founded due to the COVID-19 pandemic. The focus of the General Meeting was the takeover offer of Asklepios Kliniken GmbH & Co. KGaA. As part of the voting conducted, Dr. Annette Beller and Dr. Katrin Vernau were removed from the Supervisory Board. Dr. Jan Liersch and Dr. Julia Dannath-Schuh were newly elected to the Supervisory Board.

Ordinary Annual General Meeting on 19 August 2020

Despite all efforts to enable the Annual General Meeting to be held as an in-person event, the Board of Management had to recognise that under the restrictions on gatherings and meetings still in effect due to the COVID-19 pandemic it could not be

ensured with sufficient certainty that such an in-person event can actually take place. For that reason, the Annual General Meeting will be held as a virtual event.

Financing strategy

Dear Shareholders, the financing strategy established during the past financial years consists of three core elements in total: syndicated loan (financial year 2017), promissory note (financial year 2018) and registered bond (financial year 2019). As a result of the change of control and the associated rights of extraordinary termination of the participating credit institutions, these financing instruments were subject to re-evaluation by our strategic financing partners. Here, the credit institutions, as part of the mandatorily prescribed risk reviews, are required to assign our exposures to the Asklepios Group. In individual cases, this has resulted in internal risk limits being exceeded on a cumulative basis, so that some banks had to end their commitments.

After conclusion of the negotiations, we now have an undrawn line of credit of 88.0 million euros (previously 100.0 million euros) under the syndicated loan. Under the registered bond, we are continuing our cooperation with a large insurance group. Under the promissory note some credit institutions have ended their commitments.

In summary, we still enjoy very good liquidity reserves to continue our investment policy. The Board of Management extends its thanks to all our financing partners and in particular to those with whom the successful cooperation can be continued.

Change on the Board of Management

The first half saw changes on the Board of Management as a result of the takeover by Asklepios. Stephan Holzinger, chairman of the Board of Management of RHÖN-KLINIKUM AG, resigned his Board mandate and his other offices with immediate effect on 22 June. Dr. Gunther Weiß and Prof. Dr. Bernd Griewing

will jointly exercise the function of the Board of Management until a definitive new Board of Management team is established.

Dividend

In the context of the economic challenges and ongoing uncertainties regarding the further impacts of the COVID-19 pandemic, the high relief payments of so far 51.6 million euros (as at 30 June 2020) as well as the financial burdens to our earnings and liquidity position resulting from the public takeover offer, the Board of Management of RHÖN-KLINIKUM AG will propose at the Annual General Meeting to be held on 19 August 2020 to forego paying out a dividend this year.

As one of the largest and most innovative healthcare service providers in Germany, RHÖN-KLINIKUM AG has been a driver of important new developments in the industry over the past years. That includes the RHÖN Campus approach for cross-sector healthcare

delivery, consistently taking advantage of the gradual digital transformation within our Company, investing in young, innovative companies as well as entering the future market of telemedicine.

Together with Asklepios, we want to make use of the best of both companies to benefit our patients, employees and shareholders and together become even stronger. To that end we are seeking to reap synergies, to continue steadfastly in forging ahead with the digitalisation of our facilities and the hospital sector and to redouble efforts to further promote the path breaking healthcare concepts of the future.

Yours sincerely,

RHÖN-KLINIKUM Aktiengesellschaft

Board of Management
Prof. Dr. Bernd Griewing
Dr. Gunther Weiß

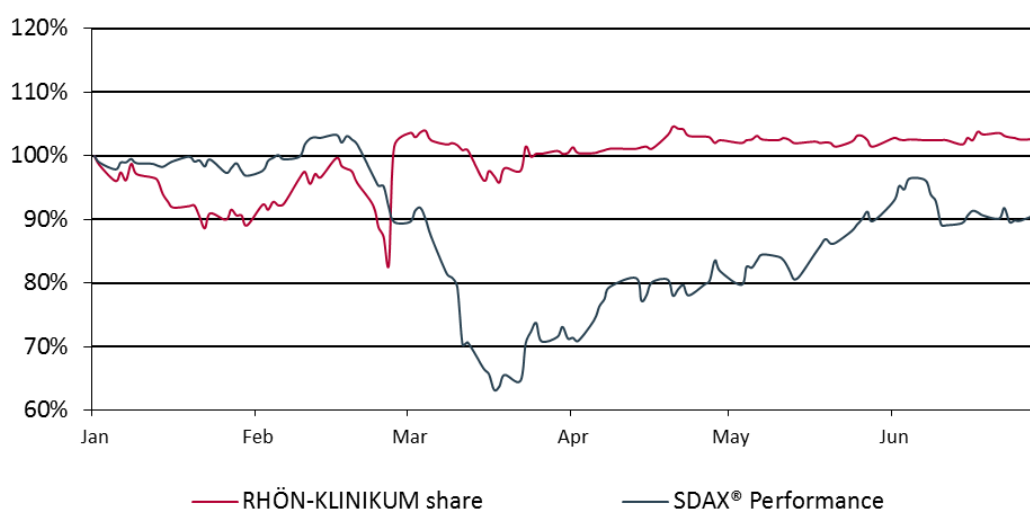
THE RHÖN-KLINIKUM SHARE

The share of RHÖN-KLINIKUM AG ended the first half of 2020 at a XETRA price of € 18.16 and climbed by 3.9% over the first six months of financial year 2020. The share price was dominated by the takeover offer of Asklepios Kliniken GmbH & Co. KGaA.

RHÖN-KLINIKUM share		
ISIN	DE0007042301	
Ticker symbol	RHK	
Registered share capital (€)	167,406,175	
Number of shares	66,962,470	
Share prices (€)	1 Jan.-30 June 2020	1 Jan.-31 Dec. 2019
Closing price	18.16	17.48
High	18.56	27.20
Low	14.72	17.48
	30 June 2020	31 Dec. 2019
Market capitalisation (€ m)	1,216.04	1,170.50
Deutsche Börse index ranking	192	164

Over the same period, the German leading index DAX® recorded a decline of 7.1% and ended the second quarter of 2020 at 12,311 points. The second-tier index SDAX® lost 7.8%. The EURO STOXX 50® and EURO STOXX Healthcare® declined by 13.7% and 0.7%, respectively.

RHÖN-KLINIKUM share in comparison with the SDAX®



Source: XETRA®, stock performance indexed (2 January 2020 = 100)

On 8 April 2020, Asklepios Kliniken GmbH & Co. KGaA submitted to the shareholders of RHÖN-KLINIKUM AG a voluntary public takeover offer for all shares in issue of the Company in return for payment of monetary consideration of € 18.00 per share.

The additional acceptance period of the takeover offer ended on 6 July 2020. After expiry of the takeover offer, Asklepios and Dr. Bernard große Broermann together with the Company founder Mr. Eugen Münch hold roughly 93.38% of the voting interests in RHÖN-KLINIKUM AG.

We continue to be admitted in the Prime Standard of the Frankfurt Stock Exchange, the segment with the highest post-admission obligations for exchange-listed companies, and thus also continue to be committed to the highest level of transparency.

However, since according to the rules of Deutsche Börse a minimum free float of 10.0% is required to remain in the SDAX and we are no longer able to meet this criterion after conclusion of the takeover offer, the share of RHÖN-KLINIKUM AG had to leave the SDAX Index on expiry of 13 July 2020.

But our share remains in the indices CDAX composite index and in the sector index DAXsector Pharma+Healthcare.

GROUP INTERIM REPORT

REPORT ON THE FIRST HALF OF 2020

- The first half of 2020 was dominated by the takeover of RHÖN-KLINIKUM AG by Asklepios Kliniken GmbH & Co. KGaA as well as the COVID-19 pandemic.
- In the first half of 2020 we treated 394,558 patients in our hospitals and medical care centres, generating revenues of € 670.5 million, EBITDA of € 35.5 million and consolidated result of - € 3.7 million.
- The Board of Management and the Supervisory Board will propose at the Annual General Meeting to be held on 19 August 2020 to forego paying a dividend in financial year 2020.

BASIC PRINCIPLES OF THE RHÖN-KLINIKUM GROUP

The condensed interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 30 June 2020 have been prepared in accordance with the provisions of IAS 34 in condensed form, and applying section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are the subject of mandatory adoption in accordance with the Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union in financial year 2020.

The accounting policies applied, to the extent already applied in financial year 2019 and consistently applied in financial year 2020, are set out in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2019. The accounting policies applicable for the first time in financial year 2020 are explained in the Condensed Notes to this Interim Report. These will have the effects as stated in the Condensed Notes on the net assets, financial

position and results of operations of the Group of RHÖN-KLINIKUM AG.

In accordance with IAS 33, earnings per share were determined according to the weighted average number of ordinary shares outstanding on a pro rata temporis basis.

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

CORPORATE GOVERNANCE

The Supervisory Board of RHÖN-KLINIKUM AG is made up of 16 members whose regular appointment was made at the Annual General Meeting held on 10 June 2015 for the term of office until the conclusion of the Annual General Meeting resolving on formal approval of actions for financial year 2019. At the Virtual Extraordinary General Meeting on 3 June 2020, the removal of Supervisory Board Members was proposed. Resolutions were adopted on the removal of Supervisory Board members and the election of new members. Dr. Annette Beller and Dr. Katrin Vernau left the Supervisory Board. Dr. Jan Liersch and Dr. Julia Dannath-Schuh were newly elected to the Supervisory Board. The term of office of the newly elected Supervisory Board members

applies until the conclusion of the Annual General Meeting resolving on formal approval of actions for financial year 2019.

Stephan Holzinger, chairman of the Board of Management of RHÖN-KLINIKUM AG, resigned his Board mandate and his other offices with immediate effect on 22 June 2020. On 22 June 2020 the Supervisory Board approved the termination by mutual consent of the Board of Management service contract of Mr. Stephan Holzinger with effect on 30 September 2020. The responsibilities within the Board of Management were adjusted accordingly.

Moreover, the allocation of responsibilities within the Board of Management as well as within the Supervisory Board is regularly adapted to changing requirements.

The notifications pursuant to section 33 et seq. of the German Securities Trading Act (Wert-papierhandelsgesetz, WpHG) received by 29 July of financial year 2020 are presented in the Notes to this Financial Report. We refer to our website for a detailed list of the notifications.

We moreover received five notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014.

The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the AktG and the Corporate Governance Report jointly issued by the Board of Management and the Supervisory Board were updated in the first quarter of 2020 and published on our website. All other elements of our corporate constitution have remained unchanged during the financial year to date. In this regard we refer to our explanations provided in the Management Report of the Consolidated Financial Statements of financial year 2019.

ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

The COVID-19 pandemic has plunged the German economy into a deep recession. Global economic output collapsed on a massive scale in the first half of 2020. As social distancing restrictions are eased, economic activity has started picking up again from May, following a bottoming that is likely to have happened in April. The comprehensive measures taken by the German Government are supporting the process of economic recovery. Sentiment amongst German companies is beginning to brighten again. After hitting 79.7 points in May 2020, the ifo business climate index rose to 86.2 points in June 2020. The German Council of Economic Experts corrected its forecast for 2020 in its assessment of aggregate economic performance. The Council expect gross domestic product for 2020 to shrink by 6.5%.

The German legislature responded to the COVID-19 pandemic with many different pieces of legislation and regulations. Of particular relevance for the healthcare industry is the Act Compensating COVID-19-Related Financial Burdens of Hospitals and Other Healthcare Facilities (COVID-19 Hospital Relief Act (COVID-19-Krankenhausentlastungsgesetz)). The Act, which took effect on 28 March 2020, provides for various measures such as relief payments of € 560.00 per day for every hospital bed available compared with the average of the previous year, lump-sum amounts of € 50,000.00 for newly created intensive care beds, a limited-term lump sum of € 50.00 per full inpatient or semi-inpatient patients for the additional costs of personal protective equipment (PPE), as well as fixing the nursing remuneration value at € 185.00 with the option of renegotiation. This package of measures is intended to mitigate

the negative financial fallout of the COVID-19 pandemic to rescue existing hospitals. Furthermore, individual federal states have adopted their respective regulations, significantly restricting elective services during the COVID-19 pandemic. State regulatory requirements coupled with the general restrictions on public life have meant that in the first half of 2020 patients have reduced their visits to hospitals and medical facilities to a bare minimum.

With the “Regulation Amending the Relief Payments to Hospitals due to Extraordinary Burdens resulting from the Coronavirus SARS-CoV-2 (COVID-19 Relief Payment Adjusting Regulation – AusglZAV) of 3 July 2020“, the Federal Ministry of Health defined differentiated lump-sum payments for determining relief payments as of 13 July 2020. In this context, the compensation payments are oriented on the actual expenditure in a graduated remuneration system.

BUSINESS PERFORMANCE OF THE FIRST HALF

Overall statement on economic position

January to June	2020	2019	Change	
	€ m	€ m	€ m	%
Revenues	670.5	644.2	26.3	4.1
EBITDA	35.5	60.9	-25.4	-41.7
EBIT	1.4	26.6	-25.2	-94.7
EBT	-2.0	25.9	-27.9	> -100.0
Consolidated result	-3.7	20.5	-24.2	> -100.0

The first half of financial year 2020 was dominated by the takeover of RHÖN-KLINIKUM AG by Asklepios Kliniken GmbH & Co. KGaA and the COVID-19 pandemic.

With revenues up by € 26.3 million (4.1%), we record a decline in EBITDA by € 25.4 million or 41.7% to € 35.5 million, a decline in EBIT by € 25.2 million or 94.7% to € 1.4 million, as well as a decline in consolidated result by € 24.2 million or 118.0% to -€ 3.7 million in

the first six months of 2020 compared with the same period last year.

In this regard the only limited comparability of the figures of the first half of 2020 with the same period last year has to be noted. First of all, the same period of the previous year included one-off effects from the agreement reached on remuneration of the university outpatient units to the tune of € 6.7 million after profit participation, as well as income from the reversal of provisions for legal and tax risks in the amount of € 15.3 million. Secondly, the key figures of the first half of 2020 include transaction-related expenses in the amount of € 7.7 million. The decline in service volumes compares with reimbursements as a result of COVID-19 legislation in the amount of € 51.6 million. Further discrepancies result from the new nursing regulation applicable from financial year 2020.

Development in service volumes

Since 31 December 2019 there have been minor changes in the number of approved beds as part of our acute-inpatient capacities:

	Hospitals	Beds
As at 31 December 2019	8	5,312
Change in capacities	-	-8
As at 30 June 2020	8	5,304

As at 30 June 2020, we operate eight MVZs with a total of 51.75 specialist physician practices:

	Medical care centres	Specialist practices
As at 31 December 2019	7	47.50
Opened/acquired		
MVZ Bad Berka	-	0.50
MVZ Bad Neustadt a. d. Saale	-	1.00
MVZ Frankfurt (Oder)	-	2.00
MVZ Marburg	-	1.00
MVZ MED	1	2.00
Disposals		
MVZ Bad Berka	-	-0.25
MVZ Bad Neustadt a. d. Saale	-	-2.00
As at 30 June 2020	8	51.75

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

January to June	2020	2019	Change	
			absolute	%
Inpatient and semi-inpatient treatments,				
acute hospitals	93,617	105,408	-11,791	-11.2
rehabilitation hospitals and other facilities	1,841	2,436	-595	-24.4
	95,458	107,844	-12,386	-11.5
Outpatient attendances at our				
acute hospitals	208,719	233,194	-24,475	-10.5
medical care centres	90,381	91,522	-1,141	-1.2
	299,100	324,716	-25,616	-7.9
Total	394,558	432,560	-38,002	-8.8

The number of inpatient and semi-inpatient treatments is down - 12,386 or - 11.5%. This is attributable in particular to declining elective service volumes. Added to that was the impact of the COVID-19 pandemic on the outpatient area.

Results of operations

Consolidated performance figures developed as shown below:

January to June	2020 € m	2019 € m	Change	
			€ m	%
Revenues				
Revenues	670.5	644.2	26.3	4.1
Other income	99.0	105.4	-6.4	-6.1
Total	769.5	749.6	19.9	2.7
Expenses				
Materials and consumables used	206.5	195.9	10.6	5.4
Employee benefits expense	452.3	428.3	24.0	5.6
Other expenses	75.2	64.3	10.9	17.0
Result of impairment on financial assets	0.0	0.2	-0.2	-100.0
Total	734.0	688.7	45.3	6.6
EBITDA	35.5	60.9	-25.4	-41.7
Depreciation/amortisation and impairment	34.1	34.3	-0.2	-0.6
EBIT	1.4	26.6	-25.2	-94.7
Finance result	-3.4	-0.7	-2.7	-385.7
EBT	-2.0	25.9	-27.9	-107.7
Income taxes	1.7	5.4	-3.7	-68.5
Consolidated result	-3.7	20.5	-24.2	-118.0

Compared with the same period last year, revenues witnessed a rise of € 26.3 million or 4.1%. The revenues of the first six months of financial year 2020 include € 50.8 million in relief payments of the legislature in connection with the COVID-19 pandemic, of which essentially € 44.3 million is attributed to € 560.00 daily for each hospital bed vacant compared with the average of the previous year and € 2.3 million to lump-sum amounts of € 50,000.00 for newly created intensive care beds. As in the same period of the previous year, income from the invoicing of an

additional remuneration component for the medicamentous treatment of spinal muscle atrophy as well as income from the invoicing of an additional remuneration component for the treatment of multiple sclerosis are likewise recorded under this item. The above supplementary fees are remunerated along with the pure DRGs (diagnosis related groups) and negatively impact the materials and consumables used item by nearly the same amount. Revenues further include cost reimbursements for cancer immunotherapies which were applied for the first time in the second quarter of financial year 2019 and negatively impact the materials and consumables used item by the same amount. The first six months of 2019 were moreover helped to the tune of € 8.9 million by revenues from our university outpatient units not attributable to the period under review.

The decline in other income by € 6.4 million or 6.1% is essentially attributable to the income recognised in the same period of the previous year from the reversal of provisions for legal and tax risks in the amount of € 15.3 million. A counter-effect to this in the first half of 2020 was the higher income from ancillary and incidental activities as a result, among other things, of higher sales of drugs and cytostatics. Moreover, reimbursements from the legislature for the costs of accommodation and meals in connection with the COVID-19 pandemic are recognised for the first time in the amount of € 0.8 million.

January to June	2020 %	2019 %
Materials ratio	30.8	30.4
Personnel ratio	67.4	66.5
Other cost ratio	11.2	10.0
Depreciation and amortisation ratio	5.1	5.4
Finance result ratio	-0.5	-0.1
Effective tax ratio	0.3	0.8

Compared with the same period last year, the increase in materials and consumables witnessed a rise in the first six months of 2020, disproportionate to the rise in revenues, by € 10.6 million or 5.4%. Here it has to be noted that prices for items needed for treating

COVID-19 patients, such as personal protective equipment (PPE), have increased hugely/many times over. The relief measures of the German Government, or reimbursement amounts, triggered by the COVID-19 pandemic are not even remotely sufficient to cover the costs. The cost-of-materials ratio climbed from 30.4% to 30.8%. Materials and consumables used moreover includes expenditures for the medicamentous treatment of spinal muscle atrophy, multiple sclerosis, and for the first time from the second quarter of 2019 expenses for cancer immunotherapies (CAR T-cell therapy) which are remunerated in nearly the same amount and reported under revenues or other income. Adjusted for this effect, the materials ratio increased from 28.5% to 29.0%.

In addition to a rise in the number of employees, general wage increases had an increasing effect on the employee benefits expense compared with the same period of the previous year. The personnel expense ratio rose from 66.5% to 67.4%. Employee benefits expenses of the first six months of 2020 include one-off expenses in the amount of € 2.3 million in connection with the termination of the service contract of the former chairman of the Board of Management.

The other expenditure ratio rose from 10.0% to 11.2%. The rise in particular includes one-off expenses among other things from the recognition of consultancy services relating to the takeover by Asklepios Kliniken GmbH & Co. KGaA amounting to € 7.7 million.

The result from the impairment on financial assets results from the adoption of IFRS 9, which among other things governs the future expected losses of financial assets. The improvement in the negative result is attributable to declining receivables owed from payers due to the COVID-19 pandemic.

The depreciation and impairment item declined slightly compared with the same period of the previous year by € 0.2 million or

0.6% to € 34.1 million. The depreciation/amortisation ratio fell from 5.4% to 5.1%.

In the first six months of financial year 2020, the negative finance result increased by € 2.7 million to € 3.4 million. This was essentially attributable to finance expenses in connection with the registered bond issued in July 2019. Moreover, recognised breakage (prepayment) costs for our loans which are likely to be owed following the change of control relating to the takeover by Asklepios Kliniken GmbH & Co. KGaA had an effect on the income statement.

The income tax expense item declined by € 3.7 million compared with the same period last year. The decline is the result of a lower tax assessment basis with an unchanged rate of taxation. A counter-effect to this was the reduced deferred taxes on loss carry-forwards that may be forfeited under tax law as a result of the acquisition of the majority shareholding by Asklepios Kliniken GmbH & Co. KGaA. Furthermore, the ruling of the Federal Fiscal Court (Bundesfinanzhof) was recognised in the income statement as a risk provision in the same period last year.

Compared with the first six months of financial year 2019, our consolidated result declined from +€ 20.5 million by € 24.2 million to -€ 3.7 million.

Non-controlling interests in profit declined compared with the same period last year by € 0.2 million to € 0.5 million (previous year: € 0.7 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first six months of 2020 declined by € 24.0 million to -€ 4.2 million (previous year: € 19.8 million) compared with the same period last year. The interest in profit of the shareholders corresponds to earnings per share of -€ 0.06 (previous year: € 0.30) in accordance with IAS 33 (undiluted/diluted).

The total result (sum of consolidated result and other earnings) stood at -€ 0.7 million (previous year: € 22.2 million) in the first six months of financial year 2020.

Net assets and financial position

	30 June 2020		31 Dec. 2019	
	€ m	%	€ m	%
ASSETS				
Non-current assets	1,051.8	64.4	1,068.9	65.5
Current assets	582.2	35.6	563.0	34.5
	1,634.0	100.0	1,631.9	100.0
LIABILITIES				
Equity	1,185.1	72.5	1,185.8	72.7
Long-term loan capital	20.1	1.3	183.8	11.3
Short-term loan capital	428.8	26.2	262.3	16.0
	1,634.0	100.0	1,631.9	100.0

Compared with the balance sheet date of 31 December 2019, the balance sheet total rose slightly by € 2.1 million or 0.1% to € 1,634.0 million (31 December 2019: € 1,631.9 million).

Our promissory note hitherto stated under non-current debt capital as well as our registered bond hitherto stated as a non-current item are subject to change-of-control clauses which enable early repayment in the event of a change of control. In connection with a voluntary public takeover offer by Asklepios Kliniken GmbH & Co. KGaA, a change of control was triggered pursuant to the contractual terms on notification that a voting right threshold of roughly 83% was reached by Asklepios on 18 June 2020. RHÖN-KLINIKUM AG is currently in negotiations with the lenders regarding the repayment request. In situations in which a refinancing or renewal is not at the discretion of a company, IAS 1 provides that the obligation is to be stated as a current item. For this reason, the loan obligations as at the balance sheet date of 30 June 2020 in the amount of € 160.8 million are stated in full under current debt capital.

The equity capital ratio saw a slight decline compared with the last reporting date, from 72.7% to 72.5%, and remains at a very high level.

The change in equity as at the last reporting date is shown in the following table:

Shareholders' equity	2020			2019
	Shareholders	Non-controlling interests	Total	Total
	€ m	€ m	€ m	€ m
As at 1 January	1,161.5	24.3	1,185.8	1,159.2
Equity transactions with owners	-	-	-	-19.4
Total comprehensive income of the period	-1.2	0.5	-0.7	22.2
Other changes	-	-	-	-
As at 30 June	1,160.3	24.8	1,185.1	1,162.0

As at 30 June 2020, equity stands at € 1,185.1 million (31 December 2019: € 1,185.8 million). The decline in equity capital compared with the reporting date of 31 December 2019 by € 0.7 million results from negative consolidated result for the first half of 2020 (€ 3.7 million), gains from the change in the fair value through other comprehensive income (FVOCI) (€ 2.8 million) and gains from the revaluation of defined benefit pension plans (€ 0.2 million).

114.6% (31 December 2019: 128.1%) of non-current assets is nominally covered by equity and non-current liabilities at matching maturities. As at 30 June 2020, we report net liquidity of € 99.1 million (31 December 2019: € 65.4 million). Our net liquidity is calculated as follows:

	30 June 2020	31 Dec. 2019
	€ m	€ m
Current cash	122.9	128.0
Current fixed term deposits	149.1	89.8
Non-current fixed term deposits	0.0	19.8
Cash, fixed term deposits	272.0	237.6
Current financial liabilities	160.8	0.9
Non-current financial liabilities	-	158.3
Liabilities under leases	12.1	13.0
Financial liabilities	172.9	172.2
Net liquidity	99.1	65.4

Including assets and liabilities held for sale

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

January to June	2020 € m	2019 € m
Cash generated from operating activities	69.7	17.3
Cash used in investing activities	-73.1	-33.6
Cash used in financing activities	-1.7	-21.1
Change in cash and cash equivalents	-5.1	-37.4
Cash and cash equivalents at 1 January	128.0	132.3
Cash and cash equivalents at 30 June	122.9	94.9

Cash and cash equivalents diminished in the first six months of 2020 by € 5.1 million (first six months of 2019 decrease by € 37.4 million). In this context, an operating cash flow was achieved in the amount of € 69.7 million (previous year: € 17.3 million).

Investments

Aggregate investments of € 43.0 million (previous year: € 57.1 million) in the first six months of financial year 2020 are shown in the following table:

	Use of		
	Gov't grants € m	Own funds € m	Total € m
Current investments	9.1	32.9	42.0
Takeovers	-	1.0	1.0
Total	9.1	33.9	43.0

Of these investments made in the first six months of 2020, € 9.1 million (previous year: € 9.7 million) was attributable to investments funded from grants under hospital financing legislation and deducted from total investments pursuant to the relevant provisions of IFRS.

An analysis of our investments financed from Company funds by site is given below:

	€ m
Gießen, Marburg	14.5
Bad Neustadt a. d. Saale	12.6
Frankfurt (Oder)	3.9
Bad Berka	2.9
Total	33.9

The agreement with the Federal State of Hesse in connection with the financing of the

services to be rendered for research and teaching at the Group's university hospitals provides for investment commitments in the amount of € 100.0 million until 2021. As at the balance sheet date of 30 June 2020, these investment obligations were fully met. There are also further obligations relating to building modernisation and extension measures at the Giessen and Marburg sites.

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

Employees

Employees	30 June 2020	31 Dec. 2019	Change	
			absolute	%
Hospitals	16,170	16,112	58	0.4
Medical care centres	311	296	15	5.1
Service companies	1,650	1,734	-84	-4.8
Total	18,131	18,142	-11	-0.1

On 30 June 2020, the Group of RHÖN-KLINIKUM AG employed 18,131 persons (31 December 2019: 18,142).

BUSINESS PERFORMANCE OF THE SECOND QUARTER

April through June	2020 € m	2019 € m	Change	
			€ m	%
Revenues	337.9	320.0	17.9	5.6
EBITDA	21.7	32.2	-10.5	-32.6
EBIT	4.4	15.5	-11.1	-71.6
EBT	2.0	15.2	-13.2	-86.8
Consolidated result	0.7	11.6	-10.9	-94.0

With revenues up by € 17.9 million (5.6%), we record a decline in EBITDA by € 10.5 million or 32.6% to € 21.7 million, a decline in EBIT by € 11.1 million or 71.6% to € 4.4 million, as well as a decline in consolidated profit by € 10.9 million or 94.0% to € 0.7 million in the second quarter of 2020 compared with the same period last year.

The decline in EBITDA is essentially attributable to the reversal of the provisions for legal and tax risks recognised in the previous year in the amount of € 15.3 million as well as expenses in connection with the takeover offer by Asklepios Kliniken GmbH & Co. KGaA in the amount of € 2.3 million in the

second quarter of 2020. Likewise, the result of the second quarter of 2020 was negatively influenced by expenses in connection with the termination of a Management Board service contract in the amount of € 2.3 million. The decline in service volumes compares with relief payments as a result of COVID-19 legislation in the amount of € 44.9 million.

RISKS AND OPPORTUNITIES

The risk management system in place as well as the individual Company risks and opportunities are described in the Annual Report 2019 on pages 78 to 83. The statements there essentially continue to apply unchanged. Given the COVID-19 pandemic our focus, in addition to providing the best possible medical care for our patients, is on coping with the economic impact. It is not currently possible to make a sufficiently reliable final assessment of the impact on our core business for 2020. We do not see any risks posing a threat to the Company's existence, neither for the individual subsidiaries nor for the Group.

PUBLIC TAKEOVER OFFER BY ASKLEPIOS-KLINIKEN GMBH & CO. KGAA

Asklepios Kliniken GmbH & Co. KGaA, Hamburg, on 9 July 2020 announced that the voluntary public takeover offer made to the shareholders of RHÖN-KLINIKUM AG with a view to a contemplated strategic partnership was successfully concluded. By the end of the additional acceptance period on 6 July 2020, the takeover offer by Asklepios at an offer price of € 18.00 in cash per RHÖN share was

accepted for a total of 28,464,866 shares. After conclusion of the takeover offer and contribution of 92.27% of the voting interests in RHÖN-KLINIKUM AG to AMR Holding GmbH, Asklepios and Dr. Bernard große Broermann together with Mr. Eugen Münch hold 93.38% of voting interests in total (as at 29 July 2020) in RHÖN-KLINIKUM AG. Of that, Mr. Eugen Münch accounts for 7.6% of the voting interests which he contributed to AMR Holding GmbH through the company HCM SE controlled by him.

For further statements, we refer to the publication on the Internet at en.rhoen-klinikum-ag.com/investor-relations/takeover-offer.

FORECAST

For the current financial year 2020, we continue to expect revenues of € 1.4 billion within a range of plus or minus 5%. For earnings before interest, tax and depreciation/amortisation (EBITDA), we continue to expect a level of between € 72.5 million and € 82.5 million.

It is still not yet possible to make a sufficiently reliable final assessment of the impact the COVID-19 pandemic will have on our core business, primarily owing to the fact that it is still unclear to what extent the respective federal states intend to make contributions for the hospital operators. Against this background our planning is conditional on any impacts of the COVID-19 pandemic.

Our outlook is further subject to any regulatory measures impacting our remuneration structure in 2020.

Bad Neustadt a. d. Saale, 6 August 2020

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Dr. Gunther K. Weiß

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Consolidated Income Statement and Consolidated Statement of Comprehensive Income, January to June 2020

January to June	2020		2019	
	€ '000	%	€ '000	%
Revenues	670,539	100.0	644,178	100.0
Other income	98,964	14.8	105,444	16.4
	769,503	114.8	749,622	116.4
Materials and consumables used	206,539	30.8	195,895	30.4
Employee benefits expense	452,266	67.4	428,258	66.5
Other expenses	75,204	11.2	64,321	10.0
Result of impairment on financial assets	-16	0.0	233	0.0
	733,993	109.5	688,707	106.9
Interim result (EBITDA)	35,510	5.3	60,915	9.5
Depreciation/amortisation and impairment	34,140	5.1	34,278	5.4
Operating result (EBIT)	1,370	0.2	26,637	4.1
Result of investments accounted for using the equity method	48	0.0	46	0.0
Finance income	117	0.0	86	0.0
Finance expenses	-3,085	-0.5	-1,172	-0.2
Result of impairment on financial investments	-462	0.0	262	0.1
Finance result (net)	-3,382	-0.5	-778	-0.1
Earnings before taxes (EBT)	-2,012	-0.3	25,859	4.0
Income taxes	1,691	0.3	5,316	0.8
Consolidated result	-3,703	-0.6	20,543	3.2
of which				
non-controlling interests	526	0.0	704	0.1
shareholders of RHÖN-KLINIKUM AG	-4,229	-0.6	19,839	3.1
Earnings per share in €				
undiluted	-0.06		0.30	
diluted	-0.06		0.30	

January to June	2020	2019
	€ '000	€ '000
Consolidated result	-3,703	20,543
of which		
non-controlling interests	526	704
shareholders of RHÖN-KLINIKUM AG	-4,229	19,839
Changes in fair value through other comprehensive income (FVOCI)	3,367	2,012
Income taxes	-533	-318
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	2,834	1,694
Revaluation of defined benefit pension plans	235	- 45
Income taxes	-37	7
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	198	- 38
Other comprehensive income ¹	3,032	1,656
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	3,032	1,656
Total comprehensive income	-671	22,199
of which		
non-controlling interests	526	704
shareholders of RHÖN-KLINIKUM AG	-1,197	21,495

¹ Sum of value changes recognised at equity.

Consolidated Income Statement and Consolidated Statement of Comprehensive Income, April to June 2020

April through June	2020		2019	
	€ '000	%	€ '000	%
Revenues	337,926	100.0	319,967	100.0
Other income	48,799	14.4	61,529	19.2
	386,725	114.4	381,496	119.2
Materials and consumables used	101,051	29.9	99,868	31.2
Employee benefits expense	228,609	67.6	214,636	67.1
Other expenses	35,878	10.6	34,687	10.8
Result of impairment on financial assets	-467	-0.1	116	0.0
	365,071	108.0	349,307	109.1
Interim result (EBITDA)	21,654	6.4	32,189	10.1
Depreciation/amortisation and impairment	17,239	5.1	16,696	5.3
Operating result (EBIT)	4,415	1.3	15,493	4.8
Result of investments accounted for using the equity method	23	0.0	22	0.0
Finance income	45	0.0	52	0.0
Finance expenses	-2,250	-0.7	-574	-0.2
Result of impairment on financial investments	-260	-0.1	170	0.1
Finance result (net)	-2,442	-0.7	-330	-0.1
Earnings before taxes (EBT)	1,973	0.6	15,163	4.7
Income taxes	1,303	0.4	3,560	1.0
Consolidated result	670	0.2	11,603	3.7
of which				
non-controlling interests	452	0.1	94	0.1
shareholders of RHÖN-KLINIKUM AG	218	0.1	11,509	3.6
Earnings per share in €				
undiluted	0.00		0.18	
diluted	0.00		0.18	

April through June	2020	2019
	€ '000	€ '000
Consolidated result	670	11,603
of which		
non-controlling interests	452	94
shareholders of RHÖN-KLINIKUM AG	218	11,509
Changes in fair value through other comprehensive income (FVOCI)	3,274	1,919
Income taxes	-518	-303
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	2,756	1,616
Revaluation of defined benefit pension plans	221	- 21
Income taxes	-35	3
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	186	- 18
Other comprehensive income ¹	2,942	1,598
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	2,942	1,598
Total comprehensive income	3,612	13,201
of which		
non-controlling interests	452	94
shareholders of RHÖN-KLINIKUM AG	3,160	13,107

¹ Sum of value changes recognised at equity.

Consolidated Balance Sheet as at 30 June 2020

	30 June 2020		31 December 2019	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	179,423	11.0	178,128	10.9
Property, plant and equipment	856,290	52.4	858,151	52.6
Investment property	2,279	0.1	2,349	0.2
Investments accounted for using the equity method	356	0.0	388	0.0
Deferred tax assets	605	0.1	626	0.0
Other financial assets	12,858	0.8	29,290	1.8
	1,051,811	64.4	1,068,932	65.5
Current assets				
Inventories	33,021	2.0	28,437	1.7
Trade receivables	174,864	10.7	226,606	13.9
Other financial assets	232,002	14.2	167,928	10.3
Other assets	18,856	1.2	10,479	0.7
Current income tax assets	571	0.0	1,482	0.1
Cash and cash equivalents	122,867	7.5	127,694	7.8
Assets held for sale	-	-	361	0.0
	582,181	35.6	562,987	34.5
	1,633,992	100.0	1,631,919	100.0

	30 June 2020		31 December 2019	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Equity				
Issued share capital	167,406	10.2	167,406	10.3
Capital reserve	574,168	35.2	574,168	35.2
Other reserves	418,809	25.6	420,006	25.7
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,160,307	71.0	1,161,504	71.2
Non-controlling interests in equity	24,831	1.5	24,305	1.5
	1,185,138	72.5	1,185,809	72.7
Non-current liabilities				
Financial liabilities	-	-	158,315	9.7
Provisions for post-employment benefits	1,058	0.1	1,642	0.1
Other financial liabilities	18,998	1.2	23,807	1.5
	20,056	1.3	183,764	11.3
Current liabilities				
Financial liabilities	160,817	9.9	943	0.1
Trade payables	83,717	5.1	84,451	5.2
Current income tax liabilities	11,781	0.7	16,417	1.0
Other provisions	13,875	0.8	14,029	0.8
Other financial liabilities	40,437	2.5	35,087	2.1
Other liabilities	118,171	7.2	111,328	6.8
Held-for-sale liabilities	-	-	91	0.0
	428,798	26.2	262,346	16.0
	1,633,992	100.0	1,631,919	100.0

Consolidated Statement of Changes in Equity, January to June 2020

	Issued share capital	Capital reserve	Retained earnings	Treasury shares	Equity attributable to shareholders of RHÖN-KLINIKUM AG	Non-controlling interests in equity ¹	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
As at 31 Dec. 2018/1 Jan. 2019	167,406	574,168	393,821	-76	1,135,319	23,903	1,159,222
Equity transactions with owners							
Dividend payments	-	-	-19,412	-	-19,412	-	-19,412
Consolidated result	-	-	19,839	-	19,839	704	20,543
Other comprehensive income	-	-	1,656	-	1,656	-	1,656
Other changes							
Changes in consolidated companies	-	-	-	-	-	-25	-25
As at 30 June 2019	167,406	574,168	395,904	-76	1,137,402	24,582	1,161,984
As at 31 Dec. 2019/1 Jan. 2020	167,406	574,168	420,006	-76	1,161,504	24,305	1,185,809
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-	-
Consolidated result	-	-	-4,229	-	-4,229	526	-3,703
Other comprehensive income	-	-	3,032	-	3,032	-	3,032
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 30 June 2020	167,406	574,168	418,809	-76	1,160,307	24,831	1,185,138

¹ Including other comprehensive income (OCI).

Consolidated Statement of Cash Flows, January to June 2020

January to June	2020 € m	2019 € m
Earnings before taxes	-2.0	25.9
Finance result (net)	3.4	0.8
Depreciation/amortisation and impairment and gains/losses on disposal of assets	34.1	34.2
	35.5	60.9
Change in net current assets		
Change in inventories	-4.6	4.3
Change in trade receivables	51.7	-11.7
Change in other financial assets and other assets	-13.6	-24.6
Change in trade payables	-1.2	-13.9
Change in other net liabilities/other non-cash transactions	8.6	21.3
Change in provisions	-0.5	-16.8
Income taxes paid	-6.0	-2.0
Interest paid	-0.2	-0.2
Cash generated from operating activities	69.7	17.3
Investments in property, plant and equipment and in intangible assets	-42.0	-66.9
Government grants received to finance investments in property, plant and equipment and in intangible assets	9.1	9.7
Change in investments in fixed term deposits	-40.0	25.0
Investments in financial assets	0.1	-2.2
Company acquisitions, net of cash acquired	-0.8	0.3
Sale proceeds from disposal of assets	0.4	0.4
Interest received	0.1	0.1
Cash used in investing activities	-73.1	-33.6
Payments for leases	-1.7	-1.7
Dividend payments to shareholders of RHÖN-KLINIKUM AG	-	-19.4
Cash used in financing activities	-1.7	-21.1
Change in cash and cash equivalents	-5.1	-37.4
Cash and cash equivalents at 1 January	128.0	132.3
Cash and cash equivalents at 30 June	122.9	94.9

Condensed Notes

GENERAL INFORMATION

RHÖN-KLINIKUM AG and its subsidiaries build, acquire and operate primarily acute-care hospitals of all categories, with the focus being on cutting-edge medicine oriented towards maximum care with a direct tie-in to universities and research facilities. At some sites, rehabilitation services are also offered for selected medical disciplines to complement existing acute inpatient offerings. Moreover, outpatient structures in the form of medical care centres are also offered. Currently, efforts are moving ahead apace for entry into the telemedicine field. We provide our services exclusively in Germany.

The Company is a stock corporation established under German law and has been listed on the stock market since 1989. The registered office of the Company is in Bad Neustadt a.d. Saale, Salzburger Leite 1, Germany. The Company is entered in the Commercial Register of the Register Court of Schweinfurt under HRB 1670.

The Interim Consolidated Financial Statements will be published on 6 August 2020 on the website of RHÖN-KLINIKUM AG as well as with Deutsche Börse.

ACCOUNTING POLICIES

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG as at 30 June 2020 have been prepared in accordance with the rules of IAS 34 in condensed form applying Section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the rules, effective at the reporting date and recognised by the European Union, of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, the provisions of the German accounting standard DRS 16 were observed in the preparation of this Group Interim Report of the Management.

With the exception of the Standards and Interpretation described below, the same accounting, valuation and calculation methods as already adopted by the European Union were applied in the Interim Consolidated Financial Statements as in the Consolidated Financial Statements for the financial year ending on 31 December 2019.

The amendments to IFRS 9, IAS 39 and IFRS 7 adopted into European law by the European Union on 15 January 2020 include facilitations in connection with the IBOR reform. They relate to hedge accounting result in the IBOR reform not generally leading to the termination of the hedge accounting relationship. The amendments are to be applied to financial years beginning on or after 1 January 2020 and are of no practical relevance for RHÖN-KLINIKUM AG.

The amendments to the Standard IFRS 3, which were adopted into European law by the European Union on 21 April 2020, relate to updates of the cross-reference in IFRS 3 to the revised Framework Concept which the IASB released in March 2018. They are to be applied to financial years beginning on or after 1 January 2020. The amendments are of no practical relevance for RHÖN-KLINIKUM AG.

In the first six months of 2020 there were no Standards and Interpretations exceeding such scope to be applied as of 1 January 2020 and already adopted by the European Union.

The German legislature responded to the COVID-19 pandemic with many different pieces of legislation and regulations. Of particular relevance for the healthcare industry is the Act Compensating COVID-19-Related Financial Burdens of Hospitals and Other Healthcare Facilities (COVID-19 Hospital Relief Act (COVID-19-Krankenhausentlastungsgesetz)). The Act, which took effect on 28 March 2020, provides for various measures such as relief payments of € 560.00 per day for every hospital bed available compared with the average of the previous year to secure capacities for COVID-19 patients, lump-sum amounts of € 50,000.00 for newly created intensive care beds, a limited-term lump sum of € 50.00 per full inpatient or semi-inpatient patients for the additional costs of personal protective equipment (PPE), as well as fixing the nursing remuneration value at € 185.00 with the option of renegotiation. This package of measures is intended to mitigate the negative financial consequential effects of the COVID-19 pandemic to rescue existing hospitals. In this regard, an amount of € 50.8 million was stated as service volume within revenues in the first half of 2020, of which essentially € 44.3 million is attributed to relief payments of € 560.00 daily for each hospital bed vacant compared with the average of the previous year and € 2.3 million to lump-sum amounts of € 50,000.00 for newly created intensive care beds. Furthermore, € 0.8 million was recognised under the Other income item for the costs of accommodation and meals covered by the respective federal states.

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

CONSOLIDATED COMPANIES

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

	31 Dec. 2019	Additions	Disposals	30 June 2020
Fully consolidated subsidiaries	27	1	-1	27
Companies consolidated using the equity method	1	-	-	1
Other subsidiaries	10	-	-1	9
Consolidated companies	38	1	-2	37

In the first quarter of 2020 we founded MVZ MED GmbH as a wholly owned subsidiary of RHÖN-KLINIKUM AG. Approval by the Physicians Association (Kassenärztliche Vereinigung) was granted as at 1 April 2020.

After all conditions for validity were met, the interests in GPG Gesellschaft für Projekt- und Grundstücksentwicklung GmbH Leipzig were transferred to the purchaser in 2020. The company was deconsolidated in the first quarter of 2020.

The liquidation of Soemmerring GmbH privates Institut für Bewegungsstörungen und Verhaltensneurologie i. L. previously recognised as other company was completed in the first quarter of 2020.

Company acquisitions

During the first half of financial year 2020, four physician's practices were acquired against consideration whose conditions of validity as per agreement in each case were satisfied during the reporting period of 2020:

Purchase of physician's practices, January to June 2020	Fair value post acquisition
	€ m
Acquired assets and liabilities	
Property, plant and equipment	0.3
Other liabilities	-0.2
Net assets acquired	0.1
+ Goodwill	0.7
Cost	0.8
./. Purchase price payments outstanding	0.0
./. Acquired cash and cash equivalents	0.0
Cash outflow on transaction	0.8

Goodwill amounting to € 0.7 million essentially includes synergy effects expected from the expansion of medical care centres. The goodwill recognised is likely to be tax-deductible.

Furthermore, 0.50 physician's practices were transferred during the reporting period from the Physicians Association to the MVZ subsidiary at the Bad Berka site without consideration, 0.25 physician's practices returned to the Physicians Association, and 2.0 clinical physician's practices were transferred from the medical care centre MVZ Bad Neustadt a. d. Saale to MVZ MED.

In financial year 2020 no further clinical physician's practices were acquired whose conditions of validity as per agreement will be satisfied only in the second half of 2020.

Deconsolidation of subsidiaries

The company GPG Gesellschaft für Projekt- und Grundstücksentwicklung GmbH Leipzig, which operates its business activity in Leipzig, was sold with effect from 1 January 2020. With the sale of the hospitals at the Leipzig site in 2014, the company did not have any affiliation to the remaining hospitals of the Group. The effects of the deconsolidation of the company transferred as at 1 January 2020 are set out below:

Effects from deconsolidation of subsidiary	Carrying amount disposals
	€ m
Assets and liabilities sold	
Non-current assets	0.0
Current assets	0.0
Cash and cash equivalents	0.3
Non-current liabilities	0.0
Current liabilities	0.0
Net assets of Group sold	0.3
Sale proceedings from deconsolidated subsidiary	0.3
Income from sale of deconsolidated subsidiary	0.0
./. Sold cash and cash equivalents	-0.3
Inflow of cash and cash equivalents	0.0
./. Purchase price payment outstanding	0.0
Inflow of cash and cash equivalents from deconsolidated subsidiary	0.0

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

According to IFRS 8 – Operating Segments –, segment information on operating segments is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach). The chief decision making body in our Group is the Board of Management. It is in this body that the strategic decisions are made for the Group and to this body that the key ratios of the hospitals, which represent our operating segments, are reported. We continue to have only one operating segment subject to reporting.

Revenues

January to June	2020 € m	2019 € m
Fields		
Acute hospitals	650.7	623.5
Medical care centres	8.4	7.8
Rehabilitation hospitals	11.4	12.9
	670.5	644.2
Federal states		
Bavaria	135.1	130.0
Saxony	0.0	0.1
Thuringia	90.6	84.0
Brandenburg	78.4	73.5
Hesse	366.4	356.6
	670.5	644.2

According to IFRS 15, revenues constitute revenues generated from the provision of services. Revenues of the first six months of financial year 2020 include income from the invoicing of an additional remuneration component for the treatment of spinal muscle atrophy as well as for the treatment of multiple sclerosis. The aforementioned supplementary fees are remunerated along with the pure DRGs and negatively impact the materials and consumables used item by nearly the same amount. Revenues further include cost reimbursements for cancer immunotherapies (CAR T-cell therapy) which were applied for the first time in the second quarter of financial year 2019 and negatively impact the materials and consumables used item by the same amount.

Revenues of the first six months of financial year 2020 moreover include € 50.8 million in reimbursement payments of the legislature in connection with the COVID-19 pandemic, of which essentially € 44.3 million is attributed to € 560.00 daily for each hospital bed vacant compared with the average of the previous year and € 2.3 million to lump-sum amounts of € 50,000.00 for newly created intensive care beds.

Moreover, revenues of the first half of 2019 included one-off income in the amount of € 8.9 million in connection with university outpatient units.

Other income

January to June	2020	2019
	€ m	€ m
Income from services rendered	84.5	77.5
Income from grants and other allowances	8.2	6.8
Income from indemnification payments/Other reimbursements	1.2	0.3
Other	5.1	20.8
	99.0	105.4

Income from services rendered includes income from ancillary and incidental activities as well as income from rental and lease agreements.

The Group received grants and other allowances as compensation for certain purpose-tied expenses in connection with publicly funded measures (e.g. costs of personnel and materials for research and teaching, benefits under German legislation governing maternity leave, and for other subsidised measures).

The decline in other income essentially results from the fact that income from the reversal of provisions for legal and tax risks in the amount of € 15.3 million were recognised in the same period of the previous year. By contrast, an increasing effect for this in the first half of 2020 came from the higher income from ancillary and incidental activities as a result, among other things, of higher sales of drugs and cytostatics.

Moreover, other allowances recognise for the first time € 0.8 million in reimbursements for the costs of accommodation and meals in connection with the COVID-19 pandemic.

Materials and consumables used

Compared with the same period last year, the cost-of-materials ratio rose disproportionate to the rise in revenues in the first half of 2020. This was owing among other things to the huge price increases for items needed for treating COVID-19 patients such as personal protective equipment (PPE). The relief measures of the German Government, or reimbursement amounts, triggered by the COVID-19 pandemic are not sufficient to cover the costs. Furthermore, the Materials and consumables used item includes expenditures for the medicamentous treatment of spinal muscle atrophy, multiple sclerosis, and for the first time from the second quarter of 2019 expenses for cancer immunotherapies (CAR T-cell therapy) which are remunerated in nearly the same amount and reported under revenues or other income.

Employee benefits expense

In addition to a rise in the number of employees, general wage increases had an increasing effect on the employee benefits expense compared with the same period of the previous year. In the first half of 2020, an amount of € 0.6 million (previous year: € 1.5 million) is included for redundancy payments. Furthermore, one-off expenses in the amount of € 2.3 million in connection with the termination of employment of the former chairman of the Board of Management are included in the second quarter of 2020.

Other expenses

January to June	2020	2019
	€ m	€ m
Maintenance	28.2	26.0
Charges, subscriptions and consulting fees	24.5	13.0
Insurance	6.8	6.2
Administrative and IT costs	5.2	5.4
Other personnel and continuing training costs	2.3	2.8
Rents and leaseholds	2.0	2.1
Travelling, entertaining and representation expenses	0.8	1.2
Secondary taxes	0.1	0.6
Losses on disposal of non-current assets	0.0	0.3
Other	5.3	6.7
	75.2	64.3

Other expenses include one-off expenses from the recognition among other things of consultancy services relating to the takeover by Asklepios Kliniken GmbH & Co. KGaA amounting to € 7.7 million.

Result from impairment on financial assets

The negative result from the impairment on financial assets results from the adoption of IFRS 9, which among other things governs the future expected losses of financial assets. The decline in the negative result is attributable to declining receivables owed from payers due to the COVID-19 pandemic.

Depreciation and impairment

The depreciation and impairment item declined slightly compared with the same period of the previous year by € 0.2 million or 0.6% to € 34.1 million.

Finance result (net)

In the first six months of financial year 2020, the negative finance result rose by € 2.7 million to € 3.4 million. This was primarily attributable to finance expenses in connection with the registered bond issued in July 2019. Moreover, breakage (prepayment) costs for our loans, which are likely to be owed following the change in control relating to the takeover by Asklepios Kliniken GmbH & Co. KGaA, had an effect on the income statement.

Income taxes

January to June	2020	2019
	€ m	€ m
Current income taxes	2.2	5.8
Deferred taxes	-0.5	-0.5
	1.7	5.3

The decline in the income tax expense compared with the same period of the previous year is the result of a lower tax assessment basis with an unchanged rate of taxation. A counter-effect to this was the derecognised deferred taxes on loss carry-forwards which may be forfeited under tax law in connection with the acquisition of the majority shareholding by Asklepios Kliniken GmbH & Co. KGaA. Furthermore, the ruling of the Federal Fiscal Court (Bundesfinanzhof) was recognised in the income statement as a risk provision in the same period of the previous year.

SELECTED NOTES TO THE CONSOLIDATED BALANCE SHEET

Goodwill and other intangible assets

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2020	164.2	48.5	212.7
Additions due to changes in consolidated companies	0.7	0.0	0.7
Additions	0.0	2.5	2.5
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
30 June 2020	164.9	51.0	215.9
Cumulative depreciation and impairment			
1 January 2020	0.0	34.6	34.6
Depreciation	0.0	1.9	1.9
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
30 June 2020	0.0	36.5	36.5
Balance sheet value as at 30 June 2020	164.9	14.5	179.4

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2019	163.9	43.9	207.8
Additions due to changes in consolidated companies	0.3	0.0	0.3
Additions	0.0	2.3	2.3
Disposals	0.0	0.0	0.0
Transfers	0.0	0.5	0.5
30 June 2019	164.2	46.7	210.9
Cumulative depreciation and impairment			
1 January 2019	0.0	31.1	31.1
Depreciation	0.0	1.7	1.7
Disposals	0.0	0.0	0.0
Transfers	0.0	0.1	0.1
30 June 2019	0.0	32.9	32.9
Balance sheet value as at 30 June 2019	164.2	13.8	178.0

Property, plant and equipment

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2020	1,167.9	57.9	368.8	34.2	1,628.8
Additions due to changes in consolidated	0.0	0.0	0.3	0.0	0.3
Additions	2.1	0.2	10.7	17.4	30.4
Disposals	0.3	0.0	7.1	0.0	7.4
Transfers	0.7	0.4	0.4	-1.5	0.0
30 June 2020	1,170.4	58.5	373.1	50.1	1,652.1
Cumulative depreciation and impairment					
1 January 2020	476.0	39.1	255.5	0.0	770.6
Depreciation	15.3	1.9	14.9	0.0	32.1
Disposals	0.0	0.0	6.9	0.0	6.9
Transfers	0.0	0.0	0.0	0.0	0.0
30 June 2020	491.3	41.0	263.5	0.0	795.8
Balance sheet value as at 30 June 2020	679.1	17.5	109.6	50.1	856.3

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2019	1,150.2	56.4	345.5	19.2	1,571.3
Additions due to changes in consolidated	0.0	0.0	6.7	0.0	6.7
Additions	13.2	0.5	16.3	8.1	38.1
Disposals	0.0	0.0	10.0	0.2	10.2
Transfers	0.3	0.6	3.8	-5.2	-0.5
30 June 2019	1,163.7	57.5	362.3	21.9	1,605.4
Cumulative depreciation and impairment					
1 January 2019	446.0	36.2	237.0	0.0	719.2
Depreciation	15.3	2.0	15.2	0.0	32.5
Disposals	0.0	0.0	9.8	0.0	9.8
Transfers	0.0	0.0	-0.1	0.0	-0.1
30 June 2019	461.3	38.2	242.3	0.0	741.8
Balance sheet value as at 30 June 2019	702.4	19.3	120.0	21.9	863.6

In the first half of 2020, borrowing costs of € 0.2 million (previous year: € 0.0 million) were related to financing the acquisition or production of qualifying assets and are recognised in additions to property, plant and equipment. Furthermore, the additions include recognised rights of use pursuant to IFRS 16 in the amount of € 0.8 million (previous year: € 9.0 million) as well as depreciations in the amount of € 1.7 million (previous year: € 1.6 million). Rights of use account for € 11.9 million (previous year: € 13.1 million) of the balance sheet value as at 30 June 2020.

Other financial assets (non-current)

Reported under this item are equity investments in the amount of € 12.9 million (31 December 2019: € 9.5 million) as well as fixed deposits in the amount of € 0.0 million (31 December 2019: € 19.8 million). The equity investments are the interests in the companies Inovytec Medical Solutions Ltd., Telesofia Medical Ltd., CLEW Medical Inc. and Tiplu GmbH.

Other financial assets (current)

As a result of current finance requirements of extensive investment measures, freely disposable funds are invested short-term. Fixed deposit investments were made in the amount of € 149.1 million (31 December 2019: € 89.8 million) in the form of overnight deposits and short-term deposits with a remaining term of < 1 year. In addition, receivables according to hospital financing law are reported under this item in the amount of € 76.7 million (31 December 2019: € 59.9 million). The rise in receivables according to the hospital financing legislation is largely the result of the changes to the DRG system as at 1 January 2020 and the related phase-out of the nursing budget. Due to the change in the payment modalities from quarterly in arrears to monthly, receives owed from Justus-Liebig University Gießen declined to € 0.0 million (31 December 2019: € 9.9 million).

Equity

The decrease in equity capital compared with the reporting date of 31 December 2019 by € 0.7 million results from negative consolidated result (€ 3.7 million), as well as from gains from the other result (OCI) (€ 3.0 million). The other result is attributable to gains from the fair values of investments (€ 2.8 million) which according to IFRS 9 are assigned to the category of fair value through other comprehensive income (FVOCI) as well as from gains resulting from the revaluation of defined benefit pension plans (€ 0.2 million).

Financial liabilities

In the fourth quarter of 2017, a syndicated line of credit in the amount of € 100.0 million was taken out. For this line of credit a change-of-control clause is stipulated providing, in the event of a change of control when the line of credit has been utilised, for early repayment and for the right of the lenders to exclude new lendings. Following the voluntary public takeover offer by Asklepios Kliniken GmbH & Co. KGaA, a change of control pursuant to the contractual conditions was triggered on approval of the merger of Asklepios and RHÖN by the German Federal Cartel Office on 26 May 2020, after which one credit institution left the banking syndicate as a result of internal limiting requirements. As a result, the total amount of the syndicated line of credit is reduced to € 88.0 million. As at 30 June 2020, the line of credit had not been utilised.

In October 2018, RHÖN-KLINIKUM AG placed a promissory note in the amount of € 100.0 million. The tranches exclusively bearing fixed interest with bullet maturities have terms of 5, 7 and 10 years. For the promissory note a change-of-control clause is stipulated providing for early repayment in the event of a change of control. Under the contract, no change of control exists if one or more of the anchor shareholders (B. Braun Melsungen AG, Asklepios Kliniken GmbH & Co. KGaA, Mr. Eugen Münch (HCM SE) and Mrs. Ingeborg Münch), acting together, acquire(s) more than 50%, but no more than 70.1% maximum, of the voting shares in RHÖN-KLINIKUM AG. Following the voluntary public takeover offer by Asklepios Kliniken GmbH & Co. KGaA, a change of control was triggered pursuant to the contractual terms on notification that a voting right threshold of roughly 83% was reached by Asklepios on 18 June 2020. RHÖN-KLINIKUM AG is currently in negotiations with the promissory note investors regarding the repayment request. Until the negotiations are concluded, the corresponding promissory note will be stated as current.

In July 2019, RHÖN-KLINIKUM AG placed a registered bond in the amount of € 60.0 million with a term of 20 years. For the registered bond a change-of-control clause is stipulated providing for early repayment in the event of a change of control. Under the contract, no change of control exists if one or more of the anchor shareholders (B. Braun Melsungen AG, Asklepios Kliniken GmbH & Co. KGaA, Mr. Eugen Münch (HCM SE) and Mrs. Ingeborg Münch), acting together, acquire(s) more than 50%, but no more than 70.3% maximum, of the voting shares in RHÖN-KLINIKUM AG. Following the

voluntary public takeover offer by Asklepios Kliniken GmbH & Co. KGaA, a change of control was triggered pursuant to the contractual terms on notification that a voting right threshold of roughly 83% was reached by Asklepios on 18 June 2020. After negotiation by RHÖN-KLINIKUM AG with the investors of the registered bond, the latter will not exercise their right to early repayment. The corresponding notification was made in July 2020. Consequently, the material subsequent event will result in this item being stated as non-current financial liabilities only in the third quarter of 2020. As at the balance sheet date of 30 June 2020, the item is stated under current financial liabilities. The nominal volume of the registered bond is still € 60.0 million.

Lease liabilities

An amount of € 8.9 million (31 December 2019: € 9.8 million) is reported under non-current other financial liabilities, and an amount for liabilities under leases of € 3.2 million (31 December 2019: € 3.2 million) under current other financial liabilities.

Additional disclosures regarding financial instruments

The table below presents the carrying amounts and fair values of the individual financial assets and liabilities for each individual category of financial instruments according to IFRS 9 and transfers these to the corresponding balance sheet item:

Measurement category according to IFRS 9	30 June 2020	of which		31 Dec. 2019	of which	
	€ m	Carrying amount	Fair value	€ m	Carrying amount	Fair value
	€ m	€ m	€ m	€ m	€ m	€ m
ASSETS						
Non-current assets						
Other financial assets	12.9	12.9	12.9	29.3	29.3	29.3
	Measured at fair value directly in equity (fair value through other comprehensive income; without recycling)					
of which investments	12.9	12.9	12.9	9.5	9.5	9.5
of which investments	0.0	0.0	0.0	0.0	0.0	0.0
of which other	0.0	0.0	0.0	19.8	19.8	19.8
	Measured at amortised cost					
Current assets						
Trade receivables and other financial assets	406.9	406.9	406.9	394.5	394.5	394.5
Cash and cash equivalents	122.9	122.9	122.9	127.7	127.7	127.7
	Measured at amortised cost					
LIABILITIES						
Non-current liabilities						
Financial liabilities	-	-	-	158.3	158.3	172.6
Other financial liabilities	19.0	19.0	11.2	23.8	23.8	15.1
of which other financial liabilities	10.1	10.1	11.2	14.0	14.0	15.1
of which liabilities under leases	8.9	8.9	-	9.8	9.8	-
	n. a.					
Current liabilities						
Trade payables	83.7	83.7	83.7	84.5	84.5	84.5
Financial liabilities	160.8	160.8	178.1	0.9	0.9	0.9
Other financial liabilities	40.4	40.4	37.2	35.1	35.1	31.9
of which other financial liabilities	37.2	37.2	37.2	31.9	31.9	31.9
of which liabilities under leases	3.2	3.2	-	3.2	3.2	-
	n. a.					
Aggregated according to measurement categories, the above figures are as follows:						
	Financial assets measured at amortised cost	529.8	529.8	542.0	542.0	
	Financial assets measured at fair value directly in equity (fair value through other comprehensive income; without recycling)	12.9	12.9	9.5	9.5	
	Financial assets measured at fair value through profit or loss	0.0	0.0	0.0	0.0	
	Financial liabilities measured at amortised cost	291.8	310.2	289.6	305.0	

The principal part of financial assets is measured at RHÖN-KLINIKUM AG, pursuant to IFRS 9, at amortised cost. Trade receivables, other financial assets as well as cash and cash equivalents covered by this in general have short remaining maturities. Their carrying amounts as at the reporting date therefore correspond to their fair values.

Investments in the amount of € 12.9 million (31 December 2019: € 9.5 million) are measured at fair value directly in equity (fair value through other comprehensive income, without recycling). These

investments relate to start-up equity interests whose market value was calculated based on current equity transactions between market participants in the context of additional financing rounds or applying the DCF method/multiplier method. Moreover, additional immaterial investments amounting to <€ 0.0 million (31 December 2019: < € 0.0 million) are measured at fair value (fair value through profit or loss). Changes in the market valuation of investments, which are measured at fair value directly in equity (fair value through other comprehensive income, without recycling), resulted in total in gains (after tax) in the amount of € 2.8 million (previous year: € 1.7 million), which are recognised directly in equity under other comprehensive income (OCI).

The fair value of non-current other financial obligations as well as the fair value of financial liabilities of RHÖN-KLINIKUM AG are calculated on the basis of the discounted cash flow. A risk- and maturity-related rate appropriate for RHÖN-KLINIKUM AG has been used for discounting purposes. For trade payables and other financial liabilities with short remaining maturities, the carrying amounts correspond to their fair values on the reporting date. As a result of the change-of-control clauses in the loan agreements, financial liabilities will be stated as at the balance sheet date as current pursuant to the formal requirements of IAS 1. For the market value calculation, the future cash flows expected as at the balance sheet date are taken as a basis.

In the first six months of financial year 2020, adjustments of the impairments on financial assets and financial investments within the meaning of IFRS 9 resulted in a negative effect on earnings (after tax) in the total amount of - € 0.4 million (previous year: earnings improvement of € 0.0 million).

The fair values of financial assets and liabilities accounted for as defined in IFRS 9 are classified as follows to the three levels of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total 30 June 2020	Total 31 Dec. 2019
	€ m	€ m	€ m	€ m	€ m
Other non-current financial assets (investments)	-	12.9	-	12.9	9.5
Other non-current financial assets (remaining)	-	0.0	-	0.0	19.8
Trade receivables, other current financial assets	-	406.9	-	406.9	394.5
Non-current financial liabilities	-	-	-	0.0	172.6
Other non-current financial liabilities (excluding leasing)	-	11.2	-	11.2	15.1
Current trade liabilities	-	83.7	-	83.7	84.5
Current financial liabilities	-	178.1	-	178.1	0.9
Current other financial liabilities (excluding leasing)	-	37.2	-	37.2	31.9

The levels of the fair value hierarchy and their application to assets and liabilities are described below:

- Level 1: Listed market prices for identical assets or liabilities on active markets
- Level 2: Other information in the form of listed market prices which are directly (e.g. prices) or indirectly (e.g. derived from prices) observable
- Level 3: Information on assets and liabilities not based on observable market data.

OTHER DISCLOSURES

Interests held in the Company

During the period of 1 January 2020 up to and including 29 July 2020, we have received the following notifications from shareholders that their voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 33 et seq. of the WpHG and that they thus at least temporarily held a voting interest of over 3% in the Company either directly or by way of attribution of such voting interest to them.

Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Notification pursuant to section 33 et seq. WpHG Attribution pursuant to WpHG/additional information:
Landeskrankenhilfe V.V.a.G.	29 July 2020	0.00	0.00	0.00	13 July 2020	<5%; <3%	
Eugen Münch; AMR Holding GmbH	24 July 2020	0.00	92.27	92.27	22 July 2020	>75%	attributed (section 34 WpHG): AMR Holding GmbH
Dr. Bernard große Broermann; AMR Holding GmbH	23 July 2020	0.0005	93.37	93.38	22 July 2020	>75%	attributed (section 34 WpHG): AMR Holding GmbH
Ludwig Georg Braun; B. Braun Melsungen Aktiengesellschaft	16 July 2020	0.0000	0.0006	0.0006	14 July 2020	<3%	attributed (section 34 WpHG): B. Braun Melsungen Aktiengesellschaft
Ilona Braun; B. Braun Melsungen Aktiengesellschaft	16 July 2020	0.0000	0.0006	0.0006	14 July 2020	<3%	attributed (section 34 WpHG): B. Braun Melsungen Aktiengesellschaft
Martin Lüdicke; B. Braun Melsungen Aktiengesellschaft	16 July 2020	0.0000	0.0006	0.0006	14 July 2020	<3%	attributed (section 34 WpHG): B. Braun Melsungen Aktiengesellschaft
Dr. Bernard große Broermann; Asklepios Kliniken GmbH & Co. KGaA, AMR Holding GmbH	15 July 2020	0.0005	92.58	92.58	13 July 2020	>75%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA; AMR Holding GmbH
Dr. Bernard große Broermann; AMR Holding GmbH	29 May 2020	0.0005	50.07	50.07	28 May 2020	>50%	attributed (section 34 WpHG): AMR Holding GmbH
Eugen Münch; AMR Holding GmbH	29 May 2020	0.00	48.69	48.69	28 May 2020	>30%	attributed (section 34 WpHG): HCM SE
Ingeborg Münch	29 May 2020	0.00	0.00	0.00	28 May 2020	<3%	
Dr. Bernard große Broermann; AMR Holding GmbH	28 May 2020	0.0005	42.95	50.07	26 May 2020	>50%	attributed (section 34 WpHG): AMR Holding GmbH
Eugen Münch; AMR Holding GmbH	28 May 2020	3.69	42.11	45.80	26 May 2020	>30%	attributed (section 34 WpHG): Eugen Münch; HCM SE
Ingeborg Münch	28 May 2020	2.89	0.00	2.89	26 May 2020	<3%	
Dr. Bernard große Broermann; Asklepios Kliniken GmbH & Co. KGaA	5 March 2020	0.0005	28.99	50.07	1 March 2020	>50%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA; AMR Holding GmbH
Dr. Bernard große Broermann; Asklepios Kliniken GmbH & Co. KGaA	5 March 2020	0.0005	28.99	48.99	28 February 2020	>30%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA; AMR Holding GmbH

Based on the threshold events notified to us, the following picture pursuant to section 33 et seq. of the WpHG in terms of shareholder structure emerges as at the relevant key date of 29 July 2020:

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

The voting interests in the above tables may have changed since 29 July 2020. With regard to notifications on changes that took place as of 30 July 2020, and for additional information on the underlying financial instruments, on attribution and on the holding structures of the respective voting rights, we refer to the publications on our website in the Investor Relations/Publications/IR News section.

As at 30 June 2020, the Company holds 24,000 treasury shares. This corresponds to 0.04% of the voting rights.

Corporate bodies

Regarding the composition of the Board of Management and the Supervisory Board, the following changes took place compared with the consolidated financial statements of 31 December 2019.

Within the Board of Management, Stephan Holzinger resigned his Board mandate and all other offices with immediate effect on 22 June 2020. The Supervisory Board approved the termination by mutual consent of the Board of Management service contract of Mr. Stephan Holzinger with effect on 30 September 2020. As a result, the Board of Management of RHÖN-KLINIKUM AG as at 30 June 2020 consists of two members, Prof. Dr. Bernd Griewing and Dr. Gunther K. Weiß.

The Supervisory Board of RHÖN-KLINIKUM AG is made up of 16 members whose regular appointment was made at the Annual General Meeting held on 10 June 2015 for the term of office until the conclusion of the Annual General Meeting resolving on formal approval of actions for financial year 2019. Dr. Annette Beller and Dr. Katrin Vernau left the Supervisory Board following the Virtual General Meeting on 3 June 2020. Dr. Jan Liersch and Dr. Julia Dannath-Schuh were newly elected to the Supervisory Board. The term of office of the newly elected Supervisory Board members applies until the conclusion of the Annual General Meeting resolving on formal approval of actions for financial year 2019. The Annual General Meeting will be held as a Virtual Annual General Meeting on 19 August 2020.

The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the AktG and the Corporate Governance Report jointly issued by the Board of Management and the Supervisory Board were updated and published on our website.

Related parties

RHÖN-KLINIKUM Group companies, in given instances, enter into transactions with related parties, as further described in the Notes to the Consolidated Financial Statements as at 31 December 2019.

The companies belonging to the group of related parties and the business transacted with these companies have not changed significantly in terms of the nature of the performance relationship and the amount of the pro rata temporis business volume as well as financial receivables and liabilities compared with the Consolidated Financial Statements as at 31 December 2019. The business volume of the first six months of financial year 2020 with the group companies of B. Braun Melsungen Aktiengesellschaft increased by € 0.3 million to € 5.3 million (previous year: € 5.0 million). Revenues generated with the group subsidiaries of Asklepios Kliniken GmbH & Co. KGaA amounted to € 0.1 million (previous year: € 0.1 million).

No material transactions with related parties which are unusual in terms of their nature or amount have taken place.

The contractual remuneration for the members of the Supervisory Board and of the Board of Management as well as the related remuneration guidelines have remained unchanged compared with the reporting date of 31 December 2019. No loans were granted to members of the Supervisory Board and the Board of Management.

Former members of the Board of Management and one acting member of the Board of Management hold an interest in the company RHÖN-Innovations GmbH founded in March 2016. The payments made for the interests are reported under the other liabilities item as cash-settled share-based payment transactions as defined by IFRS 2. As part of the fair value measurement, expenses were incurred during the reporting period in the amount of € 0.1 million (previous year: € 0.1 million).

During the period of 1 January to 29 July 2020, RHÖN-KLINIKUM AG received the following notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014.

Date of transaction	First and last name	Position/status	Financial instrument and ISIN	Nature and place of transaction	Quantity	Price	Trading volume
28 May 2020	Eugen Münch	Chairman of the Supervisory Board of RHÖN-KLINIKUM AG	Sale of shares, DE0007042301	Sale of shares, outside a trading venue	2,469,971	18.00 €	44,459,478.00 €
28 May 2020	Ingeborg Münch	Person has a close relationship to Eugen Münch, chairman of the Supervisory Board of RHÖN-KLINIKUM AG	Sale of shares, DE0007042301	Sale of shares, outside a trading venue	1,935,546	18.00 €	34,839,828.00 €
26 May 2020	HCM SE	Person has a close relationship to Eugen Münch, chairman of the Supervisory Board of RHÖN-KLINIKUM AG	Contribution, DE0007042301	Contribution of 5,097,578 shares in RHÖN-KLINIKUM AG to AMR Holding GmbH under a joint venture agreement, between HCM SE and Asklepios Kliniken GmbH & Co. KGaA dated 28 February 2020, outside a trading venue	5,097,578	not quantifiable	not quantifiable
26 May 2020	Eugen Münch	Chairman of the Supervisory Board of RHÖN-KLINIKUM AG	Sale of shares, DE0007042301	Sale of shares, outside a trading venue	2,180,112	18.00 €	39,242,016.00 €
26 May 2020	Ingeborg Münch	Person has a close relationship to Eugen Münch, chairman of the Supervisory Board of RHÖN-KLINIKUM AG	Sale of shares, DE0007042301	Sale of shares, outside a trading venue	1,708,778	18.00 €	30,758,004.00 €

Additional information on the respective notifications is published on our website under the header “IR News” in the Investor Relations section.

Employees

At the reporting date of 30 June 2020 the Group employed a total of 18,131 persons (31 December 2019: 18,142 persons).

Other financial obligations

The agreement from 2018 with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group’s university hospitals provides for investment commitments in the amount of € 100.0 million until the end of 2021. This obligation was already completely fulfilled as at the balance sheet date of 30 June 2020. Moreover, the following investments are to be performed: at the Marburg site, the modernisation of its clinic for psychiatry, the overhaul of the centralised operating theatre and IC units, as well as the new build of the clinic for paediatric and juvenile psychiatry are planned. At the Giessen site, the Paediatric Heart Centre will be expanded and an extension added on to the University Hospital. For these measures, € 14.1 million (31 December 2019: € 10.7 million) has already been invested. Our hospitals at the Giessen and Marburg sites continue to be committed to foregoing redundancies until the end of financial year 2021 and to take over trainees into permanent employment if they possess the right qualifications for the respective positions.

The additional other financial obligations have not changed significantly since the last reporting date.

Contingent liabilities

The aggregate volume of contingent liabilities has not changed significantly since the last reporting date.

Earnings per share

Earnings per share in accordance with IAS 33 is calculated using the share of consolidated result attributable to the shareholders of RHÖN-KLINIKUM AG and the weighted average number of shares in issue during the year. Diluted earnings per share correspond to basic earnings per share, as there were no stock options or convertible debentures outstanding on the reporting date.

The following table sets out the development in the shares in issue:

	No. of shares on 30 June 2020	No. of shares on 30 June 2019
Non-par shares	66,962,470	66,962,470
Treasury non-par shares	-24,000	-24,000
Shares in issue	66,938,470	66,938,470

Earnings per share are calculated as follows:

Non-par shares	30 June 2020	30 June 2019
Share in consolidated result (€ '000)	-4,229	19,839
Weighted average number of shares outstanding, in thousands	66,938	66,938
Earnings per share in €	-0.06	0.30

Statement of Cash Flows

The liquidity shown in the statement of changes in financial position continues to include cash on hand, cheques as well as cash with banks. For the purposes of the statement of cash flows, bank overdrafts are deducted from cash and cash equivalents. As at 30 June 2020 there were no bank overdrafts.

The change in cash generated from operating activities is attributable on the one hand to the decline in the consolidated result and on the other to the contrary trend in trade receivables. The decline in trade receivables in the first half of 2020 as a result of faster payments by the health insurance funds in connection with the pandemic legislation, and the short-term relief payments of the legislature, compare with high revenue deferrals during the same period last year resulting from the negotiation outcome for university outpatient units as well as from current business operations.

The changes in the area of investing activities stem from the changes in fixed deposits as well as from lower investments in the current financial year. The high cash inflow in 2020 as a result of the COVID-19 pandemic made it possible for further funds, in addition to investments, to be invested in fixed deposits.

Cash used in financing activity results from lease payments. During the previous year the dividend payment was made to the shareholders of RHÖN-KLINIKUM AG in the first half of the year. Due to the COVID-19 pandemic the Annual General Meeting will be held on 19 August 2020, with the proposal of the Board of Management and the Supervisory Board not providing for any pay-outs to the shareholders.

Events after the balance-sheet date

The announcement of a takeover offer by Asklepios Kliniken GmbH & Co. KGaA reached us at the end of February 2020. After the final offer document was made available in April 2020, the Board of

Management and the Supervisory Board of RHÖN-KLINIKUM AG reviewed the offer document. Based on its own independent review, the Board of Management considers the overall amount of consideration, based on the offer price per RHÖN-KLINIKUM share, to be reasonable. The Supervisory Board regards the offer price to be reasonable from a financial viewpoint. For the further statements, we refer to the publication on the Internet at en.rhoen-klinikum-ag.com/investor-relations/takeover-offer.

The additional acceptance period for the voluntary public takeover offer by Asklepios to the shareholders of RHÖN-KLINIKUM AG ended on 6 July 2020. The takeover offer was accepted for a total of 28,464,866 shares at the offer price of € 18.00. After conclusion of the takeover offer and contribution of 92.27% of the voting interests in RHÖN-KLINIKUM AG to AMR Holding GmbH, Asklepios and Dr. Bernard große Broermann together with Mr. Eugen Münch hold 93.38% of voting interests in total (as at 29 July 2020) in RHÖN-KLINIKUM AG. Of that, Mr. Eugen Münch accounts for 7.6% of the voting interests which he contributed to AMR Holding GmbH through the company HCM SE controlled by him.

Based on discussions so far with our financing partners, we assume that based on the change-of-control clause of the promissory note an early repayment as a low two-digit million euro figure will be made to the credit institutions.

Bad Neustadt a. d. Saale, 6 August 2020

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Dr. Gunther K. Weiß

RESPONSIBILITY STATEMENT

We assure to the best of our knowledge that based on the accounting principles to be applied to interim financial reporting the present Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG a true and fair view of the net assets, financial position and results of operations of the Group is given therein and that the Interim Consolidated Report of the Management presents the business performance including the business results and the situation of the Group in such a way as to give a true and fair view of the same as well as a description of the material risks and opportunities involved in the probable development of the Group of RHÖN-KLINIKUM AG in the remaining financial year.

Bad Neustadt a. d. Saale, 6 August 2020

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Dr. Gunther K. Weiß

KEY FIGURES

KEY RATIOS JANUARY TO JUNE 2020/JANUARY TO JUNE 2019

Data in € m	Jan. - June 2020	Jan. - June 2019	Change in %
Revenues	670.5	644.2	4.1
EBITDA	35.5	60.9	-41.7
EBITDA-ratio (%)	5.3	9.5	-44.2
EBIT	1.4	26.6	-94.7
EBIT-ratio (%)	0.2	4.1	-95.1
EBT	-2.0	25.9	-107.7
Consolidated result according to IFRS	-3.7	20.5	-118.0
Equity according to IFRS	1,185.1	1,162.0	2.0
Equity-ratio in %	72.5	73.6	-1.5
Earnings per ordinary share (in €) (undiluted/diluted)	-0.06	0.30	-120.0
Number of employees (headcount)	18,131	17,533	3.4
Number of cases (patients treated)	394,558	432,560	-8.8
Beds and places	5,304	5,312	-0.2

KEY RATIOS APRIL TO JUNE 2020 / APRIL TO JUNE 2019

Data in € m	April - June 2020	April - June 2019	Change in %
Revenues	337.9	320.0	5.6
EBITDA	21.7	32.2	-32.6
EBITDA-ratio (%)	6.4	10.1	-36.6
EBIT	4.4	15.5	-71.6
EBIT-ratio (%)	1.3	4.8	-72.9
EBT	2.0	15.2	-86.8
Consolidated result according to IFRS	0.7	11.6	-94.0
Equity according to IFRS	1,185.1	1,162.0	2.0
Equity-ratio in %	72.5	73.6	-1.5
Earnings per ordinary share (in €) (undiluted/diluted)	0.00	0.18	-100.0
Number of employees (headcount)	18,131	17,533	3.4
Number of cases (patients treated)	182,770	213,636	-14.4
Beds and places	5,304	5,312	-0.2

<http://www.rhoen-klinikum-ag.com/interimreports>



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This Interim Report is also available in
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