HIRSLANDEN

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS 2022 AUDIT REPORT

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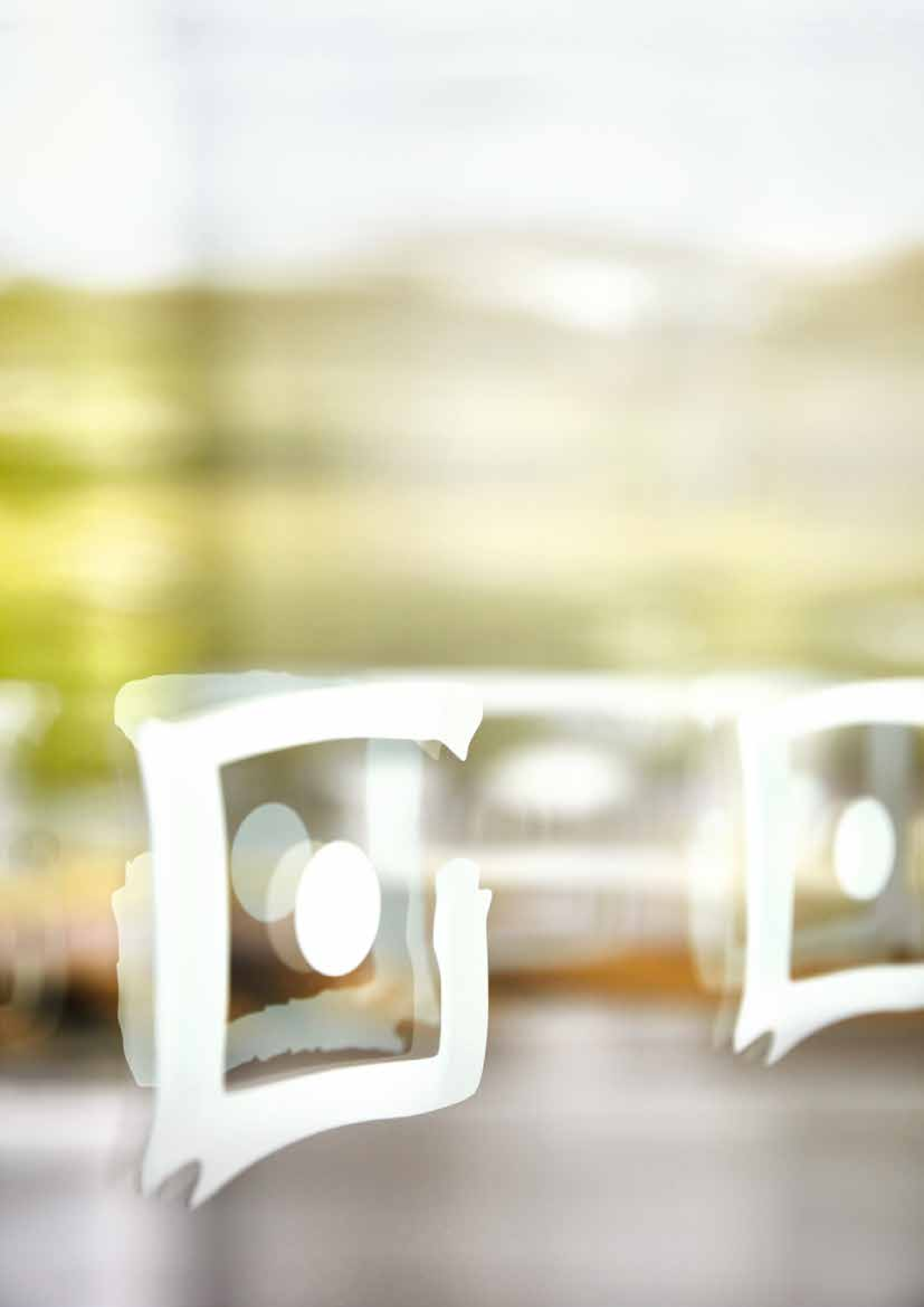
HIRSLANDEN
A MEDICLINIC INTERNATIONAL COMPANY



Hirslanden AG

Opfikon

Report of the statutory auditor
to the General Meeting

on the consolidated financial statements 2022

Report of the statutory auditor

to the General Meeting of Hirslanden AG

Opfikon

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Hirslanden AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2022 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 1 April 2021 to 31 March 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022 and its consolidated financial performance and its consolidated cash flows for the period from 1 April 2021 to 31 March 2022 in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

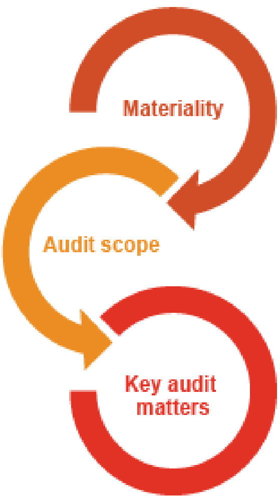
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 7'800'000

- Full audit procedures were performed at 20 out of 32 reporting units
- Our audit scope addressed 98% of the Group's revenue

As key audit matter the following area of focus has been identified:

- Impairment assessment of non-current assets

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 7'800'000
Benchmark applied	Average earnings before interest, tax, depreciation and amortisation (EBITDA, before any impairment charge on intangible and tangible assets) of the last five years (FY2018 to FY2022), rounded
Rationale for the materiality benchmark applied	As a basis for their decisions, Management uses EBITDA to monitor the underlying operating performance of the Group. We took this measure into account in determining our materiality since we concur with management that it is the benchmark against which the performance of the Group is most commonly measured. The average of FY2018 – 2022 has been selected to take into consideration the COVID-19 impact on the materiality determination.

We agreed with the Board of Directors that we would report to them misstatements above CHF 780'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each reporting unit. As all components are located in Switzerland, members of the Group engagement team were involved in audits of several reporting units and were able to have direct oversight on the audits at other components. We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain, such as the recovering value of intangible assets including goodwill. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of non-current assets

Key audit matter	How our audit addressed the key audit matter
As per 31 March 2022 the Group reports goodwill of CHF 129.5 million, brand name intangible assets of CHF 49.6 million and property, equipment and vehicles of CHF 3'902.6 million. Management executed an impairment assessment on goodwill as required by the accounting standard. Management identified impairment triggers for two of its CGUs and executed an impairment assessment for those CGUs. The impairment assessment of non-current assets is considered a key audit matter due the magnitude of the assets compared to the total assets as well as the estimation uncertainty inherent in management's assumptions relating to the recoverability of the assets. The main assumptions relate to the future cash flows of the respective cash generating units or group of cash generating units (CGUs) as well as the discount rates applied to derive the associated recoverable amounts. Refer to the notes to the consolidated financial statements, specifically note 4 "Critical accounting estimates and judgements", note 5 "Property, equipment and vehicles" and note 6 "Intangible assets".	We have obtained management's impairment tests for each of the CGUs. We discussed with management the appropriateness of the CGU determination and tested the allocation of net assets to the respective CGUs. We assessed whether the impairment model applied is appropriate. Specifically, we performed the following procedures for 3 out of the 8 CGUs: • We reconciled the estimated future cash flows of the 5-year forecast period in the impairment model to the business plan presented to and reviewed by the Board of Directors of Mediclinic International plc. • We inquired with selected hospital Directors and other management representatives about the relevant milestones in the respective business plan as well as management's ability and intent to achieve these. • We discussed the key assumptions included in the impairment model with group management. • We assessed the methodology applied to calculate the terminal value for its adequacy. • With support of our internal valuation specialists, we tested the reasonableness of the discount rate and reconciled the respective inputs to observable market data. Furthermore, we assessed the reasonableness of the growth rate after the forecast period by comparison to external projections for the healthcare sector. • We tested the mathematical correctness of the model. • We compared the current year actual results with the assumptions for the current year included in the prior years' impairment tests. • We performed own sensitivities to stress-test the model. • We assessed the adequacy of the disclosures related to the impairment assessment. On the basis of procedures performed, we determined that the approach taken, and the conclusions reached by management with regards to the recoverability of the Group's carrying value of non-current assets were reasonable.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of Hirslanden AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Bruno Rossi	Sven Rumpel
Audit expert Auditor in charge	Audit expert

Zurich, 13 May 2022

Enclosure:

- Consolidated financial statements (consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes)

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ANNUAL CONSOLIDATED FINANCIAL STATEMENTS 2022

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CONTENTS AND GENERAL INFORMATION

for the year ended 31 March

CONTENTS

GENERAL INFORMATION

These financial statements are consolidated financial statements for Hirslanden AG (the "Company") and its subsidiaries, associates and joint ventures (collectively, the "Group"). A list of subsidiaries, associates and joint ventures is included in note 35.

These annual consolidated financial statements have been approved for issue by the Board of Directors on 13 May 2022 for the ultimate approval of the shareholders at their annual general meeting.

COMPANY REGISTRATION NUMBER
CHE-113.796.171

ULTIMATE HOLDING COMPANY
Mediclinic International plc

REGISTERED OFFICE
Boulevard Lilienthal 2, 8152 Glattpark (Opfikon)

EXECUTIVE MANAGEMENT

Mr. D. Liedtke (Chief Executive Officer)
Mr. P.-A. Binard (Chief Financial Officer)
Dr. med. Dominique Kuhlen (Chief Clinical Officer)
Mr. M. Bechtiger (Chief Human Resources Officer)
Mr. S. Studer (Chief Operating Officer West, since April 2022 Chief Operating Officer East & West)
Dr. S. Pahls (Chief Operating Officer East, until 31 March 2022)
Mr. C. Goosen (Chief Information Officer)

BOARD OF DIRECTORS

Mr. D. Liedtke (President)
Mr. P.-A. Binard

COMPANY SECRETARY

Ms. C. Dusold

AUDITORS

PricewaterhouseCoopers AG, Switzerland, Zürich

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March

		GROUP	
		2022	2021
	Notes	CHF 000	CHF 000
ASSETS			
Non-current assets		**4,172,056**	4,347,526
Property, equipment and vehicles	5	3,902,564	3,942,874
Intangible assets	6	240,686	239,376
Equity accounted investments	7	3,204	3,237
Loans to group companies and related parties	32.1	-	83
Other investments and loans	8	16,781	7,502
Deferred income tax assets	9	7,185	11,782
Retirement benefit assets	18	1,636	142,672
Current assets		**877,028**	816,326
Inventories	10	60,203	74,728
Trade and other receivables	11	625,308	635,793
Cash and cash equivalents	12	191,517	105,805
Total assets		**5,049,084**	5,163,852
EQUITY			
Capital and reserves			
Share capital	13	551,882	551,882
Share premium	13	914,402	924,402
Retained earnings	14	(279,397)	(221,481)
Redemption liability reserve	20	(113,477)	(113,477)
Attributable to equity holders of the Company		**1,073,410**	1,141,326
Non-controlling interests	15	53,248	46,085
Total equity		**1,126,658**	1,187,411
LIABILITIES			
Non-current liabilities		**3,454,399**	3,563,994
Borrowings	16	1,494,009	1,544,964
Lease liability	17	465,216	487,658
Loans from related parties	32.2	785,068	762,788
Deferred income tax liabilities	9	502,989	535,696
Retirement benefit obligations	18	9,110	35,414
Provisions	19	45,138	47,760
Derivative financial instrument	20	152,204	149,587
Cash-settled share-based payment liability	21	665	127
Current liabilities		**468,027**	412,447
Trade and other payables	22	335,293	299,141
Borrowings	16	51,000	51,000
Lease liability	17	39,462	42,102
Provisions	19	35,854	15,013
Current income tax liabilities	30.3	6,418	5,191
Total liabilities		**3,922,426**	3,976,441
Total equity and liabilities		**5,049,084**	5,163,852

CONSOLIDATED INCOME STATEMENT

for the period from 1 April until 31 March

		GROUP	
			(Re-presented)*
		2022	2021
	Notes	CHF 000	CHF 000
Revenue	23	**1,884,784**	1,783,623
Other income	24	29,464	12,645
Employee benefit and contractor costs	25	(945,655)	(890,015)
Consumables and supplies		(394,991)	(384,230)
Care related costs		(99,547)	(92,379)
Infrastructure related costs	25	(78,312)	(74,917)
Service costs	25	(95,016)	(76,785)
Provision for expected credit losses		(6,253)	(5,895)
Depreciation and amortisation	25	(169,362)	(154,944)
Impairment of properties, equipment and vehicles		(8,368)	-
Other gains and losses	26	(144)	(429)
Operating profit		**116,600**	116,674
Dividend income		2	627
Finance income		333	585
Finance cost	27	(59,369)	(87,002)
Share of profit of equity accounted investments	7	2,033	157
Profit before taxation		**59,599**	31,041
Income tax expense	28	(13,350)	(14,679)
Profit for the period		**46,249**	16,362
Attributable to:			
Equity holders of the Company		36,367	9,378
Non-controlling interests		9,882	6,984
		46,249	16,362

* Refer to note 2.1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 April until 31 March

		GROUP	
		2022	2021
	Notes	CHF 000	CHF 000
Profit for the period		**46,249**	16,362
Other comprehensive income			
Items that may not be reclassified to the income statement			
Remeasurement of retirement benefit obligations	9/18	(90,520)	153,505
Other comprehensive income / (loss), net of tax		**(90,520)**	153,505
Total comprehensive income / (loss) for the year		**(44,271)**	169,867
Attributable to:			
Equity holders of the Company		(57,915)	158,864
Non-controlling interests	15	13,644	11,003
		(44,271)	169,867

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 March

GROUP

	Share capital (note 13)	Share premium (note 13)	Redemption liability reserve (note 20)	Retained earnings (note 14.1)	**Shareholders' equity**	Non-controlling interests (note 15)	**Total equity**
	CHF 000	CHF 000	CHF 000	CHF 000	**CHF 000**	CHF 000	**CHF 000**
Balance at 01 April 2020	**551,882**	**950,140**	**(113,477)**	**(382,999)**	**1,005,546**	**40,661**	**1,046,207**
Profit for the year	-	-	-	9,378	9,378	6,984	16,362
Other comprehensive income / (loss), net of tax	-	-	-	149,486	149,486	4,019	153,505
Total comprehensive income / (loss) for the year	-	-	-	158,864	158,864	11,003	169,867
Transactions with non-controlling shareholders	-	-	-	2,654	2,654	501	3,155
Distributions to non-controlling shareholders	-	-	-	-	-	(6,080)	(6,080)
Distributions to shareholder	-	(25,738)	-	-	(25,738)	-	(25,738)
Balance at 31 March 2021	551,882	924,402	(113,477)	(221,481)	1,141,326	46,085	1,187,411
Profit for the year	**-**	**-**	**-**	**36,367**	**36,367**	**9,882**	**46,249**
Other comprehensive income / (loss), net of tax	**-**	**-**	**-**	**(94,283)**	**(94,283)**	**3,762**	**(90,521)**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**(57,916)**	**(57,916)**	**13,644**	**(44,272)**
Transactions with non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Distributions to non-controlling shareholders	**-**		**-**	**-**	**-**	**(6,480)**	**(6,480)**
Distributions to shareholder	**-**	(10,000)	**-**	**-**	**(10,000)**	**-**	**(10,000)**
Balance at 31 March 2022	**551,882**	**914,402**	**(113,477)**	**(279,397)**	**1,073,410**	**53,248**	**1,126,658**

CONSOLIDATED STATEMENT CASH FLOWS

for the period from 1 April until 31 March

		GROUP	
		2022	2021
	Notes	CHF 000 Inflow/ (outflow)	CHF 000 Inflow/ (outflow)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	30.1	374,884	178,860
Interest received		333	585
Interest paid	30.2	(31,094)	(32,706)
Tax paid	30.3	(20,365)	(16,482)
Net cash generated from operating activities		**323,758**	130,257
CASH FLOW FROM INVESTMENT ACTIVITIES		**(132,466)**	(86,318)
Investment to maintain operations	30.4	(69,899)	(41,002)
Investment to expand operations	30.5	(63,039)	(45,463)
Proceeds on disposal of property, equipment and vehicles		577	217
Acquisition of investments in associates	7	-	(1,031)
Dividends received from equity accounted investments and other investments	7	2,065	47
Proceeds from other investments		135	815
Acquisition of other investments		(10,105)	(459)
Proceeds from loans	8	3,154	982
Loans granted	8	(2,377)	(1,720)
Proceeds from insurance claim	24	7,023	-
Business combinations, net of cash acquired		-	(2,765)
Disposal of subsidiaries and businesses, net of cash		-	4,061
Net cash generated before financing activities		**191,292**	43,939
CASH FLOW FROM FINANCING ACTIVITIES		**(105,580)**	(117,606)
Distributions to non-controlling interests		(6,480)	(6,080)
Transactions with non-controlling interests		(2)	3,155
Distributions to shareholder		(10,000)	(25,738)
Proceeds from borrowings	16	-	145,000
Repayment of borrowings	16	(51,000)	(196,060)
Repayment of lease liabilities	17	(34,748)	(33,728)
Refinancing transaction costs	16	(3,350)	(4,155)
Net increase / (decrease) in cash and cash equivalents		**85,712**	(73,667)
Opening balance of cash and cash equivalents		**105,805**	179,472
Exchange rate fluctuations on foreign cash			
Closing balance of cash and cash equivalents		**191,517**	105,805

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 April until 31 March

1. DESCRIPTION OF BUSINESS

The main business of the Group is to enhance the quality of life of patients by providing comprehensive, high-quality hospital services on a cost-effective basis. The Group currently operates seventeen hospitals, four outpatient surgical units, eighteen radiology institutes and five radiotherapy institutes in Switzerland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements are presented in Swiss Francs (CHF), which is the functional and presentation currency of all Group companies and all values are rounded to the nearest thousand (CHF 000) except when otherwise indicated. The consolidated financial statements are prepared on the historical cost convention, except for the following items, which are carried at fair value or valued using another measurement basis:

- Derivative financial assets and liabilities, financial instruments measured at fair value through profit or loss (‘FVPL’) and financial instruments measured at fair value through other comprehensive income (‘FVOCI’) are measured at fair value;
- Retirement benefit obligations that are measured in terms of the projected unit credit method and plan assets measured at fair value; and
- Liabilities for cash-settled share-based payments are measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual consolidated financial statements, are disclosed in note 4.

The consolidated financial statements of the Group for the year ended 31 March 2022 contain the result of the year beginning 1 April 2021 until 31 March 2022. The comparative figures are comprised of the year from 1 April 2020 to 31 March 2021.

COVID 19 - Outlook

The severity, duration and full impact of the COVID-19 pandemic and its economic aftermath on the Group’s businesses remains uncertain. Despite of the global vaccine roll-outs and the robust operating performance for the year ended 31 March 2022, there remains a degree of risk and uncertainty as to the Group’s financial performance for at least the next 12-18 months.

The Group’s financial performance to date in FY22 has been well ahead of the COVID-19-adjusted base case scenarios modelled at the end of the last financial year in March 2021. It is considered reasonably unlikely that in Hirslanden’s markets the severe restrictions previously imposed on non-urgent elective procedures will be reintroduced given the advance in COVID-19 operating protocols since March 2020.

Due to the proactive response to maintain the Group’s liquidity position, cash and available facilities has remained strong and stable at CHF 542m at year-end, compared to CHF 472m at 31 March 2021.

Going Concern Assessment

For the purposes of assessing liquidity specifically and going concern broadly at 31 March 2022, the Group modelled a combination of the two most severe, but plausible scenarios and Covid-19 on a month-by-month basis and applied mitigation actions with specific reference to:

• Further cost savings in health care due to outmigration of care
• Further reduction in tariffs due to insurance mix deterioration
• Further reduction of revenue and increase of operating costs due to pandemic and epidemic events (COVID-19)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to the mostly fixed employee cost base across the business, lower revenue due to either a reduction in tariffs or volumes has the most pronounced impact on EBITDA. Compared to the business plan (Base case), the combined adverse effect of reduction of tariffs and volumes plus COVID-19 impact after mitigation, amounts overall to a decline of approximately 5.9% or CHF 27.4m EBITDA over the next 18 months. In the worst affected month, the Group's EBITDA is affected by approximately 9.4% in the downside case after mitigation action when compared to the base case.

Depending on the circumstances, further mitigating actions would be available to the Group that has not been modelled. These include:

• further reductions in capital expenditure, ceasing ongoing projects;
• reductions in staff and other operating costs;
• a freeze on recruitment;
• a restriction on salary increases;
• a suspension of dividend payments

Based on the assumptions applied and the effect of mitigating actions set out above, most within the control of the Group, the analyses demonstrate that the Group will continue to be able to meet their obligations for the periods modelled.

Borrowings are denominated in the same currency as the Group’s underlying revenue and therefore not exposed to foreign exchange rate risk.

Hirslanden obtained a covenant test waiver where the forecast financial impact from the disruption on the operation may have resulted in covenants being breached before coming back into compliance as operations normalise. For Hirslanden this will be performed at the end of September 2022. By the time of the reinstated test, all covenants have sufficient headroom based on the range of modelled scenarios and the Group will continue to be able to meet their obligations for the periods modelled.

While recognising that there remains significant risk to the Group’s financial performance for at least the next 12 months, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, in the ordinary course of business.

Operating expenses presentation

The Group presents its operating expenses in the Consolidated Income Statement by nature. The expense categories are described in the table below:

Category	***Description***
Employee benefit and contractor costs	Includes employee benefit expenses for all staff, contractor costs and other employee related costs.
Consumables and supplies	Includes the cost of all inventories, including obsolete stock, which have been expensed during the year.
Care related costs	Includes costs closely linked to providing a service or care to patients and enhancing patient experience and includes catering, laundry, cleaning, security services and other patient related costs.
Infrastructure related costs	Includes repairs and maintenance, rates and taxes, utilities, rent expensed in terms of IFRS 16 and other infrastructure related costs.
Service costs	Includes all other administrative and operating expenses and non-specific service costs rendered, including, but not limited to, consulting, marketing, travel, and audits.
Provision for expected credit losses	Consists of the movement in the allowance for expected credit losses recognised in terms of IFRS 9.
Depreciation and amortisation	Includes depreciation on property, equipment and vehicles and right-of-use assets, as well as amortisation of intangible assets.

Income statement reclassification

For the year ended 31 March 2021, the Group changed the classification of certain operating expenses in the “Consumables and supplies”, “Care-related costs” and “Infrastructure-related costs” categories in the Consolidated Income Statement to better reflect the nature of these expenses. Comparatives have been changed to conform to the new presentation. The reclassification had no impact on reported cash, profits or net assets. The expenses have been reclassified as set out in the table below:

CHF 000	Previously reported	Reclassification	Represented
Care related costs	(100,540)	8,161	(92,379)
Infrastructure related costs	(66,756)	(8,161)	(74,917)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation and equity accounting

a) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition until control is relinquished.

Adjustments to the financial statements of subsidiaries are made when necessary to bring their accounting policies in line with those of the Group.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised.

b) Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets obtained and liabilities incurred or assumed. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt or incur borrowings that are amortised as part of the effective interest and costs to issue equity, which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

In cases where the Company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value at acquisition date. The measurement to fair value is included in profit or loss for the year. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest, less the fair value of the identifiable assets and liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Goodwill is not amortised but is tested on an annual basis for impairment or more frequently if events or changes in circumstances indicate a potential impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Investments in associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in associates and joint ventures are accounted for using the equity method of accounting.

Under the equity method, the equity-accounted investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from equity-accounted investments are recognised as a reduction in the carrying amount of the investment. The Group’s investments in associates and joint ventures include goodwill identified on acquisition. When the Group’s share of losses in an associate or joint venture equals or exceeds its interests in the investment (which includes any long-term interests that, in substance, form part of the Group’s net investment), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

Unrealised gains on transactions between the Group and its equity-accounted investments are eliminated to the extent of the Group’s interest in these investments. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity-accounted investments have been changed where necessary to ensure consistency with the policies adopted by the Group. If the ownership interest in an equity-accounted investment is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The Group’s share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the equity-accounted investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount adjacent to share of profit or loss of the investment in the income statement.

2.3 Segment reporting

Consistent with internal reporting, the Group's operating segments are the eight supply regions (Aargau, Baselland, Berne, East (Appenzell, St. Gallen), Lucerne, West (Geneva, Vaud), Zug and Zurich). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of Switzerland (ExCo) that makes strategic decisions.
The following reports are reviewed by the ExCo on a monthly basis: Income statement, cash flow statement and balance sheet as well as statistics.
Since all operating segments are healthcare providers in Switzerland and as such have the same business activities and operate in the same economic and regulatory environment, have similar economic characteristics such as long-term EBITDA-margins and revenue streams and offer similar services to similar types of customers, the eight operating segments are aggregated into one reportable segment in line with the aggregation criteria of IFRS 8.

2.4 Property, equipment and vehicles

Land and buildings mainly comprise hospitals and offices. All property, equipment and vehicles is shown at cost less accumulated depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Refer to note 2.16 for the accounting treatment of right-of-use assets.

Land and capital work in progress is not depreciated. Building shells are not depreciated unless the asset's carrying amount is greater than the residual value. Depreciation on the other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful life, as follows:

- Building shells:	100 years
- Fixed installations:	20 - 30 years or over the term of the lease contract if shorter
- Leasehold improvements:	3 - 10 years
- Equipment:	3 - 10 years
- Furniture and vehicles:	3 - 10 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

When commissioned, capital expenditure in progress is transferred to the relevant category of property and equipment and depreciated in accordance with the Group's policies.

Property, equipment and vehicles are tested for impairment whenever events or changes in circumstance indicate a potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair-value-less-costs-to-sell and value-in-use. The recoverable amount is calculated by estimating future cash benefits that will result from each asset and discounting those cash benefits at an appropriate discount rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows - CGUs. Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An asset is derecognised on disposal or when no future economic benefits are expected from its use. Profit or loss on disposals is determined by comparing fair value of proceeds with carrying amounts. These are included in the income statement.

2.5 Intangible assets

a) Trade names

Trade names have been recognised by the Group as part of a business combination. No value is placed on internally developed trade names. Trade names are capitalised at the cost to the Group and amortised on a straight-line basis over their estimated useful lives of 25 years. Trade names are carried at cost less accumulated amortisation and accumulated impairment. Expenditure to maintain trade names is expensed as incurred.

b) Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or Groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Management monitors goodwill for impairment at a CGU level. Any impairment losses that are recognised are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU where the carrying amount is greater than the recoverable amount.

c) Computer software and projects

Acquired computer software licences and specific IT project costs such as internally developed software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (3 - 5 years). Configuration costs for cloud-based business applications are capitalised where it is probable that economic benefits that are attributable to the asset will flow to the Group and it has the power to control access to those benefits. Any cloud-solution costs incurred as part of a service agreement are expensed when incurred. Costs associated with maintaining computer software are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial assets

The Group classifies its financial assets in the following measurement categories:

- Financial assets measured subsequently at fair value (either through FVOCI or FVPL)
- Financial assets measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its investment at initial recognition.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

a) Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through profit or loss (FVPL) are recognised in other gains and losses in the income statement.

Where management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss. Upon derecognition of these equity investments, any balance within the FVOCI reserve is reclassified to retained earnings. Dividends from such investments are recognised in profit or loss as other gains and losses when the Group's right to receive payments is established.

Impairment losses on equity investments measured at FVOCI or FVPL are not reported separately from other changes in fair value.

b) Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset.

There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost:
  Assets that are held for collection of contractual cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Trade receivables and loans receivable are classified as debt instruments measured at amortised cost.
- Fair value through profit or loss (FVPL):
  Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is recognised in profit or loss and presented in the income statement as part of other gains and losses in the period in which it arises. Interest income from these financial assets is included in finance income.

Debt instruments are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

c) Impairment

The Group recognises an allowance for expected credit losses for all debt instruments not held at FVPL. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For trade receivables only, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Trade receivables have been grouped based on shared credit risk characteristics, such as the counterparty (insurer or individual, etc.) or geographical region, and the days past due. The expected loss rates are based on the payment profiles of debtors and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For debt instruments at amortised cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.7 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, the legally enforceable right is not contingent of a future event and is enforceable in the normal course of business even in the event of default, bankruptcy and insolvency, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Inventories

Inventories are valued at the lower of cost, determined on weighted average cost method, or net realisable value. The valuation excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and cash-on-hand and are classified as debt instruments measured at amortised cost. Cash at banks comprises cash that can readily be converted into cash. Bank overdrafts are classified as financial liabilities at amortised cost and are disclosed as part of borrowings in current liabilities in the statement of financial position.

Cash flows in currencies other than the functional currency are translated at the average exchange rate for the period in question. The cash flow statement is prepared by the indirect method based on consolidated profit before income tax, and shows cash flows from operating, investing and financing activities as well as the Group’s cash at banks at opening and closing.

Cash flow from operating activities is specified as the profit before income tax for the year adjusted for non-cash operating items, changes in the working capital, and corporation tax paid. Cash flow from investing activities includes the purchase and sale of property, equipment and vehicles and intangible assets, as well as the acquisition and disposals of investments in subsidiaries and associates. Cash flow from financing activities includes the raising and repaying of long-term liabilities, short-term bank loans and the payment of dividends.

2.11 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction are designated as a cash flow hedge.

Currently the Group does not have any hedge relationships.

The Group has written put options over the equity of its subsidiary which permit the holder to put their shares in the subsidiary back to the Group at their fair value on a specified date.

The amount that may become payable under a written put option on exercise is initially recognised at the present value of the redemption amount with a corresponding charge directly to equity.

The liability is subsequently adjusted for changes in the estimated performance and increased through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as such.

2.13 Share capital

Ordinary shares are classified as equity. Shares in the Company held by wholly-owned Group companies are classified as treasury shares and are held at cost.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

2.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.
Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed when incurred, except for borrowing costs directly attributable to the construction or acquisition of qualifying assets. Borrowing costs directly attributable to the construction or acquisition of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

2.16 Leases

The Group leases various buildings, equipment, vehicles and other assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- Lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability each period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term of a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Currently, the Group does not have any low-value assets.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the lessee as a starting point and adjusts the rate to reflect changes in financing conditions since the third-party financing was received. The Group also makes adjustments to the rate relating to the specific lease based on the term, country, currency and security.

Extension and termination options are included in a number of leases across the Group. The majority of the extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision for malpractice claims is made at the year-end for the estimated cost of claims incurred but not settled at the end of each reporting period, including the cost of claims incurred but not yet reported to the Group. The estimated cost of claims includes expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analysis for the claims incurred but not reported.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the cantons where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable that the temporary differences will reverse in the future and that there is sufficient taxable profit available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

a) Retirement benefit costs

The Group provides defined contribution plans in terms of Swiss law, the assets of which are held in separate trustee administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries. Due to the strict definition of defined contribution plans in IAS 19, these plans are classified as defined benefit plans for IFRS purposes since the Group takes some investment and longevity risk in terms of Swiss law.

Defined benefit plans

This plan defines an amount of pension benefit an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement. The annual pension costs of the Group's benefit plans are charged to the income statement.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefit available in the form of reductions in future contributions to the plan. If there is a minimum funding requirement for contributions relating to future service, the economic benefit available is calculated as the amount that reduces future minimum funding requirement contributions for future service because the entity made a prepayment, and the estimated future service cost in each period, less the estimated minimum funding requirement contributions that would be required for future service in those periods if there were no prepayment.

Incurred interest costs/income on the defined benefit obligations are recognised as wages and salaries.

b) Employee jubilee benefits

This provision is for benefits granted to employees for long-service. The accrued amount is included in provisions. For more details see note 19.

c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses where a contractual obligation for short-term incentives exists or where there is a past practice that has created a constructive obligation. The amounts payable to employees in respect of the short-term incentive schemes are determined based on annual business performance targets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) **Equity-settled share-based compensation**

Under equity-settled, share-based compensation plans, the entity receives services from employees as consideration for equity instruments (options) of the ultimate holding company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

e) **Cash-settled share-based compensation**

For cash-settled share-based compensation plans, the Group recognises the value of the services received (expense), and the liabilities to pay for those services, as the employees render service. The liabilities are measured, initially, and at each reporting date until settled, at the fair value appropriate to the scheme, taking into account the terms and conditions on which the rights were granted, and the extent to which the employees have rendered service to date, excluding the impact of any non-market related vesting conditions. Non-market related vesting conditions are included in the assumptions regarding the number of units expected to vest. These assumptions are revised at the end of each reporting period. All changes to the fair value of the liability are recognised in the income statement.

2.20 Revenue recognition

Revenues are measured at the transaction price which is the amount of consideration that the Group expects to be entitled to in exchange for the services provided. Fees charged for medical services are calculated and billed based on various tariff agreements with funders. In determining the transaction price, variable consideration in terms of IFRS 15 exists in the form of tariff adjustments.

A performance obligation is a promise to transfer distinct goods or a service to a customer. Hospital services provided to patients are regarded as a bundle of services which comprise accommodation, meals, theatre time, use of equipment, pharmacy stock and nursing services. This is considered to be a single performance obligation as the medical procedures cannot be performed without one of the above elements.

Revenue is recorded during the period in which the hospital service is provided and is based on the amounts due from patients and/or medical funding entities. Unbilled revenue is accrued at period ends based on the number of days since the patient was admitted and has received services.

The Group does not expect to have any contracts where the period between the transfer of the promised service to the patient and the payment by the patient exceeds one year. Consequently, the Group does not adjust any of the transaction prices for time value of money.

The cost of treating inpatients with basic health insurance is fixed by the government. The pricing model is based on diagnostic-related groups (“Swiss DRGs”) for inpatients and can be seen as a fixed-fee arrangement. Invoicing occurs when the patient is discharged. Revenue is recognised over the length of stay of the patient. In some cases, the pricing model for DRGs is based on provisional tariffs as delays occur in the agreement of the tariffs between the healthcare providers and the funders. Revenue is then billed to the funders based on provisional tariffs and recognised to the extent that it is highly probable that the revenue is not reversed. If the provisional tariffs are disputed by the funders tariff provisions are recognised for the difference between the provisional tariffs and the estimated final tariffs. Once the tariffs are finalised the difference between the agreed tariffs and the provisional tariffs is settled between the healthcare providers and the funders. Tariff provisions represent refund liabilities in terms of IFRS 15 and result in a reduction in revenue with a corresponding entry to provisions in the statement of financial position. These tariff provisions are not recorded within trade and other receivables but presented as provisions as the original invoices are settled before the finalisation of the tariffs and balances due to funders are not settled on a net basis. The tariff provisions are calculated based on historical experience of outcomes to negotiations between healthcare providers and funders. This is regularly reassessed based on the actual outcome of tariff negotiations. Tariff provisions are also recognised for other in- and outpatient treatments.

Private and semi-private patients enter into supplementary insurance contracts for costs not covered by basic health insurance. The pricing model is based on fee-for-service principles and the contract with Hirslanden includes technical medical services (such as the nursing and infrastructure). The medical practitioner fees are agreed directly between the insurer and the relevant medical practitioner. The revenue is recognised as the services are rendered over the period of the stay of the patient.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For inpatient cases open over period end, revenue is accrued for by taking into account the average CMI (Case Mix Index) of the respective medical field, the baserate according to the respective category (accident, illness, inner-cantonal, external, self-payer etc.) as well as the pro rata length of stay. The complexity of procedures during the open period plays a role in determining the average CMI.

For outpatient cases, the pricing model is based on TARMED rates. The applicable TARMED rate varies depending on the canton, procedure and patient and is calculated based on tax points for the different outpatient treatments which are multiplied with an individual tax point value. Specific medication and other material is added to determine the hospital fee. Invoicing occurs when the patient is discharged directly after treatment and revenue is recognised at the same time.

The Group's hospitals have affiliated doctors which are partners cooperating with Hirslanden under a contractual agreement. The contracts with these affiliated doctors allow them to use the Hirslanden infrastructure, nurses, theatre etc. The doctors are responsible for the treatment of the patient and Hirslanden is responsible for the technical services such as the medical equipment, nursing care etc. Swiss regulations require Hirslanden to provide statistics to the government based on all the costs incurred for patient procedures, including doctors' fees. Hirslanden therefore invoices its own technical services together with the doctors' fees to the insurer and subsequently refunds the amount of the doctors' services to the affiliated doctors.

The Group is acting as an agent for those affiliated doctors based on the following considerations:
- The affiliated doctors are responsible for fulfilling the contract of treating the patient. Every affiliated doctor needs its own liability insurance for any claim against any human error of the doctor. The hospital is responsible for any process failures at the hospital.
- The Group does not have discretion in establishing prices, this is determined by contracts in place between the doctor and the insurer or the relevant percentage of the total revenue for DRG procedures.
- An administrative cost contribution (a form of commission) is deducted from the doctors' fees before the transfer of these fees to the doctors.
- Credit risk is considered to be insignificant, but if the insurer does not accept an invoice after the amount has been refunded to the doctor, the doctor is contractually obliged to repay the amount to the hospital.

As a result, the refund paid to the doctor is deducted from revenue and thus revenue is shown on a net basis. For DRG procedures the refund is calculated using a contractually agreed-upon percentage for doctors' services and deducted from revenue.

Revenue from other sources is based on fixed fee arrangement and recognised when the control of goods and services is transferred.

2.21 Other income

Other income is recognised on the following basis:
- Government grants are recognised in profit or loss when they become receivable;
- Insurance proceeds are recognised at fair value when there is reasonable certainty that the proceeds will be received from the insurer;
- Other income from other sources is recognised in profit or loss it becomes receivable.

2.22 Consumables and supplies

Consumables and supplies consist of the cost of inventories, including obsolete stock, which have been expensed during the year. Rebates received from suppliers are recognised when all the conditions agreed with the suppliers are met, the amount of cost of supplies can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

2.23 Foreign currency transactions

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are prepared in Swiss Francs (CHF) which is the Company’s functional and presentation currency.

Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Dividend distribution

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

2.25 Standards, interpretations and amendments

Published standards, amendments and interpretations effective for the 31 March 2022 financial period:

The following published amendment is mandatory for the accounting period beginning on or after 1 April 2021, but were early adopted for the 31 March 2021 financial period:

- Covid-19-related Rent Concessions – Amendments to IFRS 16 (1 April 2021)

The following published standards, amendments and interpretations are mandatory for the accounting period beginning on or after 1 April 2021 and have been adopted:

- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (1 January 2021). Refer to note 26 for a description of the impact of the implementation of this amendment.

The implementation of these standards and amendments had no material financial impact on the reported results or financial position of the Group.

Published standards, amendments and interpretations not yet effective and not early adopted:

The following new accounting standards, interpretations and amendments will have no material impact on the financial statements:

- IFRS 17 Insurance Contracts (1 January 2023)
- IAS 16 Property, Plant and Equipment: Proceeds before Intended Use amendments (1 January 2022)
- IAS 37 Onerous Contracts — Cost of Fulfilling a Contract amendments (1 January 2022)
- Reference to the Conceptual Framework – Amendments to IFRS 3 (1 January 2022)
- Annual improvements 2018–2020 cycle – Amendments and clarifications to existing IFRS standards (1 January 2022)
- IAS 1 Classification of Liabilities as Current or Non-current amendments (1 January 2023)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (1 January 2023)
- Definition of Accounting Estimates – Amendments to IAS 8 (1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (1 January 2023)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Normal business activities of a company exposes it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

a) Market risk

Currency risk

The Group is not exposed to any currency risk as it has no investments in foreign operations. Furthermore, there is no foreign currency exposure and consequently no forward hedge contracts.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at financial year end and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. If interest rates had been 25 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended 31 March 2022 with a corresponding impact on equity would decrease / increase by TCHF 1'948 / TCHF 1'948 (2021: decrease / increase by TCHF 1'878 / TCHF 1'904) mainly as a result of higher / lower interest expenses on the floating rate borrowings.

Other price risk

The Group is not exposed to other price risks.

b) Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash, short-term deposits and trade and other receivables. The Group's cash equivalents and short-term deposits are placed with quality financial institutions with a high credit rating. Trade receivables are represented net of the allowance for the allowance for expected credit losses. Credit risk with respect to trade receivables is very limited as the Group's customers consists mainly of federal authorities (cantons) and insurance companies. In addition the insurance companies are supervised by a federal body and subject to regular credit-worthiness checks (insurance companies are obliged to maintain minimum reserve levels). Therefore, credit-worthiness is high and the risk for non payment low.

The policy for patients that do not have a medical scheme or an insurance company paying for the Group's service, is to require an upfront payment instead. Therefore the Group does not have any significant exposure to any individual customer or counterparty.

The carrying amounts of financial assets included in the statement of financial position represents the Group's exposure to credit risk in relation to these assets. At 31 March 2022 and 31 March 2021, the Group did not consider there to be a significant concentration of credit risk which had not been adequately provided for.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Liquidity risk

The liquidity risk related to the impact of COVID-19 pandemic has been considered in the directors' evaluation of the going concern assumption. See section 2.1. The Group manages liquidity risk by monitoring cash flow forecasts to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. In the end, the borrowing power of the Group can only be limited by the ultimate holding company. No such limitation currently exists.

	2022	**2021**
	CHF 000	**CHF 000**
The Group's unused overdraft facilities are:	**350,000**	350,000

The table has been prepared based on the undiscounted cash flows of financial liabilities based on the required date of repayment. The table includes both interest and principal cash flows. The analysis of derivative financial instruments has been prepared based on undiscounted net cash inflows/(outflows) that settle on a net basis.

Financial liabilities	**Carrying value**	**Contractual cash flows**	< 1 year	1-5 years	> 5 years
	CHF 000	**CHF 000**	CHF 000	CHF 000	CHF 000
31 March 2022					
Interest-bearing borrowings	**2,330,077**	**2,699,151**	92,979	629,560	1,976,612
Lease liabilities	**504,678**	**587,012**	41,672	162,041	383,299
Derivative financial instruments	**152,204**	**153,407**	-	153,407	-
Trade and other payables	**292,718**	**292,718**	292,718	-	-
31 March 2021					
Interest-bearing borrowings	2,358,752	2,539,581	94,086	1,335,804	1,109,691
Lease liabilities	529,760	618,166	41,390	159,031	417,745
Derivative financial instruments	149,587	151,962	-	151,962	-
Trade and other payables	246,310	246,310	246,310	-	-

d) Insurance risk

The risk that an insured event occurs and the amount of the resulting claim is uncertain. The risks covered by the Group's insurance policies include property damage and business interruption, malpractice claims, directors' and officers' liability, and commercial crime. The Group manages insurance risk by outsourcing claims handling to service providers who review the claims on a regular basis and by pursuing early settlement of claims to reduce its exposure to unpredictable developments.

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16 and 32.2 cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and other reserves; and non-controlling interest as disclosed in notes 13, 14 and 15 respectively. The Audit and Risk Committee of Mediclinic International plc and the Board of Directors of Hirslanden AG review the going concern status of the Group on a biannual basis.

	2022	**2021**
	CHF 000	**CHF 000**
Borrowings - notes 16 and 32.2	2,330,077	2,358,752
Less: cash and cash equivalents	(191,517)	(105,805)
Net debt	**2,138,560**	2,252,947
Total equity	**1,126,658**	1,187,411
Debt-to-equity capital ratio	**1.90**	1.90

Note 34 provides additional disclosures related to financial assets and financial liabilities

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in the notes as listed below.

4.1 Critical accounting judgements

a) ***Useful lifes of Property, equipment and vehicles***

The estimation of the useful lifes of property, equipment and vehicles is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lifes and residual values of the assets.

The Group sets the useful life of its buildings to 100 years and calculates the residual value on current prices considering the age and condition expected at the end of the useful life. The Group would depreciate the difference between the actual carrying amount and the residual value at the end of its useful life based on the calculation and assumption over the useful life.

For a private hospital it is fundamentally important that the earnings potential of a building is maintained on a permanent basis. The Group therefore follows a structured maintenance programme with regards to hospital buildings with the specific goal to prolong the useful lifetime of these buildings.

Climate change is considered in determining the remaining useful lives of assets, such as for hospital buildings and asset replacement cycles. For the year ended 31 March 2022 no significant impacts were identified.

4.2 Critical accounting estimates and assumptions

a) ***Impairment of non-financial assets excluding goodwill***

The impairment assessment is performed at CGU level and any impairment charge that arises would be allocated to the CGU's goodwill first, followed by other assets (such as property, equipment and vehicles, and other intangible assets).

Refer to note 5 for additional information about the impairment assessment and the sensitivity of non-current non-financial assets excluding goodwill.

b) ***Impairment of goodwill***

The Group tests annually whether goodwill, resulting from acquisitions, has suffered any impairment. The recoverable amounts of CGUs have been determined based on fair-value-less-cost-of-disposal (FVLCOD) calculations. These calculations require the use of estimates in respect of cash flow projections and long-term growth and discount rates, and assume a stable regulatory environment. Regulatory environments are subject to uncertainties that can have an impact on goodwill and the intangible assets' carrying value.

IFRS requires the impairment assessment to be performed at the level at which goodwill is monitored for impairment by management, provided that this level cannot be bigger than an operating segment. Management assesses goodwill at a CGU level. In accordance with IFRS, goodwill shall be allocated to all CGUs, or groups of CGUs, that are expected to benefit from the expected synergies.

Refer to note 6 for additional information about the impairment assessment and the sensitivity analysis.

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

c) ***Income taxes***

The Group is subject to income taxes in Switzerland. Judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made, see note 28.

d) ***Retirement benefits***

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty and can have a material impact on the valuations. Details of the key assumptions, together with the sensitivities of the carrying value of the obligations, are disclosed in note 18.

4.3 **Regulatory environment**

On 1 January 2012 fixed fees for general insured services based on diagnosis-related groups (DRGs) entered into force by law and were implemented. The financing in the DRG system is split between the federal authorities (cantons) and the insurance companies.
As the financing by the federal authorities is secured, hospitals have to be on the planning list of the canton to be eligible for reimbursements of the DRG portion of the cantons. On the other hand, hospitals on the cantonal hospital list have an obligation to treat general insured patients.

All hospitals with the exception of Klinik Im Park (not on the list), the Lausanne hospitals as well as Clinique La Colline (only limited service mandates with a fixed amount of general insured cases) are on the cantonal hospital lists. In some hospitals there are certain exceptions regarding the service mandates (e.g. limitation on highly specialized treatments).

The following uncertainties persist in the new financial year:

- Outmigration of care: federal authorities define specific treatments that are no longer accepted on an inpatient basis but could only be reimbursed on an outpatient tariff
- Tarmed tariff intervention: the Swiss federal government has released a revised Tarmed tariff structure as per
1 January 2020. The risk of a further intervention on the tariff structure is might given, which can cause an negative impact on the revenue.
- Quota on general insured patients: hospitals on the hospital list could be forced by the cantons to accommodate a minimum number of generally insured patients which could have a negative effect on the patient mix (shift towards more generally insured patients)
- Highly specialized medicine developments could impact the future medical mix.

5. PROPERTY, EQUIPMENT AND VEHICLES

	Land and buildings	Leasehold improvement	Equipment	Furniture and vehicles	Capital expenditure in progress	Right-of-use assets (Note 17)	Total
	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000
Year ended 31 March 2022							
Net opening book value	**3,210,578**	**40,504**	**115,563**	**20,790**	**33,446**	**521,993**	**3,942,874**
Capital expenditure	17,082	7,409	40,531	5,042	34,985	15,562	120,611
Prior year capital expenditure completed	10,717	1,619	7,254	455	(20,044)	-	1
Disposals	-	-	(15)	(259)	-	(5,924)	(6,198)
Impairment	(8,368)	-	-	-	-	-	(8,368)
Depreciation	(58,327)	(6,667)	(37,814)	(6,221)	-	(37,327)	(146,356)
Net book value	**3,171,682**	**42,865**	**125,519**	**19,807**	**48,387**	**494,304**	**3,902,564**
At 31 March 2022							
Cost	3,949,075	107,623	675,415	181,749	48,387	603,794	5,566,043
Accumulated depreciation and impairment	(777,393)	(64,758)	(549,896)	(161,942)	-	(109,490)	(1,663,479)
Net book value	**3,171,682**	**42,865**	**125,519**	**19,807**	**48,387**	**494,304**	**3,902,564**
Year ended 31 March 2021							
Net opening book value	3,235,893	37,896	136,279	21,994	26,008	495,639	3,953,709
Capital expenditure	11,173	4,184	16,112	5,756	25,009	64,043	126,277
Business combinations	-	4	84	-	-	359	447
Prior year capital expenditure completed	10,199	4,493	2,879	-	(17,571)	-	-
Transfer between asset classes	-	-	536	-	-	(536)	-
Disposal of subsidiaries	-	(3,590)	(344)	(152)	-	(3,788)	(7,874)
Transfer to assets held for sale	-	3,710	363	158	-	3,961	8,192
Disposals	-	(47)	-	(90)	-	(1,280)	(1,417)
Depreciation	(46,687)	(6,146)	(40,346)	(6,876)	-	(36,405)	(136,460)
Net book value	3,210,578	40,504	115,563	20,790	33,446	521,993	3,942,874
At 31 March 2021							
Cost	3,921,276	98,595	627,645	176,511	33,446	595,804	5,453,277
Accumulated depreciation and impairment	(710,698)	(58,091)	(512,082)	(155,721)	-	(73,811)	(1,510,403)
Net book value	3,210,578	40,504	115,563	20,790	33,446	521,993	3,942,874

Included in the depreciation charge on buildings for the year ended 31 March 2022 is accelerated depreciation of TCHF 23'432 relating to the dismantling of two hospital wings in Klinik St. Anna AG (prior year TCHF 11'716).

	GROUP	
	2022	**2021**
	CHF 000	**CHF 000**
5. PROPERTY, EQUIPMENT AND VEHICLES (CONTINUED)		
Total capital expenditures		
Additions to maintain operations	56,305	29,446
Additions to expand operations	48,744	32,788
Additions of right-of-use assets	15,562	64,043
Total additions	**120,611**	126,277
Profit / (loss) on sale of equipment and vehicles	**(299)**	(71)
Capitalised borrowing costs (IAS 23) included in capital expenditure	**12**	3
Interest rates used to capitalise borrowing costs	**1.40%**	1.40%

Changes in accounting estimates

During the prior year ended 31 March 2021, an expansion project, which includes the construction of new hospital wings at Klinik St. Anna, was approved. The existing hospital wings will be dismantled at the end of the financial year ending 31 March 2023 and will be replaced by a new construction as part of the expansion project. As a result, the estimated useful life of the existing hospital wings has been reduced and the depreciation of these assets' carrying value accelerated. For the year ended 31 March 2022, the accelerated depreciation included in the depreciation charge amounts to TCHF 23'432 (prior year TCHF 11'716). The accelerated depreciation in FY 2023 will amount to TCHF 23'432.

Impairment assessment

The Group's CGUs were assessed for impairment at 31 March 2022. The recoverable amounts of the CGUs tested for impairment were based on FVLCOD calculations. In determining the FVLCOD for the CGUs, the cash flows were discounted at rates between 4.9% and 5.2% (2021: 4.9% and 5.2%). Beyond five years a growth rate of 1.6% (2021: 1.6%) was used.

The recoverable amount of all CGUs exceeds its carrying value.

Some CGUs have limited headroom and remain sensitive to reasonably possible changes in key assumptions in the FVLCOD calculations. As a result, any increase in the discount rate or decreases in the short-term cash flow projections or long-term growth rates could give rise to material impairment charges in future periods. The carrying amounts of the property, equipment and vehicle are sensitive to reasonably possible changes in the discount rate and the terminal growth rate. An increase of the discount rate of 0.5% would lead to an impairment charge of approximately TCHF 100'000 (2021: increase of 0.7% would lead to an impairment charge of approximately TCHF 25'000) and a decrease of the terminal growth rate to zero would result in an impairment charge of approximately TCHF 110'000 (2021: decrease of the terminal growth rate to zero would still result in a positive headroom). A decrease of 7.0% in the cash flow projections would result in an impairment charge of approximately TCHF 120'000 (2021: a decrease of 7.0% in the cash flow projections would result in an impairment charge of approximately TCHF 1'000).

Any impairment determined at a CGU level under IAS 36 will include an assessment of the recoverable amount of the Group's owned properties, which are subject to a third-party valuation at least annually. This valuation applies a consistent methodology across key assumptions to determine the rental charges based on appropriate and market-related metrics, which is discounted using a market-related discount rate to determine the value of the properties. Therefore, there is a risk that this valuation could materially change in future periods.

Where applicable, the impacts of climate change and the Group's strategy (such as the purchase of environmental friendly equipment) has been considered in determining cash flow forecasts.

On May 10 2021, a fire broke out at Hirslanden Clinic and caused significant damage to one of the building wings. The property damage covered by the insurance was impaired accordingly (TCHF 8'368). For income from insurance refer to note 24.

6. INTANGIBLE ASSETS

	Software and projects	Trade names	Goodwill	Total
	CHF 000	CHF 000	CHF 000	CHF 000
Year ended 31 March 2022				
Net opening book value	**57,920**	**51,979**	**129,477**	**239,376**
Capital expenditure	24,314	-	-	24,314
Amortisation	(20,664)	(2,334)	-	(22,998)
Net book value	**61,564**	**49,645**	**129,477**	**240,686**
At 31 March 2022				
Cost	173,238	478,354	529,616	1,181,208
Accumulated amortisation and impairment	(111,674)	(428,709)	(400,139)	(940,522)
Net book value	**61,564**	**49,645**	**129,477**	**240,686**
Year ended 31 March 2021				
Net opening book value	55,233	54,313	126,433	235,979
Capital expenditure	18,824	-	-	18,824
Business combinations	-	-	3,044	3,044
Disposal of subsidiaries and businesses	(49)	-	-	(49)
Transfer to assets held for sale	62	-	-	62
Amortisation	(16,150)	(2,334)	-	(18,484)
Net book value	57,920	51,979	129,477	239,376
At 31 March 2021				
Cost	148,930	478,354	529,616	1,156,900
Accumulated amortisation and impairment	(91,010)	(426,375)	(400,139)	(917,524)
Net book value	57,920	51,979	129,477	239,376

	2022	2021
	CHF 000	CHF 000
Total capital expenditures		
Additions to maintain operations	11,883	8,992
Additions to expand operations	12,431	9,832
	24,314	18,824

6. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of significant goodwill balances

The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that these assets may be impaired. The annual impairment assessment is performed at year-end when the annual financial planning process is finalised. The Group's impairment assessment compares the carrying value of the group of CGUs with its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group defines CGUs for goodwill impairment assessment purposes as combined inter-dependent hospitals and/or clinics or as individual hospitals depending on the geographical location or the degree of integration.

The recoverable amount of a group of CGUs is determined by its FVLCOD, regarded as the more appropriate reflection of the value of the business, which is derived from discounted cash flow calculations.

The goodwill with a carrying amount of TCHF 129'477 (2021: TCHF 129'477) that originated from the business combination of Hirslanden OPERA Zumikon AG in the prior year and Clinique des Grangettes in financial year 2019 have been tested for impairment.

The key inputs to its calculations are described below.

Forecasts

As part of the annual financial planning process, the Group's operating divisions are required to submit budgets for the next financial year and forecasts for the following four years, which are approved by the Board. Future earnings in the FVLCOD calculation are based on these budgets and forecasts that are calculated on a per hospital basis and consider both internal and external market information. These budgets and forecasts represent management's best view of future revenues and cash flows. Where applicable, the impacts of climate change and the Group's strategy (such as the purchase of environmental friendly equipment) has been considered in determining cash flow forecasts.

Growth rates

Growth rates are determined from budgeted and forecasted revenue for the first five years. Terminal growth rates are determined based on the forecast market growth rates and considers long term inflation. A challenging regulatory and tariff environment is assumed, despite the fact that there are some regulatory uncertainties, for further details refer to note 4.3. Growth rates have been benchmarked against external data for the relevant markets.

The terminal growth rate beyond five years are extrapolated using a 1.6% (2021: 1.6%) growth rate. The Group uses a RONIC model with a RONIC spread of 33.33% resulting in a RONIC discount rate of 6.8% (2021: 6.8%).
RONIC is a calculation used to determine the expected rate of return for deploying new capital. The calculation specifically measures the returns generated when a company converts its capital into spending to create new value from core operations.

Discount rates

The weighted average cost of capital ('WACC') was determined by considering the respective debt and equity costs and ratios. The discount rate is based on the risk-free rate for government bonds adjusted for a risk premium to reflect the increased risk of investing in equities. Discount rates are lower for the divisions which operate in more mature markets with low inflation and higher for those operating in markets with a higher inflation. Discount rates reflect the time value and the risks associated with the segmental or divisional cash flows. The assumptions used in the calculation of the discount rate are benchmarked to externally available data. The discount rate applied to cash flow projections is 5.1% (2021: 5.1%).

Sensitivity analysis

For the goodwill, recoverable amount calculated based on fair value less cost of disposal exceeded the carrying value by approximately TCHF 440'000 (2021: 490'000). The Group considers a reasonably possible change in estimate to be an increase in the discount rate by 0.5% to 5.6% and a decrease in the terminal growth rate from 1.6% to 1.3%. These changes would not result in an impairment. While a decrease in terminal growth rate to zero would still result in a positive headroom of approximately TCHF 320'000 (2021: 370'000), a rise in discount rate by 2.8% (2021: 3.2%) would remove the headroom. Furthermore, a fall in growth rate by 1.6% to zero combined with a rise in discount rate by 2.28% would also remove the headroom (2021: a rise in discount rate by 2.72%).

	GROUP	
	2022	2021
	CHF 000	CHF 000
7. EQUITY ACCOUNTED INVESTMENTS		
	3,204	3,237
Investment in associates	3,082	3,137
Investment in joint venture	122	100
Investment in associates and joint venture - unlisted		
Carrying value of investments in associates' and joint venture's equity	**3,204**	3,237
Opening balance	3,237	2,096
Additional amounts invested	-	1,031
Distribution received	(2,065)	(47)
Impairment of unlisted associate	(63)	-
Result from associates	2,095	157
Total revenue of the associates and the joint venture	**41,252**	28,485
Total profit / (loss) of the associates and the joint venture	**1,602**	(226)
The Group's share of (loss) / profit	**2,095**	157
The Group's share of total comprehensive income / (loss)	**2,095**	157

During the prior year, the Group invested in hystrix medical AG, a leading medical goods e-commerce marketplace in Switzerland. In addition, the Geneva University Hospitals (HUG) and the Group have decided to form a public-private partnership to create an outpatient surgery unit. The two partners are equal shareholders of the newly founded joint venture. These investments are classified as equity accounted investment.

The aggregate information of the associates and joint venture are not material individually.
All included financial information of the associates have a closing date as of 31 December. However, the impact of the different year end date is immaterial.

Further information about transactions with associates and joint venture are disclosed in note 32. Note 35 provides more details about the investments.

	GROUP	
	2022	**2021**
	CHF 000	**CHF 000**
8. OTHER INVESTMENTS AND LOANS		
Debt instruments at amortised cost	5,286	5,979
Equity instruments at fair value through other comprehensive income (unlisted shares)	10,517	580
Equity instruments at fair value through profit and loss (listed shares)	978	943
Total other investments and loans	**16,781**	7,502

Debt instruments at amortised cost include loans receivable from doctors and other third parties.

Loans receivable inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due. Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition. No credit losses were recognised on the loans receivable (2021: nil).

The fair value of the listed equity instruments is determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy).

Unlisted equity instruments at FVOCI comprise securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

The fair value of unlisted equity instruments at FVOCI is not based on observable market data and as a result these financial assets are grouped as level 3.

The following table presents the changes in these level 3 instruments for the period ended 31 March 2022:

	Unlisted equity instruments at FVPL	**Unlisted equity instruments at FVOCI**
Balance at 1 April 2021	-	580
Acquisitions	-	9,937
Disposals	-	-
Balance at 31 March 2022	**-**	**10,517**

Information about the methods and assumptions used to determine the fair value of unlisted equity instruments, and the sensitivity of the assets to price, is provided in note 34.

The Group acquired a stake of around 10 percent in Spital Lachen AG in the current business year. The cooperation across multiple specialities will further strengthen the competitiveness and the quality of medical services.

	GROUP	
	2022	2021
	CHF 000	CHF 000
9. DEFERRED TAXATION		
The movement on the deferred taxation account is as follows:		
Opening balance	**523,914**	492,690
Business combinations	**-**	(138)
Deferred income tax assets	-	(143)
Property, equipment and vehicles	-	*(21)*
Long-term liabilities	-	*(122)*
Deferred income tax liabilities	-	5
Current assets	-	*5*
Disposal of subsidiaries and businesses	**-**	158
Deferred income tax assets	-	170
Property, equipment and vehicles	-	170
Deferred income tax liabilities	-	(12)
Other investments	-	(12)
Transferred deferred tax assets to/from assets held for sale	-	(171)
Transferred deferred tax liabilities to/from liabilities held for sale	-	12
Income statement credit for the year	**(8,240)**	(2,333)
(Credited) / Charged to other comprehensive income	**(19,870)**	33,696
Balance at the end of the year	**495,804**	523,914

The deferred taxes relating to current assets and current liabilities contain temporary differences that are most likely to realise in the next twelve months. The deferred tax balance comprises temporary differences arising in separate legal entities. Offsetting has been applied when there is a legally enforceable right to offset and when the deferred income tax relates to the same fiscal authority, i.e. on a legal entity basis.

9. DEFERRED TAXATION (CONTINUED)

The table below shows the deferred tax balances and movements in the various categories before offsetting was applied:

Deferred tax liabilities	Tangible assets CHF 000	Intangible assets CHF 000	Financial assets and retirement benefit asset CHF 000	Current assets CHF 000	Provisions and others CHF 000	Total CHF 000
At 1 April 2021	**466,376**	**15,777**	**25,731**	**10,254**	**21,331**	**539,469**
Charged/(credited) to income statement	(6,059)	(356)	(850)	(878)	487	**(7,656)**
Charged/(credited) to other comprehensive income	-	-	(24,532)	-	-	**(24,532)**
At 31 March 2022	**460,317**	**15,421**	**349**	**9,376**	**21,818**	**507,281**
At 1 April 2020	470,533	16,127	46	8,972	20,378	516,056
Charged/(credited) to income statement	(4,157)	(350)	857	1,277	953	(1,420)
Business combinations			(122)	5		(117)
Charged/(credited) to other comprehensive income	-	-	24,950	-	-	24,950
Disposal of subsidiaries	-	-	(12)	-	-	(12)
Transferred deferred tax liabilities to liabilities held for sale	-	-	12	-	-	12
At 31 March 2021	466,376	15,777	25,731	10,254	21,331	539,469

	2022 CHF 000	2021 CHF 000
Gross deferred tax liabilities at the end of the year	507,281	539,469
Set-off of deferred tax liabilities pursuant to set-off provisions	4,291	3,773
Net deferred tax liabilities at the end of the year	**502,990**	535,696

The credit to the income statement of TCHF 6'059 in the current financial year on the tangible assets is mainly driven by the reduction of the book values on properties and the corresponding decrease in the deferred tax liability, see note 28.

The credit to other comprehensive income of TCHF 24'532 relates to the retirement benefit asset.

9. DEFERRED TAXATION (CONTINUED)

Deferred tax assets	Tangible assets CHF 000	Provisions and other CHF 000	Retirement benefit obligations CHF 000	Loss carry forward CHF 000	Total CHF 000
At 1 April 2021	**(4,241)**	**(36)**	**(6,375)**	**(4,903)**	**(15,555)**
Charged/(credited) to income statement	1,031	(99)	73	(1,588)	**(583)**
Charged/(credited) to other comprehensive income	-	-	4,662	-	**4,662**
At 31 March 2022	**(3,210)**	**(135)**	**(1,640)**	**(6,491)**	**(11,476)**
At 1 April 2020	(4,895)	(241)	(15,349)	(2,882)	(23,367)
Charged/(credited) to income statement	676	205	228	(2,021)	(912)
Charged/(credited) to other comprehensive income	-		8,746	-	8,746
Business combinations	(21)	-	-	-	(21)
Disposal of subsidiaries	170	-	-	-	170
Transferred deferred tax assets to assets held for sale	(171)	-	-	-	(171)
At 31 March 2021	(4,241)	(36)	(6,375)	(4,903)	(15,555)

	2022 CHF 000	2021 CHF 000
Gross deferred tax assets at the end of the year	(11,476)	(15,555)
Set-off of deferred tax assets pursuant to set-off provisions	4,291	3,773
Net deferred tax assets at the end of the year	**(7,185)**	(11,782)

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

At 31 March 2022, the Group had unutilised tax losses of approximately TCHF 40'824 (2021: TCHF 30'932) potentially available for offset against future profits. A deferred tax asset of TCHF 6'491 (2021: TCHF 4'903) has been recognised in respect of tax losses in some of the underlying subsidiaries. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets of the underlying subsidiaries. No deferred tax asset has been recognised in respect of the remaining losses due to the unpredictability and availability of future profit streams in the relevant jurisdictions. The financial projections used in assessing the future profitability are consistent with those used in the impairment assessment as set out in note 5 and 6. The rate of utilisation of these losses will occur at different rates due to the incidence and timing of profits within these entities which consequently impacts their recognition as deferred tax assets. Tax losses expire after 7 years.

	GROUP 2022 CHF 000	GROUP 2021 CHF 000
9. DEFERRED TAXATION (CONTINUED)		
Tax losses which have not been recognized as deferred tax assets		
expiry in 1 year	**1,821**	4,589
expiry in 2 years	**2,587**	611
expiry in 3 to 7 years	**86,825**	67,278

There are normally no income tax consequences for the Group of paying dividends from subsidiaries to the parent Hirslanden AG.

	2022 CHF 000	2021 CHF 000
10. INVENTORIES		
Inventories consist of:		
Pharmaceutical products	59,901	74,511
Consumables	302	217
	60,203	74,728

The cost of inventories recognised as an expense and included in consumables and supplies amounted to TCHF 394'991 (2021: TCHF 384'230). Write-downs of inventories to net realisable value amounted to TCHF 4'380 (2021: TCHF 2'885). These were recognised as an expense during the year and included in consumables and supplies in the income statement.

	2022 CHF 000	2021 CHF 000
11. TRADE AND OTHER RECEIVABLES		
Financial instruments		
Trade receivables	529,885	541,516
Loss allowance	(15,965)	(14,256)
	513,920	527,260
Other receivables	51,041	59,796
	564,961	587,056
Non-financial instruments		
Other receivables - personnel and social insurances	168	157
Other receivables - tax	56	43
Prepayments	60,123	48,537
	60,347	48,737
Total trade and other receivables	**625,308**	635,793

Trade and other receivables are categorised as debt instruments at amortised cost.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group applies the simplified approach for providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The loss allowance is determined as follows:

	not due	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	> 90 days past due	Total
	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000
At 31 March 2022						
Gross carrying amount	369,778	46,864	17,654	11,325	84,264	**529,885**
Loss allowance	(202)	(278)	(146)	(350)	(14,989)	**(15,965)**
Net carrying amount	**369,576**	**46,586**	**17,508**	**10,975**	**69,275**	**513,920**
Expected loss rate	**-0.1%**	**-0.6%**	**-0.8%**	**-3.1%**	**-17.8%**	**-3.0%**
At 31 March 2021						
Gross carrying amount	370,249	22,180	22,258	15,398	111,431	541,516
Loss allowance	(229)	(255)	(567)	(438)	(12,767)	(14,256)
Net carrying amount	370,020	21,925	21,691	14,960	98,664	527,260
Expected loss rate	-0.1%	-1.1%	-2.5%	-2.8%	-11.5%	-2.6%

The loss allowance for credit-impaired trade receivables as at 31 March reconciles to the opening loss allowances as follows:

	2022	2021
	CHF 000	CHF 000
Movement in the loss allowance		
Opening balance	(14,256)	(10,302)
Business combination	-	(9)
Loss allowance	(4,072)	(5,140)
Amounts written off as uncollectible	995	214
Unused amounts reversed	1,368	981
Balance at the end of the year	**(15,965)**	**(14,256)**

A loss allowance is recognised for all receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Receivables which have been written off are not subject to enforcement activities.

The credit risk of the trade receivables that are neither past due or impaired is limited since most of the performing trade receivables are from insurance companies or federal and cantonal authorities, see note 3.1(b).

Other receivables are considered to have low credit risk, and the loss allowance provision recognised during the period was therefore limited to 12 months' expected credit losses. Other receivables are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The expected credit losses for other receivables are insignificant.

Management considers the credit quality of the trade receivables, that have not been credit impaired, to be high in light of the nature of these trade receivables as described in note 3.1(b).

During the year, the following losses/(gains) were recognised in profit or loss in relation to impaired receivables:

	2022	2021
Movement in loss allowance for trade receivables	(7,621)	(6,876)
Reversal of previously recognised loss allowance	1,368	981
Movement in provision for expected credit losses	**(6,253)**	(5,895)

	GROUP	
	2022	**2021**
	CHF 000	**CHF 000**
12. CASH AND CASH EQUIVALENTS		
Cash on hand	398	447
Cash at post	792	2,447
Cash at banks	190,327	102,911
Total cash and cash equivalents	**191,517**	105,805

The facility agreement of the Group restricts the distribution of cash. Bank balances to the value of TCHF 74'012 (2021: TCHF 7'643) are held with counterparties who have a minimum A1 credit rating by Moody's and TCHF 116'315 (2021: TCHF 95'268) are held with counterparties who have a minimum Aa2 credit rating by Moody's.

	2022	2021
13. SHARE CAPITAL AND SHARE PREMIUM		
Authorised and issued share capital of CHF 1 per share (fully paid in)	551,882	551,882
Share premium	914,402	924,402
Total share capital and share premium	**1,466,284**	1,476,284
14. RETAINED EARNINGS		
Opening balance	(221,481)	(382,999)
Profit for the year	36,367	9,378
Other transactions	-	2,654
Actuarial gain / (loss) - note 18 and note 29	(94,283)	149,486
Balance at the end of the year	**(279,397)**	(221,481)

GROUP

	2022 CHF 000	2021 CHF 000
15. NON-CONTROLLING INTERESTS		
Opening balance	46,085	40,661
Transactions with non-controlling shareholders	(1)	501
Dividends to non-controlling shareholders	(6,480)	(6,080)
Share of profit	9,882	6,984
Share of other comprehensive income, net of tax	3,762	4,019
Balance at the end of the year	**53,248**	46,085

Details of non-wholly-owned subsidiaries that have material non-controlling interests (“NCI”):

Hirslanden La Colline Grangettes SA, Chêne-Bougeries, Geneva

As part of the acquisition of the Grangettes group in 2019, Hirslanden La Colline Grangettes SA was formed to effect the business combination but has no economic substance. The group holds directly 60% stake in Hirslanden La Colline Grangettes SA. Through a contribution in kind of the Grangettes group (Grangettes Healthcare SA and its subsidiaries) and Hirslanden Clinique La Colline SA into the newly formed entity, the group holds indirectly 60% of their equity.

	2022	2021
Ownership interest held by NCI	**40.0%**	40.0%
Accumulated non-controlling interests in statement of financial position	**57,223**	47,211
Profit allocated to non-controlling interests	**9,661**	7,485
Other comprehensive income allocated to non-controlling interests	**3,762**	4,019

Summarised financial information in respect of the Group’s subsidiary that has material NCIs is set out below. The summarised financial information below represents amounts before inter-group eliminations.

	2022 CHF 000	2021 CHF 000
Non-current assets	421,931	438,160
Current assets	114,346	100,963
Total assets	**536,277**	539,123
Non-current liabilities	(199,898)	240,183
Current liabilities	(80,550)	66,221
Total liabilities	**(280,448)**	306,404
Revenue	206,586	193,385
Profit for the year	24,111	18,683
Other comprehensive income	9,406	10,047
Total comprehensive income	**33,517**	28,730
Net cash inflow from operating activities	55,621	27,504
Net cash outflow from investing activities	(4,096)	(5,837)
Net cash outflow from financing activities	(39,186)	(41,463)
Net cash outflow	**12,339**	(19,796)

Transactions with non-controlling shareholders
There were no significant transactions with non-controlling shareholders in the current financial year. In prior year the Group sold, as part of the cooperation with Medbase, 25% of the shares of IMRAD SA to Medbase for a consideration of TCHF 3’155. The transaction was accounted for as an equity transaction with non-controlling shareholder and increased the Group's retained earnings by TCHF 2'654.

GROUP

	2022 CHF 000	2021 CHF 000
16. BORROWINGS		
	1,545,009	1,595,964
Bank loans	1,310,009	1,360,964
Listed bonds	235,000	235,000
Non-current borrowings	1,494,009	1,544,964
Current borrowings	51,000	51,000
Total Borrowings	**1,545,009**	1,595,964

	2022 non-current CHF 000	2022 current CHF 000	2021 non-current CHF 000	2021 current CHF 000
Secured bank loan one[1] Facility A: This loan bears interest at variable rates linked to the SARON plus 1.25%. Every year on 30 September, an amount of TCHF 50'000 must be redeemed. The repayment in September 2021 was originally suspended. The repayment in November 2021 occurred on a voluntary basis. The remaining balances are repayable by 30 September 2027. The non-current portion includes capitalised financing costs of TCHF 16'491 (2021: TCHF 16'536).	1,233,509	50,000	1,283,464	50,000
Secured bank loan two[2] These loans bear interest at a fixed rate of 1.12%. TCHF 500 is repayable on 30 June and 31 December every year. The remaining balances are repayable during May 2023.	15,500	1,000	16,500	1,000
Secured bank loan three[2] This fixed interest mortgage loan bears interest at 0.9% compounded quarterly. The loan is repayable by December 2023.	10,000	-	10,000	-
Listed bonds The listed bonds consist of TCHF 90'000 2.000% and TCHF 145'000 1.250% Swiss franc bonds. The bonds are repayable on 25 February 2025 and 25 February 2026, respectively. In February 2021, one of the existing bonds was repaid (TCHF 145'000 at 1.625%) and a new bond in the amount of TCHF 145'000 at 1.250% was issued.	235,000	-	235,000	-
Total Borrowings	**1,494,009**	**51,000**	1,544,964	51,000

[1] These loans are secured by mortgage notes on properties and buildings to the value of TCHF 3'085'820 (2021: TCHF 3'085'820) and bank accounts with a book value of TCHF 86'997 (2021: TCHF 78'300).

[2] These loans are secured by mortgage notes on the properties and buildings of clinic Linde.

16. BORROWINGS (continued)

Interest Rate Benchmark Reform

For the period ended 31 March 2022, the Group has adopted the amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform – Phase 2. Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. This expedient is only applicable to changes that are a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

The secured bank loan one bears interest at variable rates that were previously linked to the three-month Swiss franc London Interbank Offered Rate (‘CHF Libor’). At 31 December 2021, the CHF Libor rate was replaced by Swiss Average Rate Overnight (‘SARON’) as the new reference rate. As a result of the discontinuance of the CHF Libor reference rate, the loan facility agreement was amended to reflect the change in reference rate to SARON. As the Swiss bank loans are unhedged, the change in reference rates did not have any impact on hedge relationships (including hedge designation, amounts accumulated in the cash flow hedge reserve or risk components).

Following the replacement of the CHF Libor with the SARON, the Group has applied the practical expedient provided under Interest Rate Benchmark Reform – Phase 2 to TCHF 1'300'000 (borrowings excluding capitalised financing costs) of its borrowings.

	GROUP	
	2022	**2021**
	CHF 000	**CHF 000**
17. LEASE		
Amounts recognised in the statement of financial position		
Right-of-use assets		
Land	82,257	76,788
Buildings	408,442	440,473
Equipment	3,571	4,681
Vehicles	34	51
	494,304	521,993
Lease liabilities		
Non-current lease liabilities	465,216	487,658
Current lease liabilities	39,462	42,102
	504,678	529,760
Amounts recognised in the income statement		
Depreciation charge of right-of-use assets		
Land	2,007	1,904
Buildings	34,193	33,330
Equipment	1,110	1,153
Vehicles	17	18
	37,327	36,405
Interest expense (included in finance cost)	**7,533**	7,662
Expense relating to short-term leases and leases of low-value assets	**7,258**	4,877
The total cash outflow for leases was	**(42,281)**	(41,390)

18. RETIREMENT BENEFIT OBLIGATIONS

Defined benefit pension plans of the Group:
- Pensionskasse Hirslanden
- Vorsorgestiftung VSAO
- Hirslanden Clinique La Colline SA; Pension fund at banque cantonal vaudois
- Hirslanden Klinik Linde AG; Pension fund at foundation Gemini
- Clinique des Grangettes SA; Pension fund at Fondation de prévoyance du personnel de la Clinique des Grangettes SA

At 31 March 2022, Clinique des Grangettes SA pension fund is in surplus due to the increase of the discount rate in the current year. As the five pension plans of the Group operate independently from each other, the recognition and presentation of the amounts in the statement of financial position is on a gross basis at 31 March 2022.

The economic benefit available ('EBA') in the form of a reduction in future contributions is calculated by deducting the present value of the employer's future minimum funding requirements according to the rules of the pension plans from the future service cost. The increase of the discount rate from 0.20% at 31 March 2021 to 1.10% at 31 March 2022 resulted in a reduced carrying value of the pension fund obligation and a reduction in expected service cost and administrative expenses. Since the expected service cost and administrative expenses are lower than the expected employer contributions, the EBA of the Pensionskasse Hirslanden pension plan was reduced to zero. As a result, an asset restriction was applied and TCHF 232'271 has been recognised in other comprehensive income for the asset restrictrion. The EBA of Clinique des Grangettes SA pension plan has been limited to the employer contribution reserve. However, as the EBA was in excess of the surplus at 31 March 2022, no asset restriction was applied.

	2022	2021
	CHF 000	CHF 000
Statement of financial position		
Amounts recognised in the statement of financial position are as follows:		
Pensionskasse Hirslanden		
Defined benefit obligation (DBO)	1,285,746	1,313,437
Fair value of plan assets	(1,518,017)	(1,456,109)
Effect of asset ceiling	232,271	-
Net pension assets	**-**	(142,672)
Clinique des Grangettes SA pension fund		
Defined benefit obligation (DBO)	74,857	78,799
Fair value of plan assets	(76,493)	(73,553)
Net pension (assets) / obligations	**(1,636)**	5,246
All other pension plans		
Defined benefit obligation (DBO)	256,222	247,608
Fair value of plan assets	(247,112)	(217,440)
Net pension obligations	**9,110**	30,168
Net pension assets (all pension plans)	**(1,636)**	(142,672)
Net pension obligations (all pension plans)	**9,110**	35,414

	GROUP 2022 CHF 000	GROUP 2021 CHF 000
18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)		
The movement in the defined benefit obligation over the year is as follows:		
Pensionskasse Hirslanden		
Opening balance	1,313,437	1,258,472
Employer current service cost	36,815	35,838
Interest cost on DBO	2,859	5,474
Employee contributions	38,468	37,002
Benefits paid from plan assets	(40,457)	(40,240)
Actuarial (gain) / loss - experience	47,770	23,538
Actuarial (gain) / loss - change in demographical assumption	-	(58,671)
Actuarial (gain) / loss - change in financial assumption	(124,006)	49,200
Plan change / Past service cost	10,860	-
Business combinations	-	2,824
Balance at the end of the year	**1,285,746**	1,313,437
All other pension plans (including Clinique des Grangettes SA pension fund)		
Opening balance	326,407	323,357
Employer current service cost	9,224	9,281
Interest cost on DBO	620	1,407
Employee contributions	10,072	9,717
Benefits paid from plan assets	(4,586)	(14,782)
Actuarial (gain) / loss - experience	22,972	6,674
Actuarial (gain) / loss - change in demographical assumption	-	(23,227)
Actuarial (gain) / loss - change in financial assumption	(33,630)	14,538
Plan change / Past service income	-	(558)
Balance at the end of the year	**331,079**	326,407
The movement of the fair value of plan assets over the year is as follows:		
Pensionskasse Hirslanden		
Opening balance	(1,456,109)	(1,240,849)
Employer contributions	(43,506)	(41,610)
Plan participants contributions	(38,468)	(37,002)
Benefits paid from fund	40,457	40,240
Interest income on plan assets	(3,307)	(5,541)
Return on plan assets (greater) / lower than discount rate	(18,317)	(170,304)
Business combinations	-	(2,150)
Administration cost paid	1,233	1,107
Balance at the end of the year	**(1,518,017)**	(1,456,109)
All other pension plans (including Clinique des Grangettes SA pension fund)		
Opening balance	(290,993)	(256,440)
Employer contributions	(10,172)	(9,837)
Plan participants contributions	(10,072)	(9,717)
Benefits paid from fund	4,586	14,782
Interest income on plan assets	(566)	(1,143)
Return on plan assets (greater) / lower than discount rate	(16,670)	(28,949)
Administration cost paid	282	311
Balance at the end of the year	**(323,605)**	(290,993)

	GROUP	
	2022	2021
	CHF 000	CHF 000
18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)		
Net pension (assets) / obligations reconciliation		
Pensionskasse Hirslanden		
Opening net (asset) / liability	(142,672)	17,623
Expense as above	48,460	36,878
Contributions paid by employer	(43,506)	(41,610)
Actuarial (gain) / loss recognised in OCI	137,718	(156,237)
Business combinations	-	674
Closing net pension assets	**-**	(142,672)
All other pension plans (including Clinique des Grangettes SA pension fund)		
Opening net liability	35,414	66,917
Expense as above	9,560	9,298
Contributions paid by employer	(10,172)	(9,837)
Actuarial (gain) / loss recognised in OCI	(27,328)	(30,964)
Closing net pension obligations	**7,474**	35,414
Income statement (all pension plans)		
Amounts recognised in the income statement are as follows:		
Current service cost	46,039	45,119
Past service cost / (income)	10,860	(558)
Interest cost on DBO	3,479	6,881
Interest income on plan assets	(3,873)	(6,684)
Administrative costs paid	1,515	1,418
Total expense	**58,020**	46,176
Statement of other comprehensive income (all pension plans)		
Amounts recognised in other comprehensive income are as follows		
Actuarial gain / (loss) due to liability experience	(70,742)	(30,212)
Actuarial gain / (loss) due to liability assumption changes	157,636	18,160
Return on plan assets greater than discount rate	34,987	199,253
Change in irrecoverable surplus (asset ceiling)	(232,271)	-
Total of comprehensive income	**(110,390)**	187,201
Actual return on plan assets	**(38,860)**	(205,937)
Principal actuarial assumptions on statement of financial position (all pension plans)		
Discount rate	1.10%	0.20%
Future salary increases	1.50%	1.50%
Future pension increases	0.00%	0.00%
Inflation rate	1.00%	1.00%
Interest crediting rate	1.10%	1.00%
Number of plan members		
Pensionskasse Hirslanden		
Active members	8,364	8,296
Pensioners	1,150	1,047
	9,514	9,343
All other pension plans (including Clinique des Grangettes SA pension fund)		
Active members	1,857	1,779
Pensioners	136	124
	1,993	1,903
Experience adjustment (all pension plans)		
On plan liabilities: (gain) / loss	**70,742**	30,212
On plan assets: (gain) / loss	**(34,987)**	(199,253)

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

As at the last valuation date, the present value of the defined benefit obligation included TCHF 1'241'214 (2021: TCHF 1'249'642) relating to active employees and TCHF 375'611 (2021: TCHF 390'202) relating to members in retirement.

Asset allocation in CHF (all pension plans)

Plan assets are comprised as follows:

	2022		2021	
Quoted	**in TCHF**	**%**	**in TCHF**	**%**
Fixed income investments	579,558	31.47	567,808	32.50
Equity investments	550,645	29.90	544,048	31.14
Real estate	23,020	1.25	26,556	1.52
Other	134,623	7.31	141,515	8.10
Total	**1,287,846**	**69.93**	1,279,927	73.26
Non-quoted				
Fixed income investments	42,542	2.31	36,515	2.09
Equity investments	552	0.03	699	0.04
Real estate	369,798	20.08	308,014	17.63
Other	140,884	7.65	121,947	6.98
Total	**553,776**	**30.07**	467,175	26.74

Sensitivity analysis 31 March 2022

Pensionskasse Hirslanden

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
	Base assumption	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.10%	0.25%	-1.94%	2.34%
Salary growth rate	1.50%	0.50%	0.59%	-0.58%
Pension growth rate	0.00%	0.25%	1.53%	-
	Base assumption	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Mortality		1 year in expected lifetime of plan participants	1.53%	-2.00%
- 65-year old male	21.80 years			
- 65-year old female	23.54 years			

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis 31 March 2022 (continued)

All other pension plans (including Clinique des Grangettes SA pension fund)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
	Base assumption	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.10%	0.25%	-0.38%	3.83%
Salary growth rate	1.50%	0.50%	1.81%	1.12%
Pension growth rate	0.00%	0.25%	3.09%	-
	Base assumption	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Mortality		1 year in expected lifetime of plan participants	2.95%	-0.08%
- 65-year old male	21.80 years			
- 65-year old female	23.54 years			

Sensitivity analysis 31 March 2021

Pensionskasse Hirslanden

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
	Base assumption	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.20%	0.25%	-2.75%	2.89%
Salary growth rate	1.50%	0.50%	0.76%	-0.71%
Pension growth rate	0.00%	0.25%	1.99%	-
	Base assumption	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Mortality		1 year in expected lifetime of plan participants	2.08%	-2.07%
- 65-year old male	21.78 years			
- 65-year old female	23.50 years			

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis 31 March 2021 (continued)

All other pension plans (including Clinique des Grangettes SA pension fund)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
	Base assumption	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.20%	0.25%	-2.86%	3.00%
Salary growth rate	1.50%	0.50%	0.52%	-0.49%
Pension growth rate	0.00%	0.25%	1.86%	-

	Base assumption	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Mortality		1 year in expected lifetime of plan participants	1.76%	-1.74%
- 65-year old male	21.78 years			
- 65-year old female	23.50 years			

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credited method at the end of the reporting period) has been applied as when calculating the pension liabilities recognised within the statement of financial position.

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Expected employer contributions to be paid to the pension plans for the year ended 31 March 2023 are TCHF 45'321 (FY 2021: TCHF 43'347) and it is anticipated that these contributions will remain at a similar level in the foreseeable future, subject to change in financial conditions.

The weighted average duration of the defined benefit obligation is 9.9 years (2021: 11.5 years). The maturity profile of the defined benefit obligation is as follows

	</= 1 year CHF 000	1-5 years CHF 000	> 5 years CHF 000	Total CHF 000
At 31 March 2022				
Defined benefit obligation	167,623	469,591	1,197,359	**1,834,573**
At 31 March 2021				
Defined benefit obligation	154,577	422,641	1,102,190	1,679,408

Risk exposure
Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:
Asset volatility : The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
Changes in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Inflation risks: The pension obligations are linked to salary and pension inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

Additional information on defined benefit pension plans

Retirement benefit plans
The pension plans also cover all employees for risk benefits (death and disability). Cover for retirement benefit begins on 1 January following the 24th birthday. The retirement pension for the cash balance plans is based on the level of the retirement credits, the interest rate to be credited and the conversion rate applied at retirement age. Risk benefits are related to insured salary.

Pension plans results
The consolidated actuarial gain/(loss) consists of the gain/(loss) due to the demographic experience, demographic and economic assumption changes, as well as an investment return different from assumed during the prior period. As of 31 March 2022, there was a loss due to the demographic experience of TCHF 70'742 (2021: loss of TCHF 30'212). This is primarily due to the growth in overall membership from last year as well as most foundations providing more generous interest credits for 2021 than expected. The gain due to the financial assumptions of TCHF 157'636 (2021: loss of TCHF 63'738) is due to the increase of the discount rate to 1.10%, slightly offset by the increase in the interest crediting rate assumption to 1.10%. The returns on assets are mostly in line with expected returns and typical market indices since 31 March 2021, with some foundations granting more generous interest credits for 2021 than expected. This led to an asset gain of TCHF 34'987 (2021: gain of TCHF 199'253).

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The following assumptions have changed since the previous valuation

- The discount rate used to value plan obligations has changed from 0.20% to 1.10%
- The interest credit rate on total account balance has changed from 1.00% to 1.10%
- The interest credit rate on the BVG shadow account balance has changed from 1.00% to 1.10%

Pension plans — Characteristics and risks

Hirslanden Group has defined benefit pension plans in Switzerland that expose the Hirslanden Group to some actuarial or investment risks.

Pensionskasse Hirslanden

For employees of Hirslanden Group in Switzerland the Pensionskasse Hirslanden (PH) Fund provide post-employment, death-in-service and disability benefits in accordance with the Federal Law on Occupational Old-age, Survivor's and Disability Insurance (German: BVG). PH Fund is a foundation and an entity legally separate from Hirslanden Group. The Fund's governing body is composed of an equal number of employer and employee representatives. This governing body determines the level of benefits and the investment strategy for the plan assets based on asset-liability analyses performed periodically. The basis for these asset-liability analyses are the statutory pension obligations, as these largely determine the cash flows of the PH Fund. In addition, the investment of the plan assets is based on regulations developed by the governing body in accordance with the legal investment guidelines (BVV2). The investment committee of the governing body is responsible for their implementation. The governing body has mandated the investment activity to Complementa Investment Controlling AG, as the global custodian.

The investment strategy complies with the legal guidelines and is rather conservative. Alternative investments and unhedged foreign currency positions are rare.

Pensionskasse Hirslanden (continued)

The benefits of the pension plan are substantially higher than the legal minimum. They are determined by the employer's and employee's contributions and interest granted on the plan members' accumulated savings; the interest rate is determined annually by the governing body in accordance with the legal framework (defined contribution, as defined by the occupational pension law). The employee's and the employer's contributions are determined based on the insured salary and range from 1.25% to 15% of the insured salary depending on the age of the beneficiary.

The pension law requires adjusting pension annuities for inflation depending on the financial condition of the pension fund. Although the pension plan is fully funded at present in accordance with the pension law, the financial situation of the PH Fund will not allow for inflation adjustments.

VSAO

For employed physicians of Hirslanden Group in Switzerland the VSAO Pension Fund provide post-employment, death-in-service and disability benefits in accordance with the Federal Law on Occupational Old-age, Survivor's and Disability Insurance (German: BVG). VSAO Fund is a foundation and an entity legally separate from Hirslanden Group. The Fund's governing body is composed of an equal number of employer and employee representatives. The investment of the plan assets is in accordance with the legal investment guidelines (BVV2).

The benefits of the pension plan are substantially higher than the legal minimum. They are determined by the employer's and employee's contributions and interest granted on the plan members' accumulated savings; the interest rate is determined by the governing body in accordance with the legal framework (defined contribution, as defined by the occupational pension law).

The employee's and the employer's contributions is 14% of the insured salary.

18. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Other pension plans

Other pension plans exist for the latest acquired subsidiaries (Hirslanden Clinique La Colline SA, Hirslanden Klinik Linde AG and Clinique des Grangettes SA) which are not yet integrated into the main pension plan of the Group, Pensionskasse Hirslanden. These pension funds are legally separate from Hirslanden Group. The investment of the plan assets is in accordance with the legal investment guidelines (BVV2).

The employee's and the employer's contributions are determined based on the insured salary. The contribution range from 1.78% to 15% of the insured salary depending on the age of the beneficiary.

General information on all pensions plans

If an employee leaves Hirslanden Group or the pension plan respectively before reaching retirement age, the law provides for the transfer of the vested benefits to the new pension plan. These vested benefits comprise the employee's and the employer's contributions plus interest, the money originally brought in to the pension plan by the beneficiary. On reaching retirement age, the plan participant may decide whether to withdraw the benefits in the form of an annuity or (partly) as a lump-sum payment. The pension law requires adjusting pension annuities for inflation depending on the financial condition of the pension fund.

The pension law in Switzerland envisages that benefits provided by a pension fund are fully financed through the annual contributions defined by the regulations. If insufficient investment returns or actuarial losses lead to a plan deficit as defined by the pension law, the governing body is legally obliged to take actions to close the funding gap within a period of 5 years to a maximum of 7 years. Besides adjustments to the level of benefits, such actions could also include additional contributions from respective group companies and the beneficiaries. The current financial situation of the Groups pension funds do not require such restructuring actions. On the other hand, the group companies do not benefit from any plan surpluses.

19. PROVISIONS

	Employee jubilee benefits	Legal cases and other	Tariff risks	Total
	CHF 000	CHF 000	CHF 000	CHF 000
At 1 April 2021	**20,175**	**3,032**	**39,566**	**62,773**
Charged to the income statement	3,256	7,959	20,689	**31,904**
Utilised during the year	(3,889)	(293)	(349)	**(4,531)**
Unused amounts reversed	(358)	(3,304)	(5,492)	**(9,154)**
At 31 March 2022	**19,184**	**7,394**	**54,414**	**80,992**
Current	3,842	1,268	30,744	**35,854**
Non-current	15,342	6,126	23,670	**45,138**
At 31 March 2022	**19,184**	**7,394**	**54,414**	**80,992**
At 1 April 2020	22,629	3,038	34,992	60,659
Charged to the income statement	1,967	643	11,754	14,364
Utilised during the year	(3,403)	(25)	(2,547)	(5,975)
Unused amounts reversed	(1,018)	(624)	(4,633)	(6,275)
At 31 March 2021	20,175	3,032	39,566	62,773
Current	4,011	525	10,477	15,013
Non-current	16,164	2,507	29,089	47,760
At 31 March 2021	20,175	3,032	39,566	62,773

Employee jubilee benefits
This provision is for benefits granted to employees for long service. The provision is calculated based on the employee's cost to the company as well as the estimated expected utilisation of the employee benefits.

Legal cases and other
The major part of this provision relates to retentions for malpractice and provisions for doctors' practices. The recognised provision reflects the best estimate of the most likely outcome.

Tariff risks
In Switzerland, the cost of treating inpatients with basic health insurance is fixed by the government. The pricing model is based on Swiss diagnostic-related groups ('DRGs') for inpatients and can be seen as a fixed-fee arrangement. In some cases, the pricing model for DRGs is based on provisional tariffs as delays occur in the agreement of the tariffs between the healthcare providers and the funders. Tariff provisions are recognised when the pricing model for DRGs is based on provisional tariffs and the tariffs are disputed by the funders. They represent refund liabilities in accordance with IFRS 15 as outlined in the accounting policies. Due to the high level of uncertainty in respect of the expected time it will take to settle the dispute, tariff adjustments are presented together with the provisions, which are accounted for in accordance with IAS 37. The tariff provision is calculated based on historical experience of outcomes to negotiations between healthcare providers and funders. This is regularly reassessed based on the actual outcome of tariff negotiations. Refer to note 4.3 for additional information.

At 31 March, provisions are expected to be payable during the following financial years:

	2022	2021
	CHF 000	CHF 000
Within 1 year	35,854	15,013
After one year but not more than five years	39,024	41,295
More than five years	6,114	6,465
	80,992	62,773

20. DERIVATIVE FINANCIAL INSTRUMENTS

Through the acquisition of the Grangettes group in financial year 2019, the Group entered into a put / call agreement over the remaining 40% interest in the combined company of Clinique des Grangettes and Clinique La Colline. The options are exercisable after four years and the consideration on exercise will be determined based on the profitability of the combined company at that time. The exercise price is formula based.

The amount that may become payable under the option on exercise was initially recognised at the present value of the redemption amount and discounted based on the most recent mid-term plan of the underlying entities with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests (TCHF 113'477).

The liability is subsequently measured at amortised cost. The liability is adjusted for changes in the estimated performance and increased through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

The key inputs to its calculations are described below:

Forecasts	As part of the annual financial planning process, Clinique des Grangettes and Clinique La Colline are required to submit budgets for the next financial year and forecasts for the following four years. Future earnings and profitability are based on these budgets and forecasts.
Discount rates	The discount rate of 0.78% was determined when the put/call agreement was entered into and was based on swap curve analytics. The discount rate reflects the time value of future expected cash flows.

A reasonably possible change of 10% in the projected earnings will change the liability and profit before tax by TCHF 15'220 (2021: TCHF 14'959).

	2022	2021
Movement in the redemption liability (written put option)	**CHF 000**	**CHF 000**
Opening balance	149,587	120,953
Charged to the income statement		
Unwinding of discount	1,183	1,013
Remeasurement of redemption liability	1,434	27,621
Balance at the end of the year	**152,204**	149,587

21. CASH-SETTLED SHARE-BASED PAYMENT LIABILITY

Under the LTIP, conditional phantom shares of the ultimate shareholder (Mediclinic International plc) are awarded to selected senior management. The LTIP awards share-based payment arrangement that will be settled in cash is accounted for as a cash-settled share-based payment transaction in terms of IFRS 2 and the LTIP awards that will be settled in shares will be accounted for as an equity-settled share-based payment transaction. The vesting of these shares are subject to continued employment, and is conditional upon achievement of performance targets, measured over a three-year period. The performance conditions for the year under review constitute a combination of: absolute total shareholder return ("TSR") (40% weighting) and earnings per share (60% weighting).

	2022	2021
	CHF 000	CHF 000
Opening balance	127	43
Share-based payment (income) / expense	538	84
Balance at the end of the year	**665**	127
A reconciliation of the movement of the LTIP units is detailed below:	**Units**	**Units**
Opening balance	577,631	320,819
Units granted during the year (LTIP)	223,054	294,355
Units cancelled/lapsed during the year (LTIP)	(42,461)	(37,543)
Balance at the end of the year	**758,224**	577,631

Valuation assumptions relating to outstanding units:	**2021 allocation**	**2020 allocation**	**2019 allocation**
Grant date	04.06.2021	14.12.2020	19.06.2019
Vesting date	04.06.2024	14.12.2023	19.06.2022
Outstanding units	223,054	294,355	240,815
Closing price of Mediclinic International plc share (denominated in GBP)	356 pence	356 pence	356 pence
Risk-free rate	1.23%	1.18%	n/a[1]
Expected dividend yield	0.00%	0.00%	n/a[1]
Volatility	34.40%	30.00%	n/a[1]

[1] The 2019 allocation is at the end of the performance period and as a result was valued against the performance conditions and not in terms of the Black-Scholes option pricing model.

	GROUP	
	2022	2021
	CHF 000	CHF 000
22. TRADE AND OTHER PAYABLES		
Trade payables	150,152	150,485
Other payables and accrued expenses	142,566	106,440
Social insurance and accrued leave pay	38,212	39,331
Value added tax	4,363	2,885
	335,293	299,141
Thereof financial instruments:	**292,718**	256,925

23. REVENUE

Revenue primarily comprises fees charged for inpatient, day case and outpatient medical services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used.

	2022	2021
Disaggregation of revenue from contracts with customers	CHF 000	CHF 000
Inpatient revenue	1,372,094	1,329,301
Day cases revenue	103,270	102,715
Outpatient revenue	282,530	259,804
Rental income	26,742	25,684
Other revenue	100,148	66,119
Total Revenue	**1,884,784**	1,783,623

Inpatient and day case revenue is recognised as services are provided to patients. These services are typically provided over a short time frame. Outpatient cases do not involve surgical procedures and revenue is recognised on an individual component basis when performance obligations are satisfied.

Other revenue comprises non-medical services rendered to patients and third parties, including the rendering of restaurant services at the hospitals, provisioning of agency staff, corporate and site-based emergency service contracts and other third-party revenues, including retail pharmacy sales. Other revenue is recognised when performance obligations are satisfied and the control of goods or services is transferred. Rental income is recognised on a straight-line basis over the term of the lease.

The rental income received from external parties during the year from the letting of consulting rooms, parking and personnel housing was TCHF 26'742 (2021: TCHF 25'684). Rental income is based on a high number of individual lease agreements with outstanding committed terms of between one and five years and standard pricing linked to inflation.

The online platform TOGETHER WE TEST, developed by the Group, supported the cantons in implementing the expanded testing strategy to combat the Covid 19 pandemic. This is the main driver for the increase of other revenue compared to prior year.

	GROUP	
	2022	**2021**
	CHF 000	**CHF 000**
24. OTHER INCOME		
Government grants	19,403	12,645
Insurance proceeds	10,061	-
	29,464	12,645

Government grants

Hirslanden engaged extensively with Swiss cantonal authorities in planning for and navigating the pandemic, and as part of this, provided hospital bed and staff capacity. In recognition and reimbursement of the support and capacity provided, several Swiss cantonal authorities introduced financial contributions for hospitals to offset certain costs and disruptions to operations. Furthermore, there were contributions for the medical training of doctors. As a result, total government grants of TCHF 19'403 (2021: TCHF 12'645) were recognised as other income.

Insurance proceeds

During the year ended 31 March 2022, insurance proceeds of TCHF 10'061 were recorded for the damage of buildings and equipment and business interruption due to a fire at Klinik Hirslanden (2021: TCHF nil).

	GROUP	
		(Re-presented)*
	2022	2021
	CHF 000	CHF 000
25. OPERATING PROFIT		
Operating profit/(loss) is shown after including the below:		
Employee benefit and contractor costs	**945,655**	890,015
Wages and salaries	760,035	724,927
Social security costs	88,608	85,204
Retirement benefit costs - defined benefit obligations (note 18)	58,020	46,176
Share-based payment expense (note 21)	538	84
Affiliated and independent doctor costs	29,250	27,946
Other employee/staff related costs	9,204	5,678
Infrastructure related costs	**78,312**	74,917
Maintenance costs	55,101	55,140
Operating leases on buildings	7,257	4,877
Utilities	15,954	14,900
Depreciation	**146,356**	136,460
Amortisation of intangible assets	**23,006**	18,484
Service costs	**95,016**	76,785
Fees paid to the Group's auditors for the following services:	**1,664**	1,729
Audit of the parent Company and consolidated financial statements	878	623
Audit Company subsidiaries	449	695
Audit related services	129	263
Other assurance services	208	148
Insurance	2,704	2,736
Consultancy fees	19,707	12,406
ICT expenses	24,600	18,962
Other services costs	46,341	40,952

In prior year the government introduced a wage subsidy programme in response to the COVID-19 pandemic. The Group was entitled to the wage subsidy because it had to stop elective procedures until 27 April 2020. The grant was recognised against the related employee costs. In the current year the Group received a wage subsidy of TCHF nil (2021: TCHF 7'100) under the programme.

* Refer to note 2.1. regarding Income statement reclassification

	2022	2021
26. OTHER GAINS AND LOSSES		
Foreign currency exchange differences	(443)	(111)
Gain on disposal of subsidiary	-	359
Loss on disposal of subsidiary	-	(747)
Profit/(loss) on disposal of property, equipment and vehicles	299	70
	(144)	(429)

	2022	2021
27. FINANCE COST		
Interest expenses	45,836	47,553
Interest on lease liabilities (note 17)	7,533	7,662
Amortisation of capitalised financing expenses	3,395	3,156
Remeasurement of redemption liability (note 20)	1,434	27,621
Unwinding of discount of redemption liability (note 20)	1,183	1,013
Less: amounts included in the cost of qualifying assets	(12)	(3)
	59,369	87,002

GROUP

	2022 CHF 000	2022 %	2021 CHF 000	2021 %
28. TAXATION				
Current income tax				
Current income tax charge	21,635		16,122	
Previous year income tax expense / (credit)	(45)		890	
Deferred income tax (note 9)	(8,240)		(2,333)	
Taxation per income statement	**13,350**		14,679	
Reconciliation of taxation per income statement:				
Expected tax expense at weighted average applicable tax rate[1]	10,224	17.15%	5,119	16.49%
Adjusted for:				
Effect of loss-making subsidiaries on expected tax rate	(4,950)	-8.3%	(2,192)	-7.1%
Income tax rates changes	(219)	-0.4%	(1,868)	-6.0%
Previous year adjustment	(45)	-0.1%	890	2.9%
Non-recognition of tax losses in current year	5,304	8.9%	6,603	21.3%
(Recognition) / Derecognition of tax losses relating to prior years	(53)	-0.1%	(1,378)	-4.4%
Non-deductible (income) / expenses[2]	3,367	5.6%	7,583	24.4%
Utilisation of previously unrecognised tax losses	(278)	-0.5%	(78)	-0.3%
Effective income tax	**13,350**	**22.40%**	14,679	47.29%

The Group’s effective tax rate decreased from 47.29% as per 31 March 2021 to 22.40% as per 31 March 2022. The reasons for this decrease are listed below:

The remeasurement and the unwinding of discount of redemption liability (written put option) are non-tax-deductible expenses, with a tax effect of TCHF 481 (2021: TCHF 5'277).

Taking into account the current business development and the medium-term planning, no deferred tax assets on tax losses of Hirslanden Bern in the amount of TCHF 4'853 (2021: TCHF 6'482) were recognised in the current year.

Notes:

[1] The weighted average applicable tax rate is the result from applying the domestic statutory tax rates to profits before taxes of each entity. For the Group, the weighted average applicable tax rate varies from one year to the other depending on the relative weight of the profit of each individual entity in the Group’s profit as well as the changes in the statutory tax rates.

[2] Non-deductible expenses reflect the tax effect of items which, in management’s judgment, are potentially disallowable for the purposes of determining local taxable profits.

The following tax was credited / (charged) to other comprehensive income

	2022 CHF 000	2021 CHF 000
Deferred tax	**19,870**	(33,696)

	GROUP	
	2022	2021
	CHF 000	CHF 000
29. OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income:		
Items that will not be reclassified to the income statement		
Remeasurement of retirement benefit obligations - gross	(110,390)	187,201
Tax on remeasurement of retirement benefit obligations	19,870	(33,696)
Other comprehensive income / (loss), net of tax	**(90,520)**	153,505

	2022	2021
	CHF 000	CHF 000
30. CASH FLOW INFORMATION		
30.1 Reconciliation of profit before taxation to cash generated from operations		
Operating profit before interest and taxation	116,600	116,674
Non-cash items		
Depreciation and amortisation (note 25)	169,362	154,944
Impairment of properties, intangible and tangible assets (note 5)	8,368	-
Movement in provisions (note 19)	18,220	2,114
Movement in retirement benefit obligations (note 18)	4,342	(5,271)
Movement in loss allowance of trade receivables (note 11)	1,709	3,944
Equity settled share-based payment charge (note 21)	538	84
Loss / (profit) on disposal of subsidiary	-	232
Profit / (loss) on sale of property, equipment and vehicles (note 5)	(597)	(71)
Insurance proceeds (included in cash from investment activities)	(7,023)	-
Operating income before changes in working capital	**311,519**	272,650
Working capital changes	**63,365**	(93,790)
Movements in inventories	14,525	(8,440)
Movements in trade and other receivables	8,776	(73,505)
Movements in current liabilities	40,064	(11,845)
Cash generated from operations	**374,884**	178,860
30.2 Interest paid		
Finance cost (income statement)	**(59,369)**	(87,002)
Non-cash items		
Amortisation of capitalised financing expenses (note 27)	3,395	3,156
Remeasurement redemption liability (note 20)	1,434	27,621
Unwinding of discount of redemption liability (note 20)	1,183	1,013
Other non-cash finance expenses	22,263	22,506
Interest paid (cash flow statement)	**(31,094)**	(32,706)
30.3 Taxation paid		
Opening balance	(5,191)	(4,607)
Business combinations	-	(54)
Disposal of subsidiaries and businesses	-	-
Provision for the year (note 28)	(21,590)	(17,012)
Liability at the end of the year	6,418	5,191
Taxation paid	**(20,363)**	(16,482)

	GROUP 2022 CHF 000	2021 CHF 000
30. CASH FLOW INFORMATION (CONTINUED)		
30.4 Investment to maintain operations		
Property, equipment and vehicles purchased	55,974	29,449
Intangible assets purchased	11,883	8,991
Movements in capital expenditures payables	2,042	2,562
Investment to maintain operations	**69,899**	41,002
30.5 Investment to expand operations		
Property, equipment and vehicles purchased	48,744	32,790
Intangible assets purchased	12,431	9,832
Movements in capital expenditures payables	1,865	2,841
Investment to expand operations	**63,040**	45,463
30.6 Changes in liabilities arising from financing activities		
Borrowings (note 16)		
Opening balance	1,595,964	1,647,963
Cash flow movements		
Proceeds from borrowings	-	145,000
Repayment of borrowings	(51,000)	(196,060)
Refinancing transaction costs	(3,350)	(4,155)
Interest payments (presented as cash flows from operating activities)	(22,850)	(24,040)
Non-cash items		
Amortisation of capitalised financing fees	3,395	3,156
Interest expense	22,850	24,040
Business combinations	-	60
Closing balance of total borrowings	**1,545,009**	1,595,964
Lease liabilities (note 17)		
Opening balance	529,760	500,194
Cash flow movements		
Repayment of lease liabilities	(34,748)	(33,728)
Interest payments (presented as cash flows from operating activities)	(7,505)	(7,662)
Non-cash items		
Business combinations	-	359
Disposal of subsidiaries and businesses	-	(3,808)
Transfer from / to liabilities held for sale	-	3,980
New lease commitments entered into during the year	15,562	64,043
Lease commitments terminated during the year	(5,924)	(1,280)
Interest expense on lease liabilities	7,533	7,662
Closing balance of total lease liabilities	**504,678**	529,760

	GROUP	
	2022	2021
	CHF 000	CHF 000
31. COMMITMENTS		
31.1 Capital commitments		
Incomplete capital expenditure contracts	137,536	161,972
Capital expenses authorised by the Board of Directors but not yet contracted	16,000	16,000
	153,536	177,972

These commitments will be financed from Group and borrowed funds.

At 31 March 2022 and 31 March 2021, some Group companies are liable jointly and individually for possible losses of their participation in “Zentrallabor, Zürich” according to Swiss Code of Obligations § 530 et sqq.

At 31 March 2022 and 31 March 2021, the Group is liable without limit and jointly and severally for the debts of the ordinary partnership for the car park in Cham ("Baukonsortium").

31.2 Income guarantees

As part of the expansion of its network of specialist institutes and centres of expertise the Group has agreed to guarantee a minimum net income to these specialists for a start-up period of three to five years. Payments under such guarantees become due, if the net income from the collaboration does not meet the amounts guaranteed. There were payments in amount of TCHF 71 under the above mentioned income guarantees in the reporting period as the net income individually generated by one of these specialists was lower than the amounts guaranteed.

	2022	2021
	CHF 000	CHF 000
Total of net income guaranteed:	**3,262**	4,227
April 2021 to March 2022	-	3,491
April 2022 to March 2023	2,334	486
April 2023 to March 2024	928	250
April 2024 to March 2025	-	-

	GROUP 2022 CHF 000	GROUP 2021 CHF 000
32. INTERCOMPANY BALANCES AND RELATED PARTY TRANSACTIONS		
32.1 Loans due from related parties	**83**	**333**
Current	83	250
Non-current	-	83

The Group has one loan due from a related party (Zentrallabor Zürich) of TCHF 83 (31 March 2021: TCHF 333) bearing no interest and is repayable by 31 August 2022.

32.2 Loans due to Group companies

	2022 CHF 000	2021 CHF 000
Long-term subordinated Group loans	**785,068**	762,788
non-current	785,068	762,788

The loan of TCHF 785'068 (2021: TCHF 762'788) bears interest at 3.5% plus SARON and was originally repayable by 31 December 2023 but was extended until 1 April 2028. Similar as for the third party loans, the amendments under the interest benchmark reform were also adopted for the loans due to Group companies. Please refer to note 16 for details.

32.3 Related party transactions

Entities with significant influence over the Group

	Interests from	Other Income from	Amounts owed by	Purchases from	Interests due to	Amounts owed to
as per 31 March 2022	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000
Mediclinic Luxembourg S.à.r.l, Luxembourg	**-**	**-**	**-**	**-**	**22,280**	**785,068**
Ouroboros Solutions AG	**-**	**-**	**1,084**	**-**	**-**	**-**
Mediclinic Group Services (Pty) Ltd, UK	**-**	**119**	**142**	**9,838**	**-**	**1,553**
as per 31 March 2021						
Mediclinic Luxembourg S.à.r.l, Luxembourg	-	-	-	-	22,486	762,788
Mediclinic Group Services (Pty) Ltd, UK	-	86	59	7,874	-	1,768

Associate

	Interests from	Other Income from	Amounts owed by	Purchases from	Interests paid to	Amounts owed to
as per 31 March 2022	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000	CHF 000
Zentrallabor Zürich	**-**	**449**	**99**	**12,481**	**-**	**1,034**
as per 31 March 2021						
Zentrallabor Zürich	-	-	1,097	13,203	-	-

32. INTERCOMPANY BALANCES AND RELATED PARTY TRANSACTIONS (CONTINUED)

32.4 Transactions with associates and joint ventures

Terms and conditions of transactions with related parties, associates and joint ventures
Purchases from related parties and fees for services rendered to related parties are made at normal market prices.
Interests earned from related parties correspond with commercial borrowing rates. There have been no guarantees provided or received for any related parties receivables or payables. For the years ended 31 March 2022 and 31 March 2021, the Group has not made any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of each related party.

	2022 CHF 000	2021 CHF 000
32.5 Key management compensation		
Short-term employee benefits	9,524	9,551
Post-employment pension benefits	1,202	1,055
Total compensation paid to key management	**10,726**	10,606

Key management is comprised of the Board of Directors of Hirslanden AG and the Executive Committee.

33. SEGMENT REPORTING

Consistent with internal reporting, the Group's operating segments are the eight supply regions (Aargau, Baselland, Berne, East (Appenzell, St. Gallen), Lucerne, West (Geneva, Vaud), Zug and Zurich). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of Switzerland (ExCo) that makes strategic decisions, see note 2.3.
Since all operating segments are healthcare providers in Switzerland and as such have the same business activities and operate in the same economic and regulatory environment, have similar economic characteristics such as long-term EBITDA-margins and revenue streams and offer similar services to similar types of customers, the eight operating segments are aggregated into one reportable segment in line with the aggregation criteria of IFRS 8.
The information reported to the chief operating decision-maker is in line with IFRS standards and is in line with the consolidated financial statements in this report. Therefore, no separate segment information is disclosed.

The breakdown of revenues by services is disclosed in note 23.

Revenues from external customers attributed to foreign countries are not material. Furthermore, there are no non-current assets located in foreign countries.

For information on major customers, please refer to note 3.1b.

		GROUP	
	Notes	2022 CHF 000	2021 CHF 000
34. FINANCIAL INSTRUMENTS - ADDITIONAL DISCLOSURES			
The Group hold the following financial instruments:			
Financial assets			
Financial Assets at amortised cost[1]			
Other investments and loans	8	5,286	5,979
Trade and other receivables[2]	11	564,961	587,056
Cash and cash equivalents	12	191,517	105,805
Financial assets at FVPL	8	978	943
Financial assets at FVOCI	8	10,517	580
		773,259	700,363

Notes

[1] Due to the short-term nature of the majority of these financial assets, their carrying amounts are considered to be the same as their fair value. For the non-current financial assets, the fair values are also not significantly different from their carrying amounts. The fair values were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

[2] Excluding non-financial instruments.

	Notes	2022 CHF 000	2021 CHF 000
Financial liabilities			
Liabilities at amortised cost[1]			
Borrowings	16	1,545,009	1,595,964
Lease liabilities	17	504,678	529,760
Trade and other payables[2]	22	292,718	256,925
Derivative financial instruments - written put option (redemption liability)	20	152,204	149,587
Tariff provision	19	54,414	39,566
		2,549,023	2,571,802

Notes

[1] For financial liabilities, the fair values are not materially different from their carrying amounts, since the interest payable on these liabilities is either close to current market rates or the liabilities are of a short-term nature. The value of the redemption liability (written put option) is determined based on the profitability of Clinique des Grangettes and Clinique La Colline. The exercise price is formula based and the financial liability is recognised at amortised cost at the present value of the estimated future contractual cash flows of the redemption amount.

[2] Excluding non-financial instruments.

The group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Fair value measurements

Financial instruments measured at fair value in the statement of financial position, are classified using a fair value hierarchy that reflects the significance of the inputs used in the valuation. The fair value hierarchy has the following levels:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities and investments in money market funds) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. interest rate swaps) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, put/call agreements and forward contracts.

34. FINANCIAL INSTRUMENTS - ADDITIONAL DISCLOSURES (CONTINUED)

At 31 March 2022	Notes	Level 1 CHF 000	Level 2 CHF 000	Level 3 CHF 000	Total CHF 000
Financial assets					
Financial assets at FVPL					
Listed equity securities	8	978	-	-	978
Financial assets at FVOCI					
Unlisted equity securities	8	-	-	10,517	10,517
Total financial assets		978	-	10,517	**11,495**

At 31 March 2021	Notes	Level 1 CHF 000	Level 2 CHF 000	Level 3 CHF 000	Total CHF 000
Financial assets					
Financial assets at FVPL					
Listed equity securities	8	943	-	-	943
Financial assets at FVOCI					
Unlisted equity securities	8			580	580
Total financial assets		943	-	580	**1,523**

Valuation techniques, inputs and processes

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves
- for other financial instruments – discounted cash flow analysis.

For the fair market value of the unlisted shares which were newly acquired in the current business year (TCHF 9'937 refer to Note 8) the group considers the price paid at the market in financial year 2022 as the best reference for their valuation.

The fair value of unlisted equity instruments is performed by the finance department for financial reporting purposes. Valuation processes relevant to financial instruments with significant fair values are discussed every six months, in line with the group's half-year reporting periods.

35. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The ultimate shareholder of Hirslanden AG is "Mediclinic International plc" which indirectly owns 100% of the shares.

Subsidiaries

The consolidated financial statements include the financial statements of Hirslanden AG and the subsidiaries listed in the following table:

Hirslanden Praxiszentrum am Bahnhof, Schaffhausen AG was sold on 1 June 2020.
In February 2020, Hirslanden Ambulante Operationszentren AG was founded as a 100% subsidiary of Hirslanden AG. The company was renamed to Hirslanden OPERA AG. As per 1 April 2020 the Group acquired relax health competence AG as a 100% subsidiary of Hirslanden OPERA AG. The company was renamed in May 2020 to Hirslanden OPERA Zumikon AG. As part of the objective to consistently continue to develop Hirslanden’s outpatient surgery offer, the outpatient unit of Klinik Stephanshorn AG was spun-off and a new legal entity, Hirslanden OPERA St. Gallen AG, was established.

Hirslanden Venture Capital AG and Hirslanden Precise AG were founded in financial year 2021 as 100% subsidiaries of Hirslanden AG. While Hirslanden Opera Bern was founded in the financial year 2022 as 100% subsidiary of Opera Holding AG.

	Country of incorporation	Investments in % 2022	Investments in % 2021
Directly held through Hirslanden AG			
Hirslanden Klinik Aarau AG, Aarau	Switzerland	**100.00**	100.00
Hirslanden Bern AG, Bern	Switzerland	**100.00**	100.00
Hirslanden Lausanne SA, Lausanne	Switzerland	**100.00**	100.00
Hirslanden Praxiszentrum am Bahnhof, Schaffhausen AG	Switzerland	**-**	-
AndreasKlinik AG Cham, Cham	Switzerland	**100.00**	100.00
Klinik Birshof AG, Münchenstein	Switzerland	**99.97**	99.97
Hirslanden Klinik Am Rosenberg AG, Heiden	Switzerland	**100.00**	100.00
Klinik St. Anna AG, Luzern	Switzerland	**100.00**	100.00
Klinik Stephanshorn AG, St. Gallen	Switzerland	**100.00**	100.00
Radiotherapie Hirslanden AG, Aarau	Switzerland	**100.00**	100.00
IMRAD SA, Lausanne	Switzerland	**75.00**	75.00
Hirslanden Klinik Linde AG, Biel	Switzerland	**100.00**	100.00
Hirslanden La Colline Grangettes SA, Chêne-Bougeries	Switzerland	**60.00**	60.00
Hirslanden OPERA AG, Opfikon	Switzerland	**100.00**	100.00
Hirslanden Venture Capital AG, Opfikon	Switzerland	**100.00**	100.00
Hirslanden Precise AG, Zollikon	Switzerland	**100.00**	100.00
Indirectly held through Hirslanden Klinik am Rosenberg AG			
Klinik am Rosenberg Heiden AG, Heiden	Switzerland	**99.20**	99.20
Indirectly held through Hirslanden La Colline Grangettes SA			
Hirslanden Clinique La Colline SA, Genève	Switzerland	**60.00**	60.00
Grangettes Healthcare SA, Chêne-Bougeries	Switzerland	**60.00**	60.00
Indirectly held through Grangettes Healthcare SA			
Clinique des Grangettes SA, Chêne-Bougeries	Switzerland	**60.00**	60.00
Dianecho SA, Genève	Switzerland	**43.90**	43.90
Indirectly held through Hirslanden OPERA AG			
Hirslanden OPERA Zumikon AG, Zumikon	Switzerland	**100.00**	100.00
Hirslanden OPERA St. Gallen AG, St. Gallen	Switzerland	**100.00**	100.00
Hirslanden OPERA Bern AG, Bern	Switzerland	**100.00**	-
Indirectly held through IMRAD SA			
Hirslanden Freiburg AG, Düdingen, Düdingen	Switzerland	**75.00**	75.00

35. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

Associates and Joint ventures			
Zentrallabor Zürich, Zürich (ZLZ) [1)]	Switzerland	**49.02**	49.47
Ordinary partnership for a car park ("Baukonsortium"), Cham	Switzerland	**24.00**	24.00
Ordinary partnership for the management of parking spaces ("EFG Parkierung Rigistrasse"), Cham	Switzerland	**25.00**	25.00
La Colline, Centre de Rééducation et Physiothérapie SA, Genève	Switzerland	**20.00**	20.00
La Colline, Centre de Physiothérapie du Sport Sàrl, Genève	Switzerland	**23.00**	23.00
CORTS AG, Maur	Switzerland	**37.78**	37.78
GRGB Santé SA, Genève [2)]	Switzerland	**30.00**	30.00
Hystrix Medical AG, Zürich	Switzerland	**8.68**	8.68
Centre de Chirurgie Ambulatoire (CCA) - HUG Hirslanden SA, Genève [3)]	Switzerland	**50.00**	50.00

[1)] The Group does not control ZLZ as it has no decision-making power over the company.
[2)] From a Group point of view, the 50% stake in GRGB Santé SA is 30%, as it is held indirectly through Clinique des Grangettes SA.
[3)] The Group does not control CCA as it has no decision-making power over the company.

36. EVENTS AFTER THE BALANCE SHEET DATE

There have been no material changes in the affairs of financial position of the Company and the Group between the end of the reporting period and the date when the financial statements were authorised for issue.