

L I M E S

SCHLOSSKLINIKEN



Half-Year Report **2023**

LIMES Schlosskliniken

AT A GLANCE

Group performance indicators	January - June	January – June	Change
	2023	2022	
Revenues	14,150 kEUR	13,394 TEUR	5.6%
Patient days	17,724	17,116	3.6%
Gross earnings (EBITDA)	2,881 kEUR	4,131 kEUR	-30.3%
EBITDA Margin	20.4%	30.8%	-34.0%
Amortisation	1,080 kEUR	1,154 kEUR	-6.4%
Operating result (EBIT)	1,801 kEUR	2,977 kEUR	-39.5%
EBIT Margin	12.7%	22.2%	-45.5%
Financial result	-181 kEUR	-179 kEUR	1.1%
Earnings before taxes	1,620 kEUR	2,798 kEUR	-42.1%
Result for shareholders of the parent company during the period	950 kEUR	1,911 kEUR	-50.3%
Long-term assets	15,719 kEUR	12,060 kEUR	30.3%
Short-term assets	10,844 kEUR	16,346 kEUR	-33.7%
Balance sheet total	26,563 kEUR	28,406 kEUR	-6.5%
Equity	12,541 kEUR	8,672 kEUR	44.6%
Equity ratio	47.2%	30.5%	54.6%
Equity-like instruments / partner loans	2,060 kEUR	5,898 kEUR	-65.1%
Expanded equity ratio	55.0%	51.3%	7.2%
Liquid assets	6,252 kEUR	12,614 kEUR	-50.4%
Result per share as per DVFA* (German Association for Financial Analysis and Asset Management)	3.24 EUR	6.52 EUR	-50.3%
Employees at end of period	177	159	15.1%
No-par shares	293,192	293,192	0.0%
* based on number of no-par value shares in circulatio	293,192	293,192	0.0%

Business performance from 1 January to 30 June 2023

- **Revenue 14.2 million EUR +6%**
- **Gross earnings in the period (EBITDA) 2,881 kEUR -30%**
- **Operating result (EBIT) 1,801 TEUR -40%**
- **Result for shareholders during the period 950 kEUR -50%**
- **Result per share 3.24 EUR -50%**
- **Liquid assets 6.25 Mio. EUR**
- **Increase in stake in Swiss PRC Group**
- **Acquisition Schloss Abtsee clinic resort, Berchtesgadener Land**
- **51% shareholding CLINICUM ALPINUM completed on July 12, 2023**
- **Time-delayed price adjustments, acquisition costs and restructuring costs for the Lindlar project temporarily burdened**
- **Stronger second half expected.**

Dear Shareholders in LIMES Schlosskliniken and other interested parties,

although we are only halfway through the fiscal year, 2023 is a special year for LIMES. Based on solid clinic operations, we have laid the foundations in the last six months to significantly expand our business model in the coming years, also internationally.

With the acquisition of the resort of the former Schlossklinik Abtsee in Berchtesgadener Land, we have for the first time also become the real estate owner of the future clinic. This should significantly increase the future degrees of freedom to create a perfect place for mental recovery for our patients. LIMES Schlossklinik will renovate the property over the next few months to meet its requirements and reopen in the summer of 2024 as a psychiatric clinic with approximately 50 treatment places. The clinic is located with a spacious park on the shores of Abtsee and offers all patient rooms a unique view of the Berchtesgaden mountains. The Mozart city of Salzburg with its international airport is 21 km away. The clinic will focus on Austrian, Southern German and international clientele.

The range of psychiatric services offered by LIMES Kliniken was well received by our patients. Due to the positive patient response, we were able to increase our occupancy rate across all

clinics by 3% to an average of 73%. Total revenues increased by six percent. We were only able to pass on the inflation-related cost pressure with a time lag. This resulted in lower earnings quality in the first six months. In the meantime, price increases have compensated for the cost impacts.

We reversed the recruitment of personnel for the project in Lindlar due to risk considerations. This resulted in temporary charges of 340 kEUR in the first half of the year.

We expect business to develop well in the remaining six months.

We are pleased that the LIMES brand stands as a service provider for a high-quality psychiatric offering in the spectrum of stress disorder, depression, trauma and personality disorder and is increasingly finding positive resonance in the market.

Revenue

On a consolidated basis, we generated total revenues of EUR 13.2 million +6% in the first half of 2023. All operationally active clinics recorded good occupancy rates. The number of patient days increased by +4% to a total of 17,724. The strongest growth of +12% was recorded by the Zurich clinic, followed by Mecklenburg Switzerland with +6% and Fürstenhof with -5%. At the Fürstenhof Clinic in Bad Brückenau, we were able to significantly increase the occupancy rate again in the meantime.

Earnings performance

All three operationally active clinics are showing a positive development. In the first six months, we attempted to compensate for inflation-related cost pressure by increasing capacity utilization. However, we reached our limits in this respect and had to make price adjustments effective June 1, 2023. Based on the current occupancy situation and the price increase implemented, we are in the process of achieving our planned earnings level.

At Group level, the gross earnings (EBITDA) for the first six months of the current financial year amounted to 2,881 kEUR. (p. y.: 4,131 kEUR). The decline is due to the inflation-related cost pressure, which we were only able to pass on with a time lag, the staff reductions for the Lindlar project, and the acquisition costs for the Abtsee and Clinicum Alpinum projects.

Depreciation and amortization decreased slightly by - 6.4 % to 1,080 kEUR in the first six months.

EBIT at Group level amounted to 1,801 kEUR (p. y.: 2,977 kEUR), a decrease of 39.5 %. The financial result amounts to -181 kEUR (p. y.: -179 kEUR).

The consolidated earnings for the period and the result for shareholders of the parent company during the period amounted to +950 kEUR (p. y.: +1,911 kEUR) for the first six months of the current financial year. All clinics of the LIMES Group were able to close with a clearly positive result.

The cash flow from operating activities was 3,383 kEUR (p. y. 5,498 kEUR) in the first half of the year.

The cash flow from investing activities was -5,724 kEUR (p. y. -760 kEUR).

The cash flow from financing activities was -2,313 kEUR (p. y. 5,393 kEUR).

Assets and financial position

LIMES Schlosskliniken has a solid financial base. With a balance sheet total of EUR 26.6 million, equity including shareholder loans amounts to 55.0% (p. y. 51.3%).

At the end of the first half of the year, the company had liquid assets of EUR 6.3 million (p. y. EUR 12.6 million). The purchase price for the Abtsee resort was financed from the company's existing liquid assets. Against this background and the free cash flow, we are well positioned for further growth.

Long-term assets amount to 15,719 kEUR (p. y. 12,060 kEUR). This item consists mainly of goodwill of 9,060 kEUR from the initial consolidation of the clinic Mecklenburgische Schweiz and goodwill from the acquisition of the Swiss PRC Group. The goodwill will be amortized over a period of 10 years. On June 22, 2023, we acquired a further 5% share in the PRC Group. 6,576 kEUR (p. y. 2,934 kEUR) are tied up in tangible assets. The increase is due to the acquisition of the Abtsee property. Short-term assets decreased to 10,844 kEUR (p. y. 16,346 kEUR).

AGM

On June 05, 2023 we held an Annual General Meeting at the Sofitel Frankfurt with physical presence for the first time since the Corona era. We welcomed the direct dialog with our shareholders. All agenda items were discussed and approved by our shareholders.

Employees

As of June 30, 2023, LIMES Schlosskliniken had a total of 177 employees (p.y. 159).

Risks and opportunities

The risks and opportunities to which our company's business activities are exposed are described in detail in the Group Status Report, which we have published alongside our Consolidated Financial Statements for 2022. These Consolidated Financial Statements are available on the company's website (www.limes-schlosskliniken.de/en/). In the reporting period, there were no significant changes to the opportunities and risks described in this report.

Outlook

Following slight growth in sales and patient days in the first six months of the current financial year, we expect a stronger performance in the second half of the year. Operating earnings quality is expected to improve again due to delayed inflation-related price adjustments.

In the second half of the year, we will include the new clinic site in Liechtenstein in the scope of consolidation. This will increase annual revenue for 2023 by +30% to approximately EUR 40 million. Depending on the level of marketing expenses, we expect a one-time loss contribution from the new investment in the order of approximately EUR 0.5 million at EBT level. For 2024, we expect a profit contribution from the new investment. CLINICUM ALPINUM opened in 2019 and focuses primarily on mental illnesses, such as depression and stress-related illnesses. The clinic is located in an alpine setting at 1,483 meters above sea level and offers high-frequency psychotherapy and a wide range of individually tailored special therapies in addition to an individualized treatment plan. Nestled in the mountains of Liechtenstein, the Healing Environment concept for mental illness has been implemented in the highest quality.

The resort of the former Schlossklinik Abtsee, which was acquired in June, has been completed in the meantime. After a renovation phase, we expect to reopen in summer 2024 under LIMES Schlossklinik Abtsee.

Outside our control is still the occupation of the new clinic in Lindlar. The new French property owner and the project company are currently looking for ways to complete the clinic property. As a potential tenant, we unfortunately had to cancel the staff appointments as a result of the failure to meet the handover deadline. The cost level from the project has been greatly reduced over the last six months. The running costs from the project are currently around 20 kEUR per month.

Including the new sites Abtsee and Liechtenstein, we plan to double the LIMES Group's sales revenue and gross earnings (EBITDA) by 2026 compared to the fiscal year 2022 from existing capacities.

We are delighted to be able to offer our patients the best treatment options in special locations in line with our Healing Environment approach and personalised psychiatry.

Cologne, 04 September 2023

Dr. Gert Frank
Board of Directors



Consolidated balance sheet as per 30 June 2023

Assets	30 Jun 23 EUR	30 Jun 22 EUR	Change
A. Long-term assets			
I. Intangible assets			
1. Concessions/rights/licenses	82,685	103,373	-20.0%
2. Goodwill	9,059,487	9,023,256	0.4%
	9,142,171	9,126,629	0.2%
II. Fixed assets			
1. Properties and buildings	3,943,919	0	-
2. Technical equipment, plant and machinery	367,875	200,041	83.9%
3. Other plant, operating and business equipment	2,042,038	2,697,040	-24.3%
4. Assets under construction	222,570	36,562	> 100.0%
	6,576,401	2,933,642	> 100.0%
	15,718,573	12,060,271	30.3%
B. Short-term assets			
I. Inventory	77,305	63,706	21.3%
II. Receivables and other assets			
1. Accounts receivable trade	2,969,416	2,451,209	21.1%
2. Other assets	1,442,631	489,420	> 100.0%
	4,412,047	2,940,629	50.0%
III. Cash in hand and bank balances	6,251,858	12,613,728	-50.4%
IV. Prepaid Expensens	103,050	727,857	-85.8%
	6,354,908	13,341,584	-52.4%
Total Assets	26,562,833	28,406,191	-6.5%
Equity and liabilities			
A. Equity			
I. Subscribed capital	293,192	293,192	0.0%
II. Non-controlling interests	85,181	94,860	-10.2%
III. Capital reserves	7,411,014	7,410,849	0.0%
IV. Revenue reserves	1,286,705	664,299	93.7%
V. Accumulated profit	3,465,044	208,546	> 100.0%
Total Equity	12,541,135	8,671,746	44.6%
B. Long-term provisions	4,500	3,000	50.0%
C. Short-term provisions	660,895	774,356	-14.7%
Of which for taxes	(108,170)	(572,789)	-81.1%
D. Long-term liabilities			
1. Liabilities to financial institutions	8,050,000	9,850,000	-18.3%
2. Other Liabilities	2,060,000	5,897,524	-65.1%
Of which to shareholders	(2,060,000)	(5,889,524)	-65.1%
	10,110,050	15,747,524	-35.8%
E. Short-term liabilities			
1. Liabilities to financial institutions	134	0	-
2. Advance payments received	0	1,814,461	-100.0%
3. Trade accounts payable	1,794,270	757,749	> 100.0%
4. Other liabilities	1,451,850	637,355	> 100.0%
	3,246,253	3,209,565	1.1%
Total Equity and liabilities	26,562,833	28,406,191	-6.5%

Consolidated income statement

1 January to 30 June 2023

	Jan - Jun 2023 EUR	Jan - Jun 2022 EUR	Change
Total revenues	14,150,052	13,394,133	5.6%
of which sales revenue	13,983,159	13,280,239	5.3%
of which other operating income	166,893	113,895	46.5%
Expenditure on raw materials, auxiliary materials and consumables	688,716	652,624	5.5%
Expenditure on services received	796,434	1,098,192	-27.5%
Cost of personnel	6,387,523	4,806,007	32.9%
Amortization of intangible assets and depreciation of property, plant and equipment	1,079,974	1,154,109	-6.4%
Other operating expenses	3,396,220	2,706,093	25.5%
of which rent / cost of rooms	1,167,077	1,025,766	13.8%
of which marketing expenses	1,168,549	788,987	48.1%
Operating result (EBIT)	1,801,184	2,977,109	-39.5%
Financial result	-181,070	-179,352	1.0%
Profit from ordinary operations	1,620,115	2,797,757	-42.1%
Taxes on income and earnings	279,596	435,452	-35.8%
Consolidated net income for the period	1,340,519	2,362,305	-43.3%
Earnings from non-controlling interests	390,528	451,537	-13.5%
Result for shareholders of the parent company during the period	949,991	1,910,769	-50.3%
Gross earnings in the period (EBITDA)	2,881,159	4,131,218	-30.3%
Result per share (undiluted)	3.24	6.52	-50.3%

Consolidated cash flow statement

1 January to 30 June 2023

	Jan - Jun 2023 EUR	Jan - Jun 2022 EUR	Change
Consolidated net income for the period	1,340,519	2,362,305	-43.3%
Amortisation and depreciation of assets	1,079,974	1,154,109	-6.4%
Increase in Provisions	37,073	486,227	-92.4%
Decrease/increase in inventories	6,905	-52,110	> 100.0%
Decrease/increase in receivables	171,856	-57,224	> 100.0%
Decrease/increase in other assets that are not attributable to investment or financial activities	129,524	-574,804	> 100.0%
Decrease/increase in liabilities	1,095,973	56,570	> 100.0%
Decrease/increase in other liabilities that are not attributable to investment or financial activities	-441,830	1,546,642	> 100.0%
Profit/loss from the disposal of fixed assets	-12,651	-5,350	> 100.0%
Interest costs	210,499	179,352	17.4%
Balance of income tax expense and payments	-234,845	402,330	> 100.0%
Cash flow from operating activities	3,382,998	5,498,047	-38.5%
Investments in intangible fixed assets	-1,279,257	-17,914	> 100.0%
Disposals from items of tangible fixed assets	7,810	38,062	-79.5%
Investments in tangible fixed assets	-4,452,484	-779,696	> 100.0%
Cash flow from investment activities	-5,723,931	-759,548	> 100.0%
Proceeds from the availment of loan liabilities	-2,107,450	5,572,383	> 100.0%
Interest paid	-210,499	-179,352	17.4%
Effect of exchange rate changes on equity	4,714	0	n.a.
Cash flow from financing activities	-2,313,236	5,393,031	> 100.0%
Change in cash and cash equivalents	-4,654,168	10,131,529	> 100.0%
Cash in hand and bank balances at start of period	10,925,653	2,484,316	> 100.0%
Further cash and cash equivalents at start of period	-3,933	3,959	> 100.0%
Cash and cash equivalents at start of period	10,921,720	2,488,275	> 100.0%
Cash and cash equivalents at end of period	6,267,552	12,619,804	-50.3%
Cash in hand and bank balances at end of period	6,251,858	12,613,728	-50.4%
Further cash and cash equivalents at end of period	15,744	6,077	> 100.0%

Notes on the interim consolidated financial statements for the period 1 January 2023 to 30 June 2023

Accounting principles

The interim consolidated financial statements of LIMES Schlosskliniken AG as per 30 June 2023 were prepared in compliance with the accounting principles set out in the German Commercial Code(HGB).

As described in the notes to the consolidated financial statements for 2022, the principles governing accounting and consolidation were observed.

Consolidated companies

The consolidated companies are defined pursuant to Arts. 294-296 of the German Commercial Code. Thus the interim consolidated financial statements apply to the following companies:

Company	Stake 30 June 2023	Stake 30 June 2022
LIMES Schlossklinik Mecklenburgische Schweiz GmbH, Teschow	100 %	100 %
LIMES Schlossklinik Fürstenhof GmbH, Bad Brückenau	100 %	100 %
LIMES Schlossklinik Bergisches Land GmbH, Lindlar	100 %	100 %
LIMES Properties GmbH	100 %	100 %
LIMES Schlossklinik Abtsee GmbH	100 %	n.a.
Swiss Clinic Group AG	56 %	51 %
Paracelsus Recovery Group AG	56 %	51 %

The first-time consolidation of Swiss Clinic Group AG and Paracelsus Recovery Group AG took place on 31 December 2021. The consolidation of the Swiss subsidiaries occurred as per 30 June 2023 at an exchange rate of CHF/EUR 1.0238. The former shelf company Fachklinik Tiergarten GmbH was renamed LIMES Properties GmbH on March 31, 2023.

Equity

The subscribed capital of LIMES Schlosskliniken AG as at 30 June 2023 totals 293,192 EUR (p.y. 293,192 EUR) and is divided into 293,192 (p.y. 293,192) no-par value bearer shares. On 17 July 2019, 15,555 new shares were issued and subscribed by investors as part of a capital increase. The company's subscribed capital has totalled EUR 293,192 since 19 July 2019. The

subscribed capital is fully paid up. As at the balance sheet date, no shares were held by the company.

These interim consolidated financial statements as at 30 June 2023 have not been reviewed by an auditing firm.

Köln, 04.09.2023



Dr. Gert Frank
Board of Directors

2023 CORPORATE CALENDAR

2022 Consolidated financial statements
2023 AGM
2023 Half-Year Report

16 May 2023 ✓
05 June 2023 ✓
04 September 2023 ✓

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