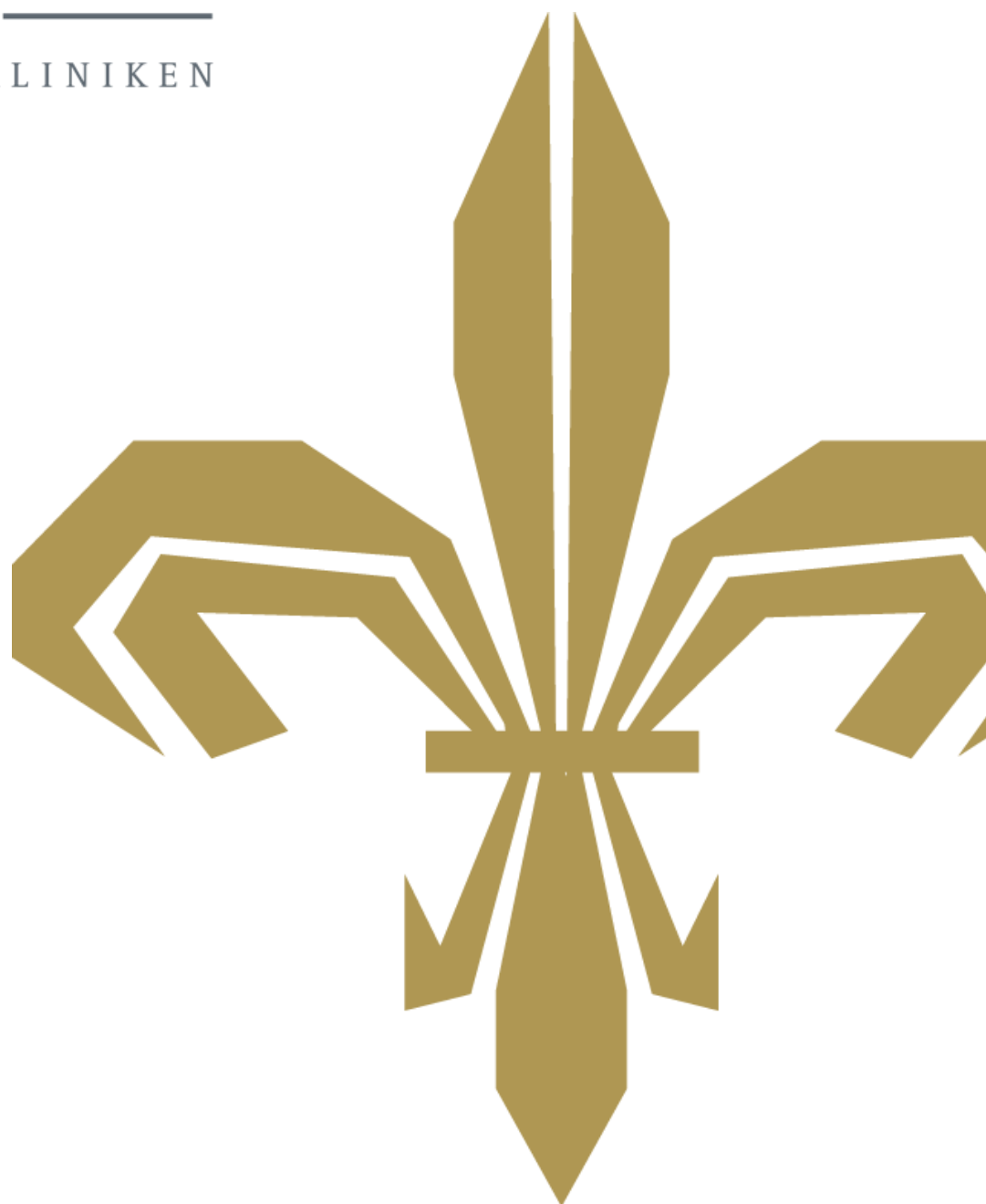


L I M E S

SCHLOSSKLINIKEN



Annual Report **2021**

LIMES Schlosskliniken

AT A GLANCE

Group performance indicators	January - December 2021	January - December 2020	Change
Total revenues	25,234 kEUR	11,182 kEUR	125.7%
Patient days	32,352	22,318	45.0%
Gross earnings (EBITDA)	6,015 kEUR	838 kEUR	> 100.0%
EBITDA margin	23.8%	7.5%	> 100.0%
Amortisation	1,485 kEUR	1,265 kEUR	17.4%
Operating result (EBIT)	4,530 kEUR	-427 kEUR	> 100.0%
EBIT margin	18.0%	-3.8%	> 100.0%
Financial result	-224 kEUR	-264 kEUR	- 15.2%
Pre-tax profit	4,305 kEUR	-693 kEUR	> 100.0%
Result for shareholders of the parent company during the period	3,944 kEUR	-694 kEUR	> 100.0%
Long-term assets	12,413 kEUR	7,474 kEUR	66.1%
Short-term assets	6,028 kEUR	4,314 kEUR	39.7%
Balance sheet total	18,441 kEUR	11,788 kEUR	56.4%
Equity	6,309 kEUR	2,679 kEUR	135.5%
Equity ratio	34.2%	22.7%	50.5%
Equity-like instruments / shareholder loans	5,841 kEUR	4,226 kEUR	38.2%
Expanded equity ratio	65.9%	58.6%	12.5%
Liquid assets	2,484 kEUR	2,684 kEUR	-7.5%
Result per share as per DVFA* (German Association for Financial Analysis and Asset Management)	13.45 EUR	-2.37 EUR	> 100.0%
Employees at end of period	156	126	23.8%
No-par value shares	293,192	293,192	0.0%
* based on number of no-par value shares in circulation	293,192	293,192	0.0%

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Report of the Supervisory Board

Dear Shareholders,

We have a highly successful 2021 financial year behind us. A year in which nearly all hospital operators suffered under the effects of the covid pandemic. Against this background it is remarkable that LIMES Schlosskliniken has nonetheless succeeded in increasing turnover and profit in a difficult market environment. The Board of Directors and medical management recognised the challenge to the company at an early stage, addressing and resolving it in a professional manner.

In the 2021 financial year, the Supervisory Board of LIMES Schlosskliniken AG duly performed the tasks incumbent upon it pursuant to the law and the company's statutes. The Board of Directors was monitored and advised by the Supervisory Board in its activities. The Supervisory Board was involved in all decision-making processes of major significance to the company. It kept itself well-informed about all important procedures of relevance to the company on a regular basis and in a timely manner.

Key indicators specific to the company were made available to the Supervisory Board at regular intervals. The Supervisory Board met a total of four times during the reporting period. It also exchanged information with the Board of Directors on a regular basis outside the meetings. Its relationship with the Board of Directors was constructive and based on trust at all times.

The Board of Directors complied fully with its information and reporting obligations. The members of the Supervisory Board were regularly updated on the business position, asset situation, financial status and risk exposure of the company. Other key areas where advice was offered included, in particular, the strategic development of the company and the presentation of new hospital sites and potential new acquisitions.

The Board of Directors informed the Supervisory Board of the risk-reward profile of Paracelsus Recovery Clinic, Zurich, a majority shareholding in which was acquired in November 2021. The acquisition was supported by the Supervisory Board.

The Supervisory Board shares the view of the Board of Directors that the investment in the majority shareholding in Paracelsus Recovery was correct for the shareholders of the company. It is also convinced that the ongoing investment of the management of Paracelsus Recovery will be meaningful and key to its business success. We are delighted that LIMES Schlosskliniken AG has been able to further strengthen its position with regard to high-quality hospitals and therapists in the field of mental health with this investment.

The members of the Board of Directors and Supervisory Board had no conflicts of interest which would have required immediate disclosure to the Supervisory Board.

The session of the Supervisory Board which was held on 29 April 2022 focused on the presentation of the Group and company business figures for the 2021 financial year and on the advice we were able to furnish in this regard. The consolidated financial statement for

2021 was prepared in accordance with the commercial regulations set out in the German Commercial Code (HGB) and audited by our chosen firm of auditors, namely B-S-H Collegen GmbH Wirtschaftsprüfungsgesellschaft, Cologne, with the assistance of the accounting department, whereupon an unqualified audit certificate was issued.

The auditor took part in the advising of the Supervisory Board regarding the 2021 annual and consolidated financial statement in virtual form, reporting on the key findings of the audit

Upon presentation of the final reports, the Supervisory Board reviewed the annual financial statements and consolidated financial statements as well as the management report and raised no objections to them following issuance of the final audit report. We approved the annual financial statements and consolidated financial statements prepared by the Board of Directors for the year ending 31 December 2021. The annual financial statement is thereby adopted.

During the period from 1 January 2021 to 31 December 2021, the Supervisory Board comprised the members Mr. Rudolf Bröcker (Chair until 11 June 2021), Mr. Halim Boustani (from 11 June 2021), Mr. Bruno Schoch (Deputy Chair) and Mr. Dirk Isenberg (new Chair from 11 June 2021).

With the conclusion of the Annual General Meeting of 11/06/2021, Mr. Rudolf Bröcker resigned from his position as Supervisory Board member, which he had held from the beginning onwards and influenced in his capacity of Chair. Mr. Bröcker made a decisive contribution to the impressive development of LIMES Schlosskliniken AG and exercised his office in the manner required by the legislator at all times, as a loyal, critical and at the same time constructive link between the shareholders and the Board of Directors. Our long-serving Supervisory Board Chair has our respect and positive recognition for his contribution to the positive development of the company.

The Supervisory Board would like to thank the Board of Directors as well as the employees of LIMES Schlosskliniken for the commitment and high level of service in the 2021 financial year.

Cologne, 29 April 2022

A handwritten signature in blue ink, appearing to read 'D. Isenberg', with a large, stylized loop at the end.

Dirk Isenberg
Chair of the Supervisory Board

Report of the Board of Directors

Dear Shareholders and others with an interest in LIMES Schlosskliniken,

The 2021 financial year was characterised by a high level of dynamism. Our company experienced an extraordinary growth spurt. This refers not only to the doubling of turnover, but also to the significantly higher income reported.

With an increase in turnover of 112.7 % to EUR 23.4 million, we reached our ambitious corporate goal and succeeded in the further realisation of our premium mental health strategy through the acquisition of a new hospital in Zurich.

The positive results achieved were only possible thanks to patients declaring their trust in us and accepting the range of psychiatric care offered by LIMES.

The underlying conditions for hospital operations were not easy, due to the covid pandemic in particular. Nevertheless, with good medical management and highly motivated employees we overcame the challenges, without any financial assistance. Everybody helped to make up the shortfalls in staff, enabling us to keep the hospital running at all times.

The quality of the therapeutic treatment is the focal point of our daily work. To ensure this, we invest very heavily in IT processes to ensure the efficiency of administration and treatment processes. The digitalisation of hospital procedures also includes a patient app and the establishment of telepsychiatry services.

With our project team in Cologne, we are currently preparing the fourth LIMES site at Lindlar, near Cologne, which we plan to open on 01 September 2022. We look forward to realising this challenging project with 128 treatment places.

The 2022 financial year is developing as planned, with the result that we can expect to see further good growth in turnover and income.

My thanks go out to all employees of the LIMES Group for their superb commitment to achieving our corporate goals. The satisfaction of our patients spurs us on to continue following our present course.

Yours faithfully
Dr. Gert-M. Frank



Board of Directors

Shares in LIMES

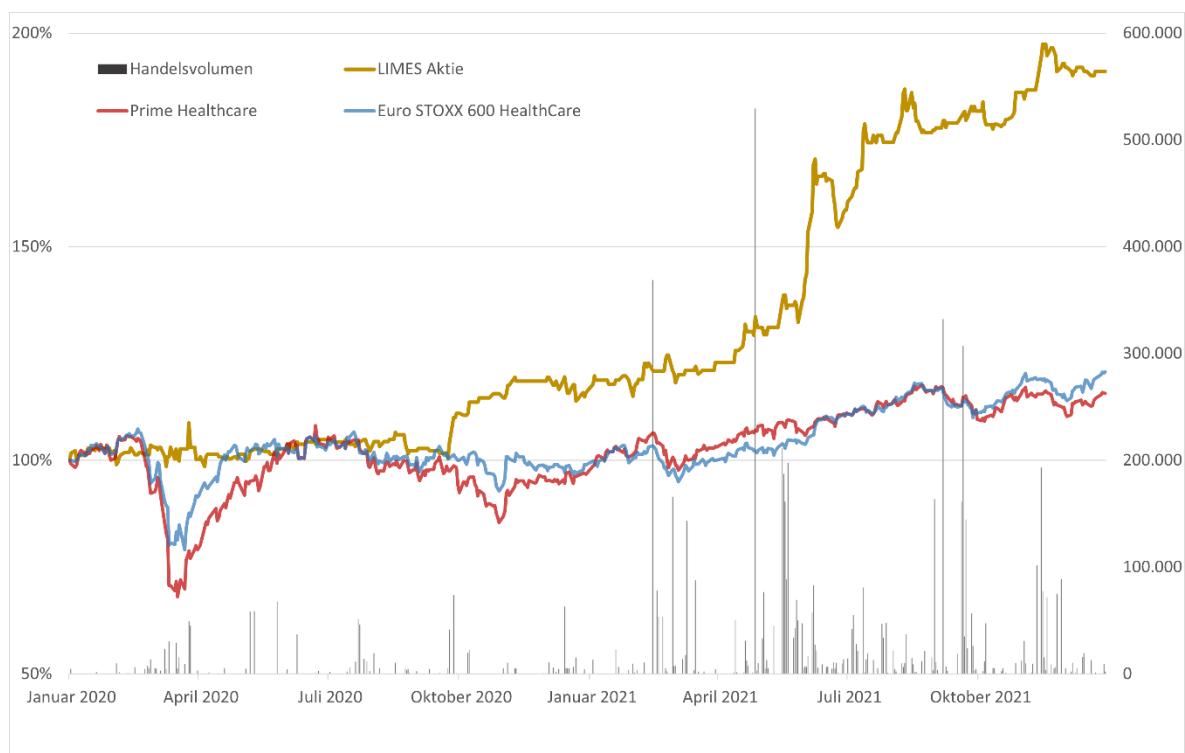
The capital markets performed well in 2021. In the face of great fluctuation, most indexes closed with gains, in spite of the emergence of new covid variants. Over the year, the DAX achieved a plus of 16 %, ending the year as the ninth out of the last ten to close with a gain. Historically low interest rates and high liquidity support this development.

The Euro Stoxx 50, the European blue-chip index, rose by + 21 %. The MSCI World Index developed in a similar way, with growth of + 20.5 %.

Share prices in the health sector reacted differently in Europe and the USA. Investor demand for healthcare shares was positive in Europe. The Euro Stoxx Healthcare recorded an increase of + 16.5 % in 2021. The performance of the Nasdaq Biotech Index was weaker, with a minus of 0.4 %. The German pharmaceutical and healthcare shares grouped in the Prime Standard Pharma & Healthcare Index fell by -7.4 %.

LIMES shares are traded on the primary market of the open market segment of the Düsseldorf Stock Exchange and are bought and sold on the XETRA electronic platform. Trading volumes on XETRA stood at 42,610 LIMES shares in 2021 (compared to 15,872 in the previous year). The highest number traded on the busiest day was 4,458 shares (compared to 1,038 in the previous year). The daily average was 273 shares (compared to 141 in the previous year). LIMES shares ended the year on EUR 206 (+102 %).

A total of 293,192 LIMES shares were issued under WKNA0JDBC. The free float at the end of the year stood at 23.1 %.



Group status report

A. Basic structures of the Group

1. Business model of the Group

LIMES Schlosskliniken operates in the market for high-quality private hospitals specialising in psychiatry, psychotherapy and psychosomatics in Germany and Switzerland. LIMES Schlosskliniken, which is currently enjoying a period of expansion, focuses on the treatment of stress-related illnesses as well as mental and emotional disorders, such as depression, acute burnout, affective disorders and trauma.

LIMES Schlosskliniken is a provider of exclusive private hospitals which promises its patients access to high-quality medical care. Another element of its business model is its choice of specially chosen locations, which offer a 'healing environment'.

The range of services available is aimed primarily at patients with private insurance, direct payers, those eligible for funding, and an international clientele, as well as state-insured patients in the form of cost reimbursement.

2. Company and organisation

The first hospital in Mecklenburg Switzerland opened in April 2016 and has a capacity of ninety patient rooms and a spacious infrastructure. The second site in Bad Brückenau, the LIMES Schlossklinik Fürstenhof, welcomed its first patients on 1 June 2020. In November 2021, a majority stake in the Swiss hospital Paracelsus Recovery Group, Zurich, was acquired. Paracelsus Recovery Group primarily serves an international clientele with high security requirements, therapy intensity and exclusivity.

The fourth hospital site in Lindlar, near Cologne, is currently in the advance stages of commencing operations. The new hospital site will provisionally be opened on 01 September 2022, under the LIMES Schlossklinik Bergisches Land name. The site is under a long-term lease. The same applies for the other locations. The LIMES Group currently has approximately 300 premium treatment places available. The hospitals' day-to-day operations are managed from the company's head office in Cologne.

LIMES Schlosskliniken AG is the central parent company which manages the strategy, finances and operations of the individual hospitals. It is also responsible for providing all services relating to central brand development, marketing and acquisitions, and for the construction of new hospital sites.

LIMES Schlosskliniken AG is the parent company of the four subsidiaries. Its shares have been listed on Düsseldorf Stock Exchange since 12 October 2018. They have been traded on the Xetra platform in Frankfurt and the primary market of Düsseldorf Stock Exchange since 18 March 2019.

B. Economic report

1. General economic conditions

General economic conditions

In 2021, the global economy recovered significantly compared to the preceding year. Global gross domestic product (GDP) increased by +5.9 % (2020: - 3.1 %). The eurozone recorded slightly weaker GDP growth of + 5.2 % in 2021 (2020: - 6.4 %). The new omicron variant resulted in further restrictions on mobility. The significantly higher infection rates impacted supply chains and the availability of employees. Inflation increased to a surprisingly high level in the second half of 2021. For the year as a whole, the inflation rate in Germany stood at 3.1 %. Relaxed fiscal policy should see inflation continue to rise in the coming months.

Outlook

The Annual Economic Report of the Federal Government expects economic growth of + 3.6 % in Germany for the year 2022. Many variables, such as the unstable supply chains with Asia, which is now facing the problem of omicron, as well as high inflation and energy prices are currently leading to uncertainty in possible forecasts.

Sector-specific conditions

Compared with other sectors, the healthcare market is largely independent of short-term fluctuations in economic conditions and has grown at an above average pace in recent years.

LIMES Schlosskliniken operates within the mental health sub-segment of the healthcare sector. This area can anticipate positive growth rates in the medium term. Mental disorders currently account for approximately 16 % of all types of illness, and the trend is upwards. This makes psychological disorders the second most frequent type of illness encountered in the population.

Most of the individuals treated at LIMES Schlosskliniken are admitted as private patients. The majority pay for their treatment directly, then tend to recoup the costs from their private health insurer or from state funding. As a result, LIMES Schlosskliniken does not in principle operate in the same segment of the market as service providers for patients with statutory health insurance, and does not compete with them.

The sector-specific conditions for hospitals are currently influenced above all by the availability of staff. Already tense before the emergence of covid, the high infection rates and associated absence of employees has seen the market situation deteriorate further. LIMES Schlosskliniken is also affected by these sector-specific conditions. We are implementing various measures to address the complex challenges, ensuring that operational business and the care of our patients are guaranteed.

2. Financial and non-financial performance indicators

LIMES Schlosskliniken uses a variety of performance indicators to manage its attainment of corporate targets. In finance-related matters, these indicators are those by which the hospital(s) operate(s). The central goals of growth and profitability are linked in this respect to the indicators 'turnover' and 'earnings before interest, taxes, depreciation and amortisation' (EBITDA). In matters not directly related to finance, the indicators 'occupancy' and 'length of stay' are used. Furthermore, the indicators 'equity ratio' and 'liquidity' are also useful for capital management at the hospital(s).

3. Business performance

General overview

LIMES Schlosskliniken also performed well in 2021. The burden imposed by the covid pandemic could be kept in check through joint efforts. With regard to turnover and earnings, the LIMES Group made a major leap forward. This was aided by the high level of occupancy at LIMES Schlossklinik Mecklenburgische Schweiz, the first full financial year of the new LIMES Schlossklinik Fürstenhof and the acquisition of the Swiss Paracelsus Recovery Group. The Paracelsus Recovery Clinic is a key component of our premium mental health strategy. LIMES Schlosskliniken AG was able to further strengthen its position with regard to high-quality hospitals and therapists in the field of mental health in 2021. All three hospitals contributed to the positive business development.

At group level, the Paracelsus Recovery Clinic was consolidated for the first time. As we did not incur any start-up losses for new hospitals, the gross earnings (EBITDA) increased significantly to 6,015 kEUR (2020: +838 kEUR). The year-end result including interest and amortisation, which also covered the amortisation costs associated with getting the hospital operation up and running as well as amortisation of the newly-acquired corporate shareholding, saw us able to record a profit after tax and minorities to the amount of 3,944 kEUR (2020: -694 kEUR) for the first time.

In 2022, the three operational hospitals will once again see positive growth in turnover and earnings. The start-up of the fourth hospital, LIMES Schlossklinik Bergisches Land, near Cologne, is planned from September 2022. As a result of project delays, we will receive compensation payments that will balance out the planned start-up losses in 2022.

The positive feedback we have received from our patients has given us an incentive to expand the LIMES concept even further.

4. Financial position

Earnings performance

The total revenues of the Group increased by +125.7% to 25,234 kEUR in the 2021 financial year (2020: 11,182 kEUR). The total revenues include 1,501 kEUR funding and insurance claims from the Swiss PRC Group. The extraordinary revenues are contrasted with one-off expenses of a similar magnitude. Turnover increased to 23,435 kEUR (2020: 11,016 kEUR). The high increase in turnover was achieved thanks to a good rate of growth at the hospital in Mecklenburg Switzerland and LIMES Schlossklinik Fürstenhof, as well as the inclusion of Paracelsus Recovery Group Zurich. Other operating income amounted to 1,799 kEUR (2020: 167 kEUR). We were able to considerably improve our quality of earnings by virtue of higher turnover and hospital occupancy rates as well as by optimising our cost base.

Our expenditure on materials, including expenditure on purchased services, increased to 4,155 kEUR (2020: 1,236 kEUR).

Staff costs, which represent a substantial cost factor to be set against earnings, increased at a disproportionately lower rate to 9,421 kEUR (2020: 5,712 kEUR) and amount to 37 % (2020: 51 %) of the level of hospital turnover achieved.

Other operating expenses, including leasing charges, increased to 5,643 kEUR (2020: 3,397 kEUR).

The amortisation of intangible fixed assets in terms of property, plant and equipment amounted to 1,485 kEUR (2020: 1,265 kEUR). This was overwhelmingly accounted for by capitalised expenses associated with starting up business operations to the amount of 641 kEUR (2020: 641 kEUR) and other amortisation to the amount of 844 kEUR (2020: 624 kEUR).

Gross earnings before depreciation and amortisation (EBITDA) increased considerably to 6,015 kEUR (2020: 838 kEUR).

Including the Swiss Paracelsus Clinic, the operating result (EBIT) could be significantly improved, with 4,530 kEUR (2020: -427 kEUR).

Interest and similar expenditure were reduced through the repayment of loans to 224 kEUR (2020: 264 kEUR).

Because of the losses carried forward, there was no appreciable tax burden in terms of income and earnings.

The consolidated earnings for the period amounted to 3,944 kEUR (2020: -694 kEUR). This corresponds to earnings per share of EUR 13.45 (2020: EUR -2.37).

Financial status, investments, liquidity

LIMES Schlosskliniken enjoyed a stable financial position at all times throughout the 2021 financial year. On 31 December of that year, the cash reserve amounted to 2,484 kEUR (2020: 2,684 kEUR). The LIMES Group currently finds itself in a growth phase. So far, the necessary investments have been funded from equity capital and shareholder loans. In 2020, we took out a debt tranche for the first time, to the amount of EUR 3.9 million, on attractive terms. The first debt repayment will fall due in 2023. A shareholder loan of EUR 3.0 million was made available for the partial financing of the purchase price for the acquired Paracelsus Recovery Clinic.

In the financial year, cash flow from day-to-day operational activities amounted to 4,774 kEUR (2020: 759 kEUR).

Cash flow from investment activities was -6,376 kEUR (2020: -1,826 kEUR), largely influenced by the acquisition of the new Paracelsus Recovery Clinic, Zurich.

Cash flow from financing activities amounted to 1,396 kEUR (2020: 2,529 kEUR).

Asset and capital structure

LIMES Schlosskliniken had a solid asset base at the end of the 2021 financial year. The company's balance sheet total at the end of this period was EUR 18.4 million (2020: EUR 11.8 million). Its reported equity capital was EUR 6.3 million (2020: EUR 2.7 million) or 34.2 % of the balance sheet total. After taking into account equity-like instruments, such as subordinated shareholder loans, the expanded equity ratio of the LIMES Group was 65.9 %.

Intangible fixed assets increased largely due to the acquisition of the Paracelsus Recovery Group, to 9,717 kEUR (2020: 4,344 kEUR). Assets in the form of property, plant and equipment decreased largely due to planned amortisation of operating and business equipment to 2,695 kEUR (2020: 3,060 kEUR).

Trade accounts payable increased to 760 kEUR (2020: 592 kEUR) as per the balance sheet date.

Despite the high level of investment made in 2021 in connection with the launch of the third hospital site, the company continues to exhibit a healthy asset structure. The new liabilities vis-à-vis financial institutions are medium to long term in nature, with annual interest rates of 1 % and 1.95 %.

Consequently, the Group is in a sound financial position, including against the background of further growth.

C. Forecast, opportunity and risk report

1. Forecast report

LIMES Schlosskliniken operates in a market with good medium to long-term prospects. The medical services we provide are oriented to patient demand, and are subject to change. We respond to these changes by adopting a flexible approach to therapy and treatment based on the needs of the individual.

The basic strategy of LIMES Schlosskliniken is to treat patients holistically: not only to offer them first-class medical care, but also to give them the mental and physical space which is conducive to improvements in their mental health.

LIMES Schlosskliniken is pursuing long-term objectives, and aims to gain a foothold in the top tier of private hospitals in Europe specialising in psychiatry, psychotherapy and psychosomatics.

The second LIMES Schlossklinik Fürstenhof in Bad Brückenau had its first full financial year in 2021. The acquisition of the Paracelsus Recovery Clinic in Zurich marks the first steps towards a European presence. All three hospitals are set to record further clear growth in 2022, with an above average quality of earnings. Following a strong growth spurt in 2021 with 112.7 %, we are planning for high single-digit growth in turnover for the year 2022.

We expect to be able to further increase occupancy levels at the existing sites. The opening of the new LIMES Schlossklinik Bergisches Land in Lindlar will take place on 01 September 2022. Compensation payments arising from project delays mean that the planned start-up losses should not occur to the extent planned for, with the consequence that we anticipate a positive financial year for 2022 with regard to turnover and earnings growth. Our turnover forecast for 2022 stands at around EUR 27 million with an EBITDA of approximately EUR 8 million.

This forecast is based on an occupancy rate of 62 %. The first three months of 2022 have developed as planned.

2. Opportunity report

LIMES Schlosskliniken occupies a niche within the market for the treatment of psychiatric disorders. Focusing on a particular target group provides us with an opportunity to secure a very strong market position in this segment in the medium term. The foundations for this have already been laid. This concerns both the specialist commercial property required and the expertise we need for the successful operation of clinical services at the highest level. All of the key indicators concerning the operation of the hospital(s) are gathered and processed in a management information system and reviewed monthly by means of a target/performance comparison. Similarly, automated analysis of sales and occupancy figures proceeds every month. Medium-term cost and revenue planning and the cash flow planning derived from this are complementary aspects of the management information system. The construction and opening of a hospital necessitate considerable investment and

start-up costs. To ensure that working capital needs are met in the medium and long term, the Group has opened up to the capital market. This gives it an opportunity to fund its operations independently of bank loans and shareholder structures. It also creates interesting opportunities in terms of employee retention and participation.

3. Risk report

Despite careful planning, there remains a risk that the actual results we achieve might deviate from our expectations of future growth. As a hospital business, we rely on our licences being renewed and on continuing to be listed with private health insurers. We must also preserve the status we have been awarded of an acute care hospital by maintaining the standard of treatment expected of us on a daily basis. The acquisition of patients is based on the referral system and internet-based, direct contacting of potential patients. For the latter in particular, we are dependent upon the availability of major service providers, such as Google.

As a service provider in the healthcare sector, we depend on our highly trained employees having the necessary qualifications. Although we are relatively recent entrants to the market, we try to ensure that our staff regard us as an attractive and dependable employer. There are also risks for the company if we lose employees with many years of expertise at senior consultant or Board level.

Despite taking every reasonable care, errors can potentially occur when treating patients. To cover this, we are insured for claims of up to EUR 5 million for personal injury and damage to property. However, there may also be risks of which we are currently unaware but may yet arise in the future.

The circumstances described above may give rise to risks or opportunities of consequence to the asset, financial or profit situation of the company.

Risks are minimised by diversifying both geographically and by treatment specialisation.

According to the European Directive on the VAT System, private hospitals providing similar services to hospitals under public law are exempt from paying VAT. This provision was transposed into national law at the end of 2019. The manner in which the tax authorities interpret the details of this law might, however, give rise to inherent risks, due to lack of experience. LIMES Schlosskliniken has opted for exemption from VAT under European law.

We have established a suitable early-warning system to alert us to any risks which may arise. The risk management and control mechanisms of LIMES Schlosskliniken monitor for operational and strategic risks. Our monthly reporting systems describe the activities of the hospitals. These provide information about turnover, patient occupancy, medical costs, accommodation costs, catering and other expenses. Management is confident that the internal controls and risk management system established at LIMES Schlosskliniken satisfy the existing requirements in an appropriate manner.

Another area of potential risk is that the authorities may pass legislation which could affect the operation of our hospitals, such as the current restrictions being imposed to combat COVID-19. To date, we have not suffered any major negative repercussions as a result of the pandemic. We have implemented a rigorous hygiene protocol at all of our sites.

4. Additional information

Reporting in accordance with Section 315 Para. 4 HGB (German Commercial Code)

The subscribed capital of LIMES Schlosskliniken AG as per 31 December 2021 was EUR 293,192, divided into 293,192 individual no-par value bearer shares. Ownership of shares is associated with voting rights at the Annual General Meeting and profit-sharing rights in the event of agreed dividend pay-outs.

Amendments to the statutes may be adopted pursuant to the provisions of Section 133 AktG (German Stock Corporation Act).

The Board of Directors is empowered, with the approval of the Supervisory Board, to increase the share capital of LIMES Schlosskliniken AG within the period ending on 23 June 2026 by issuing up to 146,596 no-par value bearer shares against contributions in cash or in kind (authorised capital).

This authorisation may be exercised partially.

In the event of an increase in capital against contributions in kind, the subscription rights of the shareholders may be excluded.

In the event of an increase in capital against contributions in cash, the shareholders should in principle be granted subscription rights, possibly in the form of indirect subscription rights through the medium of one or more financial institutions specified by the Board of Directors; however, the latter is also entitled in this case to exclude the subscription rights of the shareholders with the approval of the Supervisory Board:

- a. if this is necessary in order to exclude potential fractional amounts occurring as a result of the subscription ratio;
- b. for up to 14,659 new no-par value shares (corresponding to 5 % of the share capital prior to the capital increase), provided the new shares are issued to employees of the company, the Board of Directors or an associated company;
- c. to the extent that the new shares are issued in return for contributions in kind as consideration for the acquisition of companies, parts of companies or shareholdings in companies;
- d. for increases in share capital against contributions in cash pursuant to the terms of Section 186 Para. 3 Sent. 4 AktG of up to 10 % of the share capital existing at the time of the resolution regarding the exercising of this authorisation. In this case, the par value of

new common shares may not be lower by more than 5 % than the stock market price of the shares at the time of specification of the par value by the Board of Directors;

- e. to the extent that a third party who is not a bank as defined by Section 186 Para. 5 AktG is approved to subscribe, with the obligation to offer the shares that he has undertaken to all shareholders in accordance with their share in the share capital.

Number of subscription rights according to Section 192 Para. 2 No. 3 AktG.

As of 31 December 2021, the following subscription rights exist, which have been issued in the scope of authorisations according to Section 192 Para. 2 No. 3 AktG, but not yet exercised:

In the scope of a 2020 share option plan, 3,600 subscription rights were awarded to employees of the company at an exercise price of EUR 90.50, with exercising as of 30 June 2024. In the scope of the 2021 share option plan, 360 subscription rights were awarded to employees of the company at an exercise price of EUR 120.33 together with 1,200 subscription rights at EUR 180.00. The subscription rights from the 2021 share option plan may be exercised for the first time as of 31 December 2024. A total of 5,160 subscription rights for employees are therefore outstanding.

Functioning of the Board of Directors and the Supervisory Board

Because of its small size (three members), the Supervisory Board has chosen not to form committees. The activities of the Supervisory Board are determined by the statutory requirements of the Stock Corporation Act and the company's statutes.

The Supervisory Board meets at regular intervals. These sessions are normally convened with at least 14 days' written notice. In urgent cases, this period may be curtailed, or the members summoned telegraphically, by telex, fax or telephone. The Chair of the Board and, in individual cases, the entire Board of Directors attend the sessions.

To the extent necessary for compliance with legal requirements and the provisions of the statutes, resolutions are adopted during the session after carefully scrutinising all reports, draft resolutions and guidance. The Chair of the Supervisory Board may also order resolutions to be adopted in writing, telegraphically or by telephone, provided no member raises an immediate objection to this modus operandi. Resolutions are adopted by a simple majority of the votes cast, unless otherwise required by law. In the event of a drawn vote, the Chair of the Supervisory Board has the casting vote. A transcript is prepared of sessions of the Supervisory Board.

In addition, the Board of Directors provides the Chair of the Supervisory Board with information at regular intervals (at least once a month) about the status of their individual group company. This relates to the business operations of LIMES Schlosskliniken AG (Head Office) and to those of the subsidiaries.

LIMES Schlosskliniken AG has no fixed quotas, targets or deadlines based on gender or ethnicity in terms of filling managerial positions below Board level, on the Board of Directors itself, or on the Supervisory Board. Managerial positions and the membership of bodies of LIMES Schlosskliniken AG are occupied purely on the basis of experience and aptitude. That is why we do not strive to fulfil a specific quota independently of the above criteria.

Basic principles of the remuneration system

The only payment currently made to Board members is a variable component in the form of shares. Since 2016, the Board of Directors has waived fixed compensation for its activities. For 2018, 2019 and 2020, the Supervisory Board approved the payment of 5,000 LIMES shares to Dr. Frank for his work on the Board. In the 2021 financial year, the Supervisory Board approved the payment of 1,500 LIMES shares to members of the Board of Directors for their activities. They have yet to redeem their entitlement.

Cologne, 29 April 2022



Board of Directors

Group balance sheet as per 31 December 2021

Assets	31 Dec 21 EUR	31 Dec 20 EUR	Change
A. Long-term assets			
I. Intangible assets			
1. Concessions/rights/licences	85,459	69,110	23.7%
2. Goodwill	9,631,956	4,344,280	121.7%
	9,717,414	4,413,390	120.2%
II. Fixed assets			
1. Real estate & buildings	0	896,396	-100.0%
2. Technical equipment, plant and machinery	219,583	142,016	54.6%
3. Other plant, operating and business equipment	2,475,546	2,021,269	22.5%
4. Assets under construction	0	728	-100.0%
	2,695,129	3,060,409	-11.9%
	12,412,543	7,473,799	66.1%
B. Short-term assets			
I. Inventory	11,596	9,977	16.2%
II. Receivables and other assets			
1. Accounts receivable trade	2,642,711	1,293,390	104.3%
2. Other assets	582,169	234,957	147.8%
	3,224,880	1,528,347	111.0%
III. Cash in hand and bank credit balances	2,484,316	2,683,693	-7.4%
IV Prepaid expenses	307,257	92,267	233.0%
	2,791,573	2,775,960	0.6%
Total assets	18,440,592	11,788,083	56.4%
Liabilities			
A. Equity			
I. Subscribed capital	388,052	293,192	32.4%
II. Capital reserve	7,410,849	7,391,489	0.3%
III. Revenue reserve	212,763	-	-
IV. Loss carried forward	-	-4,310,953	-
V. Net income/net loss	-	-694,416	-
VI. Net loss in the period	-1,702,223	-	-
Total equity	6,309,440	2,679,313	135.5%
B. Long-term provisions	3,000	1,000	200.0%
C. Short-term provisions	288,129	107,693	167.5%
D. Long-term debts			
1. Liabilities to financial institutions	4,333,980	3,850,000	12.6%
2. Other liabilities	5,841,162	4,226,000	38.2%
of which to shareholders	(5,841,162)	(4,226,000)	38.2%
	10,175,142	8,076,000	26.0%
E. Short-term debts			
1. Liabilities to financial institutions	0	2	-100.0%
2. Advance payments received	27,533	65,576	-58.0%
3. Trade accounts payable	759,707	591,461	28.4%
4. Other liabilities	877,641	267,038	228.7%
	1,664,881	924,077	80.2%
Total liabilities	18,440,592	11,788,083	56.4%

Consolidated profit and loss account

1 January to 31 December 2021

	Jan - Dec 2021 EUR	Jan - Dec 2020 EUR	Change
Total revenues	25,233,946	11,182,419	125.7%
of which sales revenue	23,434,983	11,015,718	112.7%
of which other operating income	1,798,963	166,701	> 100.0%
Expenditure on raw materials, auxiliary materials and consumables	1,214,687	691,477	75.7%
Expenditure on services received	2,940,160	544,890	> 100.0%
Cost of personnel	9,421,470	5,711,582	65.0%
of which LSK Mecklenburgische Schweiz	3,830,927	3,791,726	1.0%
of which LSK Fürstenhof	2,769,627	1,475,021	87.8%
of which PRC Group	1,657,016	n.a.	-
of which head office in Cologne	398,630	444,834	-10.4%
Depreciation and amortisation of intangible assets in terms of property, plant and equipment	1,485,306	1,264,593	17.5%
Other operating expenses	5,642,597	3,396,729	66.1%
of which rent / cost of rooms	2,245,478	1,312,199	71.1%
of which marketing expenses	1,415,693	735,572	92.5%
Operating result (EBIT)	4,529,726	-426,851	> 100.0%
Financial result	-224,227	-264,164	-15.1%
Profit/loss from ordinary operations	4,305,449	-691,015	> 100.0%
Taxes on income and earnings	196,958	3,400	> 100.0%
Consolidated earnings in the period	4,108,491	-694,416	> 100.0%
Earnings from non-controlling interests	164,365	n.a.	-
Result for shareholders of the parent company during the period	3,944,126	-694,416	> 100.0%
Gross earnings in the period (EBITDA)	6,015,032	837,741	> 100.0%
Result per share (undiluted)	13.45	-2.37	> 100.0%

Consolidated cash flow statement

1 January to 31 December 2021

	Jan - Dec 2021 EUR	Jan - Dec 2020 EUR	Change
Consolidated earnings in the period	4,108,491	-694,416	> 100.0%
Depreciation and amortisation of assets	1,485,306	1,264,593	17.0%
Increase in provisions	182,436	78,693	131.8%
Decrease/increase in inventories	-1,619	752	-315.2%
Decrease/increase in receivables	-820,416	-72,684	> 100.0%
Decrease/increase in other assets that are not attributable to investment or financial activities	-595,739	-51,424	> 100.0%
Decrease/increase in liabilities	111,035	-223,928	-149.6%
Decrease/increase in other liabilities that are not attributable to investment or financial activities	-37,563	192,233	-119.5%
Profit/loss from the disposal of fixed assets	-48,397	-241	> 100.0%
Interest costs	224,532	264,160	-15.0%
Balance of income tax expense and payments	165,929	1,876	> 100.0%
Cash flow from ongoing business activity	4,773,994	759,614	> 100.0%
Investments in intangible fixed assets	-5,975,722	-66,800	> 100.0%
Disposals from items of tangible fixed assets	0	1,681	-100.0%
Investments in tangible fixed assets	-399,931	-1,761,492	-77.3%
Cash flow from investment activities	-6,375,653	-1,826,612	249.0%
Charges to the reserves of company owners and minority shareholders	-478,363	0	n.a.
Proceeds from the availment of loan liabilities	2,099,142	2,793,439	-24.9%
Interest paid	-224,532	-264,160	-15.0%
Cash flow from financing activities	1,396,247	2,529,279	-44.8%
Change in cash and cash equivalents	-205,412	1,462,282	-114.0%
Cash in hand and bank credit balances at start of period	2,683,693	1,233,288	117.6%
Further cash and cash equivalents at start of period	9,994	-1,883	> 100.0%
Cash and cash equivalents at start of period	2,693,687	1,234,405	118.7%
Cash and cash equivalents at end of period	2,488,275	2,693,687	-7.6%
Cash in hand and bank credit balances at end of period	2,484,316	2,683,693	-7.4%
Further cash and cash equivalents at end of period	3,959	9,994	-60.4%

Consolidated notes for the financial year 1 January to 31 December 2021

Basis and consolidation principles

These consolidated financial statements were prepared in compliance with the provisions of Section 290 et seq. of the German Commercial Code. The total cost method was selected to display the profit and loss account. Unless otherwise stated, values are given in thousands of euros (kEUR).

When preparing the consolidated financial statements, the assumption was made that the business was a going concern, as this premise was also made with regard to the individual financial statements of the consolidated companies.

The parent company was founded by way of an agreement dated 1 December 2005 under the name LIMES Schlosskliniken AG (formerly GMF Capital AG), and an entry was made accordingly in the Commercial Register on 7 December 2005. A decision was made on 30 July 2015 to rename the company, alter its business purpose, and also relocate the company's head office to Cologne.

These consolidated financial statements for the financial year commencing on 1 January and ending on 31 December 2021 apply to the parent company, LIMES Schlosskliniken AG, and the subsidiaries LIMES Schlossklinik Mecklenburgische Schweiz GmbH, LIMES Schlossklinik Fürstenhof GmbH, LIMES Schlossklinik Bergisches Land GmbH, LIMES Fachklinik Tiergarten GmbH and Swiss Clinics Group AG as well as Paracelsus Recovery Group AG.

LIMES AG holds 100 % of the share capital of LIMES Schlossklinik Mecklenburgische Schweiz GmbH to the amount of € 25,000.00, 100 % of the share capital of LIMES Schlossklinik Fürstenhof GmbH to the amount of € 25,000.00 and 100 % of the share capital of Limes Schlossklinik Bergisches Land GmbH to the amount of € 25,000.00 as well as 100 % of the share capital of Fachklinik Tiergarten GmbH of € 25,000.00. The latter is purely a shelf company. Furthermore, 51 % of Swiss Clinic Group AG with a share capital of CHF 100,000.00 and 51 % of Paracelsus Recovery Group AG with a share capital of CHF 100,000.00 are also included. The discrepancy between the acquisition value for LIMES AG and the equity capital of the subsidiaries, where based on hidden reserves or liabilities, corresponds to the subsidiaries' assets and liabilities. Any residual difference is reported as goodwill and is amortised in the consolidated balance sheet over 10 years.

The consolidation of the Swiss subsidiaries occurred as per 31 December 2021 at an exchange rate of CHF/EUR 0.9680.

Intragroup business transactions are eliminated; receivables and liabilities as well as income and corresponding expenses between LIMES AG and the subsidiaries are mutually offset.

Accounting principles

Fixed assets

Intangible assets acquired against payment are capitalised at acquisition cost less scheduled straight-line amortisation over their expected useful life. The goodwill arising from the initial consolidation of LIMES Schlossklinik Mecklenburgische Schweiz shall be amortised over 10 years. The expected useful life of 10 years lies within the framework of a reasonable estimation of use in the absence of any exceptional circumstances.

Fixed assets are reported at their acquisition or manufacturing cost. Such assets are reduced by scheduled straight-line amortisation over their expected useful life. The expected useful life of operating and business equipment is calculated by means of the official tax depreciation tables. Low-value capital goods worth up to € 800.00 are recorded immediately as an expense in their year of acquisition.

Current assets

The value of inventory is calculated at its acquisition cost, with due consideration for the lowest-value principle. Receivables and other assets are reported at nominal value. Proper account is taken of recognisable individual risks by means of appropriate value adjustments. Cash in hand and bank credit balances are each reported at nominal value.

Provisions

The provisions take into account all recognisable risks and obligations. They are reported at their settlement value, based on a commercial assessment.

Liabilities

Liabilities are reported at their settlement value.

Deferred taxes

Pursuant to Section 306 Sent. 3 in conjunction with Section 301 Para. 3 of the German Commercial Code, deferred taxes are disregarded.

Notes on the balance sheet

Fixed assets

Changes in the individual fixed asset items are shown, alongside depreciation and amortisation for the financial year, in the assets schedule which follows.

Changes in consolidated assets between 1 January and 31 December 2021

	Acquisition/manufacturing costs				Accumulated amortisation				Book value	
	01/01/2021	Additions	Disposals	31/12/2021	01/01/2021	Additions	Disposals	31/12/2021	01/01/2021	31/12/2021
EDP software	206,679.25	42,046.94	0.00	248,726.19	137,569.25	25,698.12	0.00	163,267.37	69,110.00	85,458.82
Goodwill	6,310,162.74	5,958,850.69	0.00	12,269,013.46	1,965,882.81	671,174.96	0.00	2,637,057.77	4,344,279.93	9,631,955.66
Intangible assets	6,516,941.99	6,000,897.63	0.00	12,517,739.62	2,103,452.06	696,873.08	0.00	2,800,325.14	4,413,389.93	9,717,414.48
Real estate, similar land rights and buildings, including buildings on third-party land	1,182,065.58	0.00	896,396.00	285,669.58	285,669.58	0.00	0.00	285,669.58	896,396.00	0.00
Technical equipment, plant and machinery	203,272.35	107,601.42	0.00	310,873.77	61,256.35	30,034.42	0.00	91,290.77	142,016.00	219,583.00
Other plant, operating and business equipment	2,942,305.02	1,213,165.17	489.94	4,154,980.25	921,036.02	758,398.44	0.00	1,679,434.46	2,021,269.00	2,475,545.79
Advance payments and assets under construction	728.32	0.00	728.32	0.00	0.00	0.00	0.00	0.00	728.32	0.00
Property, plant and equipment	4,328,371.27	1,320,766.59	897,614.26	4,751,523.60	1,267,961.95	788,432.86	0.00	2,056,394.81	3,030,409.32	2,695,128.79
Fixed assets	10,845,213.26	7,321,664.22	897,614.26	17,269,263.22	3,371,414.01	1,485,305.94	0.00	4,856,719.95	7,473,799.25	12,412,543.27

Current assets

Receivables and other assets: all receivables fall due within one year. With the exception of a partial amount of 312 kEUR for security deposits, all other assets fall due within one year. The deferred items refer to payments for expenses relating to the period after the balance sheet date. The other provisions have mainly been created for outstanding holiday entitlement (157 kEUR), record-keeping requirements (3 kEUR) and the preparation of annual financial statements (39 kEUR).

Liabilities

The liability items have the following remaining terms to maturity:

	31/12/2021		
	Amount €	Up to 1 year	1 - 5-years
Liabilities to financial institutions	4,333,980.29	0.04	4,333,980.25
Advance payments received	27,532.89	27,532.89	0
Trade accounts payable	759,706.65	759,706.65	0
Liabilities owed to affiliated companies	0	0	0
Other liabilities	6,629,951.42	788,789.90	5,841,161.52

Liabilities to financial institutions are secured in the sum of 4,334 kEUR subject to normal banking terms through the assignment of claims and the assignment of fixtures and fittings. No securities are agreed for liabilities towards shareholders.

Notes on the profit and loss accountRevenues

The revenues consist exclusively of income from medical and nursing services in the sum of 23,435 kEUR.

Taxes on income and earnings

The tax burden for 2021 stands at 197 kEUR, due to the losses carried forward in the companies.

Additional information

Employees

Average number of staff employed during the financial year:

	Reporting year
Full-time employees	126
Part-time and casual employees	36
Trainees	0

The number of employees was calculated by adding together the size of the workforce at the end of each quarter and dividing the total by four. The number of part-time employees is equivalent to 21 full-time employees.

Other financial obligations

Other financial obligations arise from long-term rental and lease agreements.

Priorities of particular importance after the balance sheet date

Since January 2020, the COVID-19 pandemic has been affecting procedures in the hospitals, patient occupancy and the availability of staff. Up to the date when the annual financial statements were prepared, the hospitals were continuing to operate fully under the highest standards of hygiene. The very high infection figures in the 1st quarter of 2022 also resulted in temporary shortages of personnel in the LIMES Schlosskliniken. These could be overcome through joint efforts, with the result that we have so far seen no effect on our plan estimates for the 2022 financial year.

Management board

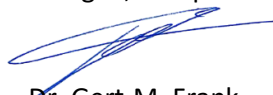
Dr. Frank, Gert Michael (Board of Directors), with sole powers of representation.

The safeguard clause pursuant to Section 314 Para. 3 Sent. 2 HGB in conjunction with Section 286 Para. 4 HGB is invoked.

Shareholder structure

GMF Capital GmbH	76.90 % (No consolidated financial statements have been prepared)
Free Float	23.10 %

Cologne, 29 April 2022



Dr. Gert-M. Frank

Certification by the auditor

We have issued the following audit certificate dated 29 April 2022 in a separate attestation pursuant to Section 322 HGB (German Commercial Code) in respect of the version of the consolidated financial statements of the LIMES Schlosskliniken Group as per 31 December 2021 appended to this report as Annexes 1 to 3:

Certification by the auditor

We have audited the consolidated financial statements of LIMES Schlosskliniken AG, Cologne, and its subsidiaries (the Group) – comprising the consolidated balance sheet dated 31 December 2021, the consolidated profit and loss account for the financial year 1 January 2021 to 31 December 2021, and the consolidated notes, including the description of accounting principles.

The cash flow statement, equity analysis and group status report were not covered by the audit.

We certify that in our opinion, based on the findings of our audit,

- the enclosed consolidated financial statements comply in all essential respects with the provisions of the German Commercial Code, and that, in accordance with the German principles of proper accounting, they give a true and fair account of the assets and financial position of the Group on 31 December 2021 and of its profit position for the financial year from 1 January 2021 to 31 December 2021.

Pursuant to Section 322 Para. 3 Sent. 1 HGB, we certify that no objections have been raised to the regularity of the consolidated financial statements as a result of our audit.

Basis for the audit opinion

We conducted our audit of the consolidated financial statements in conformity with Section 317 HGB and in accordance with the German principles of proper financial statement auditing established by the German Institute of Auditors (IDW).

A more in-depth description of our responsibilities under these provisions and in accordance with these principles is provided in the paragraph of our Audit Certificate headed 'The responsibility of the auditor for auditing the consolidated financial statements'. We are independent of the Group companies in compliance with the German Commercial Code and the legislation governing our profession, and have complied with the other professional duties applicable to us in Germany in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinion on the consolidated financial statements.

Responsibility of the legal representatives for the consolidated financial statements

The legal representatives are responsible for compiling consolidated financial statements which comply in all essential respects with the provisions of the German Commercial Code, and for ensuring that, in accordance with the German principles of proper accounting, they give a true and fair account of the asset, financial and profit position of the Group. The legal representatives are further responsible for internal controls which they have deemed necessary in accordance with the German principles of proper accounting in order for consolidated financial statements to be compiled which are free of material misstatements, whether intentional or unintentional.

When compiling the consolidated financial statements, the legal representatives are responsible for evaluating the Group's ability to continue as a going concern. They are also responsible, where applicable, for declaring any facts relevant to the Group's continuation as a going concern. Beyond this, they are responsible for drawing up a balance sheet on the basis of the accounting principle applicable to continuation as a going concern, except when precluded from so doing by factual or legal circumstances.

Responsibility of the auditor for auditing the consolidated financial statements

Our objective is to satisfy ourselves that the consolidated financial statements as a whole are free of material misstatements, whether intentional or unintentional, and to issue an audit certificate which incorporates our audit opinion on the consolidated financial statements.

We require a high degree of certainty in order to satisfy ourselves of this, but there is no guarantee that an audit conducted in conformity with Section 317 HGB and in accordance with the German principles of proper financial statement auditing established by the German Institute of Auditors (IDW) will invariably uncover any material misstatements. Misstatements may result from violations or inaccuracies, and are deemed to be material if it is reasonable to expect that, individually or as a whole, they might influence any economic decisions which are made on the basis of the consolidated financial statements by users thereof.

When conducting an audit, we exercise professional judgment and maintain an attitude of professional scepticism. Moreover,

- we identify and evaluate the risk that the consolidated financial statements might contain material misstatements, whether intentional or unintentional, plan and conduct audit procedures in response to these risks, and obtain audit evidence which is sufficient and appropriate to serve as a basis for our audit opinion. The risk of material misstatements remaining undiscovered is greater in the event of violations than inaccuracies, as violations might include fraudulent collaboration, falsifications, intentional omissions, misleading information and/or the bypassing of internal controls;
- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and relevant precautions and measures, in order to plan audit procedures commensurate with the given circumstances, but not with the aim of delivering an audit opinion on the effectiveness of these systems;
- we evaluate the suitability of the accounting methods used by the legal representatives and the associated information;
- we draw conclusions about whether the accounting principles used to establish the Group's ability to continue as a going concern have been suitably applied by the legal representatives, and whether, on the basis of the audit evidence we have obtained, there is material uncertainty in connection with events or circumstances which might throw into serious doubt the ability of the Group to continue as a going concern. If we come to the conclusion that such material uncertainty exists, then we are obliged to draw attention in the audit certificate to the relevant information in the consolidated financial statements or, if this information is inadequate, to modify our audit opinion. Our conclusions are drawn on the basis of the evidence we have obtained up to the date of our audit certificate. However, it is possible that the Group may no longer be able to continue as a going concern in consequence of future events or circumstances;
- we evaluate the overall presentation, structure and content of the consolidated financial statements, including the information they contain, and assess whether the

consolidated financial statements represent the underlying business transactions and events in such a way that, in accordance with the German principles of proper accounting, they give a true and fair account of the asset, financial and profit position of the Group;

- we collect sufficient, suitable audit evidence to substantiate the accounting information of the companies and/or business activities within the Group, so that we can deliver an audit opinion on the consolidated financial statements. We are responsible for guiding, supervising and conducting the Group audit. We bear sole responsibility for our audit opinions.

Among other things, we discuss with the supervisory body the planned scope and timing of the audit as well as any important observations we make, including any defects we identify in the internal control system in the course of our audit.

Cologne, 29 April 2022

B-S-H Collegen GmbH

Wirtschaftsprüfungsgesellschaft

Signed

Dipl.-Kfm. (business graduate)

Ralf Chr. Bühler

Auditor



2022 CORPORATE CALENDAR

2021 Consolidated financial statements	16 May 2022
2022 AGM	27 June 2022
2022 Half-year report	15 September 2022

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