FRESENIUS

FRESENIUS SE & CO. KGAA

2022

Annual Report

Management Report

Report of the Supervisory Board

FRESENIUS SE & CO. KGAA, BAD HOMBURG V. D. HÖHE

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

ASSETS

€ in millions	Note	31.12.2022	31.12.2021
A. Fixed Assets	(4)		
I. Intangible assets		7	10
II. Tangible assets		117	121
III. Financial assets		12,201	11,802
		12,325	**11,933**
B. Current Assets			
I. Accounts receivable and other assets	(5)		
1. Trade accounts receivable		0	0
2. Accounts receivable from related parties		4,964	4,117
3. Other assets		151	113
		5,115	4,230
II. Cash and cash equivalents	(6)	541	105
		5,656	**4,335**
C. Deferred expense	(7)	40	41
		18,021	**16,309**

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	31.12.2022	31.12.2021
A. Shareholders' equity			
I. Subscribed capital	(8, 9, 10, 11, 12)		
Ordinary shares		563	558
II. Capital reserves	(13)	3,487	3,345
III. Other reserves	(14)	2,611	2,729
IV. Retained earnings	(15)	519	514
		7,180	**7,146**
B. Special reserve for government investment grants	(16)	0	0
C. Accruals	(17)		
1. Pensions and similar obligations		130	111
2. Accruals for income taxes		222	202
3. Other accruals		33	27
		385	**340**
D. Liabilities	(18)		
1. Senior notes		6,250	3,950
2. Convertible bonds		500	500
3. Bank loans		1,780	2,274
4. Trade accounts payable		10	4
5. Accounts payable to related parties		1,771	1,962
6. Other liabilities		144	131
		10,455	**8,821**
E. Deferred income	(19)	1	2
		18,021	**16,309**

FRESENIUS SE & CO. KGAA, BAD HOMBURG V. D. HÖHE

PROFIT AND LOSS STATEMENT JANUARY 1 TO DECEMBER 31, 2022

€ in millions	Note	2022	2021
1. Income from participations	(20)	665	646
2. Revenues	(21)	89	81
3. Other operating income	(22)	250	156
4. Cost of materials	(23)	-20	-22
5. Personnel expenses	(24)	-62	-57
6. Depreciation and amortization on intangible assets and on property, plant and equipment	(25)	-13	-12
7. Other operating expenses	(26)	-418	-225
8. Net interest	(27)	-43	-21
9. Income taxes	(28)	-29	-41
10. After tax profit		**419**	**505**
11. Other taxes		-18	-2
12. Net income		**401**	**503**
13. Retained earnings brought forward		0	0
14. Decrease of other reserves		118	11
15. Retained earnings		**519**	**514**

FRESENIUS SE & CO. KGAA, BAD HOMBURG V. D. HÖHE

NOTES AS OF DECEMBER 31, 2022

1. GENERAL INFORMATION

Fresenius SE & Co. KGaA, registered in Bad Homburg v.d.H. is listed under number B 11852 in the Commercial Register in Bad Homburg v.d.H.

The reporting currency of Fresenius SE & Co. KGaA is the euro. In order to make the presentation clearer, amounts are shown in Euro million. Amounts under €1 million after rounding are marked with „0“. In particular cases amounts are shown in Euro thousands.

The preparation of the financial statements has been done according to the rules of the German Commercial Code (HGB) and the rules of the German Stock Corporation Act (AktG - Aktiengesetz). The financial statements include the balance sheet, the profit and loss statement as well as the Notes. The profit and loss statement follows the nature of expense method (Gesamtkostenverfahren).

2. STRUCTURE

The Fresenius Group is as of December 31, 2022, divided into four legally independent business segments:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

Fresenius SE & Co. KGaA owns the stakes in the management companies and functions as an operating holding.

The list of investments of Fresenius SE & Co. KGaA is to be found in the enclosure to the Notes.

3. ACCOUNTING PRINCIPLES AND STANDARDS OF VALUATION

Acquired **intangible assets** are valued at purchase cost less regular amortization. The useful life is normally between 2 and 5 years, for personal computer auxiliary programs the useful life is 2 years, and for know-how up to 5 years.

The value of **investments in property, plant and equipment** is stated at the cost of the assets less regular linear depreciation.

The following useful lives were used for calculating depreciation:

► Office and factory buildings	10 - 40 years
► Technical equipment and machinery	5 - 10 years
► Other fixtures and fittings, tools and equipment	3 - 10 years

Assets with purchase cost of up to €250.00 are fully written off in the year of addition.

Depreciable movable non-current assets with a value of more than €250.00 and less than €1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.

Extraordinary depreciation is carried out, provided that the carrying book value is other than temporarily impaired.

Financial assets are valued at purchase price or, if the asset is probably other than temporarily impaired the lower market value. Interest-free loans are recognized at their present value.

The lower value of non-current assets resulting from write-downs to fair value has to be reversed if the reasons for the extraordinary write-down no longer apply (Section 253 (5) HGB).

Accounts receivable and other assets are stated at nominal value reduced by individual allowance if necessary.

No **deferred tax** is to be recognized for temporary differences in valuations in the tax and financial reporting balance sheets as long as the net difference would result in an asset.

The **subscribed capital** is carried at its nominal amount.

The **special reserve with equity portion** that was built according to Section 247 (3) HGB in previous years can be retained according to the option in Art. 67 (3) sentence 1 EGHGB.

The **pension obligation** is determined according to actuarial principles on the basis of biometric probabilities (Richttafeln Heubeck 2018 G) using the Projected Unit Credit-Method. Future expected remuneration and pension increases are taken into account in calculating the obligation. Remuneration is currently adjusted depending on age by between 3% and 4% and pensions by 2.00%. The company specific fluctuation rate that is also taken into consideration for the calculation has been between 0% and 18% depending on age cohort. The actuarial interest rate applicable to the discounting of the pension obligation was

1.78%. This interest rate is based on the last-ten-year-average interest rate for an estimated remaining life of 15 years as determined and published by the German Federal Bank (Deutsche Bundesbank). Until December 31, 2015 the actuarial interest rate was based on the last-seven-year-average discount rate. According to Section 253 (6) HGB the difference from this legal change amounts to €9,184,161.

Pursuant to Section 253 (1) sentence 3 HGB (security-based pension obligations), the value of the provisions for the employee financed life work time account (Demografiefonds) is based on the performance of the asset value of the corresponding plan reinsurance.

The asset values used to offset the provisions are calculated at their fair values.

Tax accruals and other accruals are accounted for recognizable risks and uncertain liabilities at the amounts to be paid and calculated on the basis of a reasonable commercial assessment. Long term accruals are accounted for taking into account future price and cost increases and are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are valued at their settlement amounts.

Income and expenses incurred a certain time after the date of the financial statements are accounted for as **accruals and deferrals**.

Foreign currency items are translated with the foreign exchange rate at the time of origin or the hedging rate for hedging transactions.

Assets and liabilities with a remaining life of up to a year and carried at foreign currencies are translated at the average closing spot rate according to section 256a HGB.

Assets and liabilities with a remaining expected life of over one year and carried at foreign currencies are translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued either using the ‘Durchbuchungsmethode’ or the ‘Einfrierungsmethode’. In the first case changes in value are recognized in the income statement. In the second case the transaction is recognized at inception only and changes in value resulting from the hedged risk are not subsequently recorded in the balance sheet or statement of income.

Gains and losses from translation to euro of items carried at foreign currencies are recognized in the statement of income under “Other operating income” or “Other operating expenses”.

Income and expense from profit transfer agreements is recorded in the same reporting period in which it arises given that earnings from affiliated companies are precise enough at the time of preparing the financial statements and is assured according to reasonable commercial assessment.

Income from incorporated affiliates is recorded at the date when the distribution of earnings is decided, which is after the completion of the financial statements of Fresenius SE & Co. KGaA.

Derivative financial instruments are contracted for hedging purposes only. Both interest rate and foreign currency derivatives are contracted for hedging.

Besides hedging instruments for cash pool balances and loans in foreign currencies that Group Companies have borrowed from Fresenius SE & Co. KGaA or that Fresenius SE & Co. KGaA has borrowed from Group Companies or banks, Fresenius SE & Co. KGaA acquires hedging instruments from banks, that are mirrored by agreements between Fresenius SE & Co. KGaA and its affiliated companies at nearly the same conditions. The affiliated companies use these agreements to hedge their operating businesses against foreign currency risks.

Derivative financial instruments are measured at fair value at balance sheet date. According to German Commercial Law accounting principles and standards of valuation any remeasurement losses are recognized in earnings while remeasurement gains are not taken into account. When the conditions for hedge accounting are met, the underlying asset and the hedging instrument are considered together. The application of the standards of valuation is explained in more detail in Chapter (31) Derivatives.

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4. FIXED ASSETS

The following is a breakdown of fixed assets and their development:

€ in millions	Acquisition costs					Write-ups/Depreciation				Carrying amount	
	As of Jan. 1, 2022	Additions	Disposals	Reclassifications	As of Dec. 31, 2022	As of Jan. 1, 2022	Additions	Disposals	As of Dec. 31, 2022	**Dec. 31, 2022**	Dec. 31, 2021
Intangible assets											
Concessions, industrial and similar rights and assets as well as licenses acquired for consideration	23	1	–	–	24	13	4	–	17	7	10
	23	**1**	**–**	**–**	**24**	**13**	**4**	**–**	**17**	**7**	**10**
Tangible assets											
Land, leasehold and buildings including buildings on third party property	196	3	-1	2	200	87	6	–	93	107	109
Plant and machinery	1	1	–	0	2	1	0	–	1	1	0
Other fixtures and fittings, tools and equipment	24	2	-2	2	26	16	3	-1	18	8	8
Payments on account and tangible assets in course of construction	4	1	–	-4	1	–	–	–	–	1	4
	225	**7**	**-3**	**0**	**229**	**104**	**9**	**-1**	**112**	**117**	**121**
Financial assets											
Shares in related parties	9,859	495	–	–	10,354	0	–	–	0	10,354	9,859
Loans to related parties	1,941	103	-388	188	1,844	–	–	–	–	1,844	1,941
Investments	2	1	–	–	3	–	–	–	–	3	2
	11,802	**599**	**-388**	**188**	**12,201**	**0**	**–**	**–**	**0**	**12,201**	**11,802**
Fixed assets	**12,050**	**607**	**-391**	**188**	**12,454**	**117**	**13**	**-1**	**129**	**12,325**	**11,933**

FINANCIAL ASSETS

As of December 31, 2022, Fresenius SE & Co. KGaA owns stakes in the following domestic management companies for business segments:

- Fresenius Medical Care AG & Co. KGaA, Hof an der Saale
- Fresenius Kabi AG, Bad Homburg v.d.H.
- Fresenius ProServe GmbH, Bad Homburg v.d.H.

The percentage of Fresenius Medical Care AG & Co. KGaA´s ("FMC-AG & Co. KGaA") subscribed capital held by Fresenius SE & Co. KGaA at the end of fiscal year 2022 was 32.17% (previous year 32.21%). Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2022. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds 100% in Helios Kliniken GmbH and in Helios Health GmbH (100% stakeholder of the Quirónsalud Group and the Eugin Group) as well as a 77% stake in Vamed Aktiengesellschaft.

Fresenius SE & Co. KGaA holds all of the stakes of the following domestic property management and service companies as well as foreign finance companies:

- Fresenius Immobilien-Verwaltungs-GmbH
- Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Schweinfurt KG
- Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt St. Wendel KG
- Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG
- Hyginus Publisher GmbH
- Fresenius Versicherungsvermittlungs GmbH
- Fresenius Medical Care Management AG
- Fresenius US Finance II, Inc.
- Fresenius Finance Holdings Ltd.
- Fresenius Vamed GmbH

All of the subscribed capital of Fresenius Digital Technology GmbH is indirectly held via Fresenius Versicherungsvermittlungs GmbH.

Through Fresenius Finance Holdings Ltd., Fresenius SE & Co. KGaA indirectly wholly owns Fresenius Finance Ireland PLC and Fresenius Finance Ireland II PLC.

In the fiscal year 2022, Fresenius SE & Co. KGaA contributed €495 million to the additional paid-in capital of Fresenius Kabi AG.

hospitalia activHealth gmbh, a direct affiliated company of Fresenius ProServe GmbH, was granted an interest-free loan, which led to an increase in financial assets of €67 million.

Additionally, Vamed Gesundheit Holding Deutschland GmbH, an indirect affiliated company of Vamed Aktiengesellschaft, was granted a further loan of €20 million.

Moreover, €848 thousand was invested in the Futury Regio Growth GmbH & Co. KG.

Helios Klinik Wesermarsch GmbH and Helios Mariahilf Klinik Hamburg GmbH, both direct affiliated companies of Helios Kliniken GmbH, were granted interest-free loans, which led to an increase in financial assets of €8 million each.

5. ACCOUNTS RECEIVABLE AND OTHER ASSETS

€ in millions	Dec. 31, 2022	Dec. 31, 2021
Trade accounts receivable	0	0
(amount with a remaining term of more than one year)	(–)	(–)
Accounts receivable from related parties	4,964	4,117
(amount with a remaining term of more than one year)	(–)	(–)
Other assets	151	113
(amount with a remaining term of more than one year)	(62)	(62)
	5,115	**4,230**

Accounts receivable from related parties include €4,957 million mainly consisting of loans and financing related accounts in the context of inhouse banking (cash pool) (previous year €4,111 million) as well as €7 million of trade accounts receivables (previous year €6 million).

Other assets mainly contain stock options (call options) with a value of €62 million (previous year € 62 million) held for hedging market price fluctuations of the derivative embedded in the convertible bond as well as €19 million (previous year €13 millon) VAT receivable (including foreign VAT receivable), and social security related receivables of €0 thousand (previous year €354 thousand).

Also included are receivables from corporation tax law (Körperschaftsteuer) and solidarity surcharge (Solidaritätszuschlag) as well as business tax (Gewerbesteuer) of €63 million (previous year €34 million). Receivables from income tax (Ertragsteuer) include expected amounts of outstanding tax assessments for previous years and for the assessment and collection year 2022.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and cash at banks of €541 million (previous year €105 million).

7. DEFERRED EXPENSE

The deferred expenses of €40 million (previous year €41 million) mainly consist of discounts with a net book value of €35 million as of December 31, 2022 (previous year €36 million).

The placement of a convertible bond in January 2017 resulted in a discount of €62 million that will be released on a straight-line basis over the lifetime of the convertible bond. As of December 31, 2022, it is included in deferred expenses with a value of €10 million.

The placement of a convertible bond in January 2020 resulted in a discount of €16 million that will be released on a straight-line basis over the lifetime of the convertible bond. As of December 31, 2022, it is included in deferred expenses with a value of €10 million.

Moreover, bonds issued in January 2019 resulted in a discount of €8 million that will be released on a straight-line basis over the lifetime of the bond. As of December 31, 2022, it is included in deferred expenses with a value of €4 million.

Discounts of €12 million, which resulted from the issue of bonds during the fiscal year 2022, will be released on a straight-line basis over the lifetime of the respective bonds. As of December 31, 2022, discounts are included in deferred expenses with a value of €11 million.

Furthermore, it includes the prepayment of the Directors & Officers-Insurance (D & O-Insurance) and the accidental and product liability insurance.

8. SUBSCRIBED CAPITAL

On June 9, 2022, Fresenius SE & Co. KGaA successfully completed a capital increase in kind with subscription rights in return for the contribution of dividend entitlements as part of the share dividend. In connection with the capital increase, 473,513,400 new bearer ordinary shares were issued and the subscribed capital was increased by €4,735,134 to €563,237,277. The new shares have full dividend entitlement for the fiscal year 2022; they are admitted to trading on the stock exchange.

During the fiscal year 2022, no stock options were exercised.

Consequently, as of December 31, 2022, the subscribed capital of Fresenius SE & Co. KGaA consisted of 563,237,277 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.
The subscribed capital developed as follows:

€ in millions	2022	2021
As of January 1	558	557
Increase due to exercise of stock options	–	1
Capital increase in kind with subscription rights in return for the contribution of dividend entitlements (share dividend)	5	–
As of December 31	**563**	**558**

9. OWN SHARES

As of December 31, 2022, no own shares were held.

10. NOTIFICATION BY SHAREHOLDERS

The following table shows the notifications disclosed in 2022 in accordance with Section 40 (1) of the German Securities Trading Act (WpHG).

Notifying party	Registered office	Date of exceeding or falling below	Reporting threshold	Percentage of voting rights	Number of voting rights	Attribution pursuant to WpHG
Harris Associates L.P.	Wilmington, Delaware, United States	February 14, 2022	Falling below 3%	3.02	16,866,065	section 34

In cases where holdings reached, exceeded or fell below the thresholds on several occasions, only the most recent notification is mentioned.

The Else Kröner-Fresenius-Stiftung as major shareholder informed Fresenius SE & Co. KGaA on December 30, 2022, that it holds 151,842,509 ordinary shares of Fresenius SE & Co. KGaA representing 27.0% of the subscribed capital on December 31, 2022. All WpHG-notifications by shareholders in 2022 are published on the website of the Company www.fresenius.com/shareholder-structure.

11. AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on May 13, 2022, the previous Authorized Capital I was revoked and a new Authorized Capital I (2022) was approved.

Accordingly, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 12, 2027, to increase Fresenius SE & Co. KGaA 's share capital (subscribed capital) by a total amount of up to €125,000,000 through a single or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I (2022)). The number of shares must increase in the same proportion as the subscribed capital. In principle, shareholders must be granted a subscription right . In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e. g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, in case of a capital increase against cash contributions, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization. In the case of a subscription in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company.

The authorizations granted concerning the exclusion of subscription rights can be used by Fresenius Management SE only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization.

The changes to the Authorized Capital I became effective upon registration with the commercial register on July 5, 2022.

The Authorized Capital I developed as follows:

€ in millions	2022	2021
As of January 1	125	125
Revocation of previous Authorized Capital I due to resolution of the Annual General meeting	-125	–
Creation of a new Authorized Capital I due to resolution of the Annual General meeting	125	–
As of December 31	**125**	**125**

12. CONDITIONAL CAPITAL

The Conditional Capital IV is in place to fulfill the obligation to issue shares relating to the exercise of Stock Options on the basis of the existing 2013 Stock Option Plan. A further Conditional Capital III exists for the authorization to issue option bearer bonds and / or convertible bonds.

The Conditional Capital I for the Fresenius AG Stock Option Plan 2003 (expired) developed as follows:

in €	Ordinary shares
As of January 1, 2022	4,735,083
As of December 31, 2022	**4,735,083**

The Conditional Capital II for the Fresenius SE Stock Option Plan 2008 (expired) developed as follows:

in €	Ordinary shares
As of January 1, 2022	3,452,937
As of December 31, 2022	**3,452,937**

The Conditional Capital III, for option bearer bonds and / or convertible bonds, developed as follows:

in €	Ordinary shares
As of January 1, 2022	48,971,202
As of December 31, 2022	**48,971,202**

The Conditional Capital IV for the Fresenius SE & Co. KGaA Stock Option Plan 2013 developed as follows:

in €	Ordinary shares
As of January 1, 2022	22,824,857
As of December 31, 2022	**22,824,857**

DESCRIPTION OF THE FRESENIUS SE & CO. KGAA SHARE-BASED COMPENSATION PLANS IN PLACE

As of December 31, 2022, Fresenius SE & Co. KGaA had two share-based compensation plans in place: the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks and the Long Term Incentive Plan 2018 (LTIP 2018) which is solely based on performance shares. Currently, solely LTIP 2018 can be used to grant performance shares.

LTIP 2018

On April 12, 2018 and March 15, 2018, respectively, the Management Board and Supervisory Board of the general partner, Fresenius Management SE, resolved the Long Term Incentive Plan 2018 (LTIP 2018).

The LTIP 2018 is based solely on virtual stocks (performance shares). The performance shares issued through the plan are non-equity-backed, virtual compensation instruments. When performance targets are reached and other prerequisites are met, they guarantee the entitlement to a cash payment by Fresenius SE & Co. KGaA or one of its affiliated companies.

The plan is available both for members of the Management Board (with the exception of the Chief Executive Officer of Fresenius Medical Care, who receives his compensation from Fresenius Medical Care Management AG) and other executives. Performance shares may be granted once annually over a period of five years. The grant to the members of the Management Board is made by the Supervisory Board of the general partner, Fresenius Management SE, the grant to the other executives is made by the Management Board of Fresenius Management SE, in each case on the basis of a grant value determined at its discretion. The grant value is determined in consideration of the personal performance and the responsibilities of the concerned plan participant. The number of performance shares granted is calculated through applying the grant value and the average stock market price of the Fresenius share over the period of 60 stock exchange trading days prior to the grant date.

The number of performance shares may change over a period of four years, depending on the level of achievement of the performance targets described in more detail below. This could entail the entire loss of all performance shares or also – at maximum – the doubling of their number. The resulting number of performance shares, which is determined after a performance period of four years and based on the respective level of target achievement, is deemed finally earned four years after the date of the respective grant. The number of vested performance shares is then multiplied by the average stock exchange price of Fresenius SE & Co. KGaA's share over a period of 60 stock exchange trading days prior to the lapse of this vesting period plus the total of the dividends per share of Fresenius SE & Co. KGaA paid by Fresenius SE & Co. KGaA between the grant date and the vesting date. The resulting amount will be paid to the respective plan participant in cash. The potential disbursement entitlement of each member of the Management Board is limited to a maximum value of 250% of the grant value, the entitlement of all other plan participants is limited to a maximum value of 400%.

The LTIP 2018 has two equally weighted performance targets: firstly, the growth rate of the adjusted consolidated net income (adjusted for currency effects) and, secondly, the relative Total Shareholder Return based on the STOXX Europe 600 Health Care Index. Disbursement entitlement requires that at least one of the two performance targets must be reached or surpassed over the four-year performance period.

For the performance target "Net Income Growth Rate" a level of target achievement of 100% is reached when the same is at least 8% over the four-year performance period. If the growth rate falls below or corresponds to only 5%, the level of target achievement is 0%. If the growth rate is between 5% and 8%, the level of target achievement is between 0% and 100%, while, where the growth rate is between 8% and 20%, the level of target achievement will be between 100% and 200%. Intermediate values are calculated through linear interpolation. The net income is the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA reported in the consolidated financial statements of Fresenius SE & Co. KGaA prepared in accordance with IFRS, adjusted for extraordinary effects. The determination of the adjusted net income (adjusted for currency effects) and the change in comparison with the adjusted net income (not adjusted for currency effects) of the previous Fresenius Group fiscal year will be verified in a binding manner by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. For the ascertainment of the currency translation effects, all line items of the income statements of the companies that are included in the consolidated financial statements and which have a functional currency other than the reporting currency (euro) of the Fresenius Group are translated with the average exchange rates of the Fresenius Group fiscal year of the consolidated financial statements that are the basis for the comparison.

For the "Total Shareholder Return" performance target, a target achievement of 100% is met when the Total Shareholder Return of Fresenius SE & Co. KGaA in comparison with the Total Shareholder Return of the other companies of the STOXX Europe 600 Health Care Index achieves an average ranking within the benchmark companies, i. e. exactly in the middle (50th percentile), over the four-year performance period. If the ranking corresponds to the 25th percentile or less, the level of target achievement is 0%. Where the ranking is between the 25th percentile and the 50th percentile, the level of target achievement is between 0% and 100%; and, for a ranking between the 50th percentile and the 75th percentile, between 100% and 200%. Intermediate values will also be calculated through linear interpolation. Total Shareholder Return denotes the percentage change in the stock market price within the performance period including reinvested dividends and all capital measures, whereby capital measures are to be calculated through rounding down to the fourth decimal place. The ranking values are determined using the composition of STOXX Europe 600 Health Care on the grant date. For equalization purposes, the relevant market price is the average market price in the period of 60 stock exchange trading days prior to the beginning and end of a performance period; the relevant currency is that of the main stock exchange of a company, which was listed in STOXX Europe 600 Health Care on the grant date.

A level of target achievement in excess of 200% is not possible for both performance targets. To calculate the level of overall target achievement, the level of target achievement of the two performance targets are given equal weighting. The total number of performance shares vested on each plan participant is calculated through multiplying the number of performance shares granted by the overall target achievement. The performance targets for the 2018 grant and for the 2019 grant were not achieved. Therefore, the performance shares granted in 2018 and 2019 forfeited.

In the event of violation of compliance rules, the Supervisory Board of Fresenius Management SE, in due exercise of its discretion, is entitled to reduce the number of performance shares vested on a member of the Management Board to zero. Regarding all other plan participants, such decision is made by the Management Board of Fresenius Management SE. Furthermore, Fresenius SE & Co. KGaA is entitled to a complete or partial reimbursement in the event of violation of compliance rules in the period of three years following disbursement.

2013 LTIP

The 2013 LTIP is comprised of the Fresenius SE & Co. KGaA Stock Option Plan 2013 (2013 SOP) and the Fresenius SE & Co. KGaA Phantom Stock Plan 2013 (2013 PSP). It combines the granting of stock options with the granting of phantom stock awards which entitle the holder to receive cash payments upon exercising the phantom stock. Each of the 2013 SOP and 2013 PSP making up the 2013 LTIP have been established under a stand-alone legal documentation.

2013 SOP

Under the 2013 SOP, which was approved by the Annual General Meeting of Fresenius SE & Co. KGaA on May 17, 2013, Fresenius Management SE was originally authorized to issue up to 8.4 million subscription rights for an amount of 8.4 million non-par value ordinary bearer shares of Fresenius SE & Co. KGaA until May 16, 2018.

Of the up to 8.4 million options, up to 1.6 million options were designated for members of the Management Board of Fresenius Management SE; up to 4.4 million options were designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 2.4 million options were designated for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

In connection with the stock split in 2014, the total volume of not yet granted subscription rights increased in the same proportion as the subscribed capital (factor 3) as far as options had not yet been granted under the 2013 SOP. The same applies to the subsets of the subscription rights that are attributable to individual groups of participants. For stock options that were granted before the stock split 2014 came into effect, the entitlement of the participants to receive new shares through the exercise of stock options increased in the same proportion as the subscribed capital (factor 3). The participants are now entitled to receive three bearer ordinary shares of Fresenius SE & Co. KGaA. The exercise price was reduced proportionally.

The granting of the options occurred in five annual tranches, each to the last Monday in July or the first Monday in December. With respect to new options, the Supervisory Board of Fresenius Management SE determined the stock options granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determined the other participants in the 2013 SOP and the stock options granted to them.

The exercise price of an option equals the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic Xetra trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, on the last 30 calendar days prior to the respective grant date.

Options granted have an eight-year term but can be exercised only after a four-year vesting period. The exercise of options is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the options to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the options issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i. e. by one quarter, two quarters, three quarters, or completely. In the years 2013 to 2019, the performance targets for stock options granted in 2013 to 2016 were met. For stock options granted in 2017, only one quarter of the performance target was achieved. Therefore, in 2020, three quarters of the stock options granted in 2017 were forfeited.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS (currency adjusted) and changes thereto compared to the adjusted net income according to IFRS (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co.

KGaA on the basis of the audited consolidated financial statements. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares in lieu of increasing capital by the issuance of new shares.

After the expiration of the waiting period, all options in respect of which the success target has been achieved may be exercised at any time outside the designated blackout periods.

The last options were granted in 2017.

2013 PSP

Fresenius SE & Co. KGaA's 2013 PSP was established in May 2013, together with the 2013 SOP in line with the 2013 LTIP. Awards of phantom stocks could be granted on each stock option grant date. Phantom stocks awarded under the 2013 PSP could be granted to the members of Fresenius Management SE's Management Board, the members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and to executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

The holders of phantom stocks, that had been issued before the stock split 2014 came into effect, were granted an economic compensation through retroactively tripling the number of phantom stocks granted before the stock split 2014 came into effect.

As under the 2013 SOP, the Supervisory Board of Fresenius Management SE determined the phantom stocks granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determined the other participants in the 2013 PSP and the phantom stocks granted to them.

Phantom stock awards under the 2013 PSP entitled the holder to receive a cash payment. Each phantom stock award entitled the holder to receive the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic Xetra trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, during the last three months prior to the date the phantom stock was exercised.

The exercise of phantom stock was subject to the condition precedent, in each case, that the annual success target within a four-year waiting period was achieved.

After the expiration of the waiting period, all exercisable phantom stocks were deemed to be exercised and cashed out on March 1 following the end of the waiting period (or the following banking day). At December 31, 2022, there was no provision for phantom stocks issued under the 2013 PSP. At December 31, 2021, the provision for phantom stocks issued in 2017 that were exercised and paid out on March 1, 2022, amounted to €1 million.

The last phantom stocks were granted in 2017. By the end of 2022, all phantom stocks were paid out.

TRANSACTIONS DURING 2022 AND 2021

On September 12, 2022, Fresenius SE & Co. KGaA awarded 1,528,594 performance shares under the LTIP 2018, the total fair value at the grant date being €40 million, including 328,818 performance shares valued at €9 million to the members of the Management Board of Fresenius Management SE. The fair value per performance share at the grant date was €26.30.

On September 13, 2021, Fresenius SE & Co. KGaA awarded 915,105 performance shares under the LTIP 2018, the total fair value at the grant date being €41 million, including 193,800 performance shares valued at €9 million to the members of the Management Board of Fresenius Management SE. The fair value per performance share at the grant date was €44.75.

During the fiscal year 2022, no stock options were exercised. During the fiscal year 2021, Fresenius SE & Co. KGaA received cash of €32 million from the exercise of 961,234 stock options. The average stock price of the ordinary share at the exercise date was €44.32.

At December 31, 2022, 3,583,234 stock options issued under the 2013 LTIP were outstanding and exercisable. The members of the Fresenius Management SE Management Board held 461,250 stock options. At December 31, 2022, the Management Board members of Fresenius Management SE held 462,507 performance shares and employees of Fresenius SE & Co. KGaA held 3,294,978 performance shares under the LTIP 2018.

At December 31, 2021, 4,967,507 stock options issued under the 2013 LTIP were outstanding and exercisable. The members of the Fresenius Management SE Management Board held 603,281 stock options. 38,592 phantom stocks issued under the 2013 LTIP were outstanding at December 31, 2021. The members of the Fresenius Management SE Management Board held 5,059 phantom stocks and employees of Fresenius SE & Co. KGaA 4,662 phantom stocks. At December 31, 2021, the Management Board members of Fresenius Management SE held 582,234 performance shares and employees of Fresenius SE & Co. KGaA held 2,367,562 performance shares under the LTIP 2018.

Stock option transactions are summarized as follows:

	stock options
Number as of December 31, 2021	4,967,507
less forfeited options	-1,384,273
less exercises	–
Number as of December 31, 2022	**3,583,234**

13. CAPITAL RESERVES

Capital reserves comprise the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital).

In the first half of 2022, the capital reserves increased by €142 million in connection with the capital increase of the subscribed capital.The capital reserves have developed during the fiscal year as follows:

€ in millions	2022	2021
As of January 1	3,345	3,314
Increase due to exercise of stock options	–	31
Capital increase (share dividend)	142	–
As of December 31	**3,487**	**3,345**

The capital reserve exceeds 10% of the subscribed capital and therewith conforms with the legal reserve as in section 150 (1) and (2) of the German Stock Corporation Act (AktG).

14. OTHER RESERVES

Other reserves developed as follows:

€ in millions	2022	2021
As of January 1	2,729	2,740
Withdrawals from other reserves	-118	-11
As of December 31	**2,611**	**2,729**

According to the restrictions in Section 253 (6) HGB, an amount of €9 million of other reserves shall not be distributed.

15. RETAINED EARNINGS

Accumulated profits from the prior year of €53 thousand are included in retained earnings in accordance with the decision taken at the Annual General Meeting on May 13, 2022.

Given that the amount of capital that shall not be distributed is sensibly higher than retained earnings, there is no distribution restriction for this amount.

16. SPECIAL RESERVE FOR GOVERNMENT INVESTMENT GRANTS

Special reserves in an amount of €286 primarily comprise government investment grants and subsidies according to sections 1, 4 and 4b of the German Investment Subsidy Code (InvZulG). Dissolution of grants and subsidies is spread over the useful life of the subsidized assets. The yearly dissolution (€1 thousand) is included in the profit and loss statement under “Other operating income”.

17. ACCRUED EXPENSES

The **pension obligation** has been determined according to the method described under Note (3) “Accounting principles and standards of valuation”. Included in accrued expenses is an obligation of €44 million in favor of Fresenius Management SE for pension obligations related to its Management Board members.

In accordance with legal regulations the employee credit balances of **partial retirement agreements** are secured against insolvency. To fulfill this purpose the company buys shares of a money-market-similar investment fund in the amount of the cumulated credit balances. The securitization is done via pledging the investment fund shares to a trustee, hence the securities have the sole purpose of fulfilling the obligations derived from the partial retirement agreements and are not available to other creditors. They have been netted with their matching obligations following Section 246 (2) sentence 2 HGB. The acquisition cost of these securities at the date of issuance reflects their fair value.

€ in thousands	31.12.2022
Amount to be paid for partial retirement agreements	790
Fair value of matching securities	383
Funded status (surplus of obligations over assets)	407
Acquisition cost of securities	381

On the basis of a Works Council Agreement from 2009 and starting on January 1, 2010, employees can participate in a demography fund **(Demografiefonds)** by contributing part of their compensation or working time to an account run by Fresenius SE & Co. KGaA in exchange of time-off in the future. The credit balances of the employees are invested in an insurance product via a trust agreement so that Fresenius SE & Co. KGaA and its creditors do not have access to the funds. This construction is a security-based pension obligation in the sense of Section 253 (1) sentence 3 HGB. The amount provisioned for the time balances of the employees corresponds to the fair value of the insurance product. The fair value results from the forecasted actuarial reserves of the insurance company plus the present profit sharing on the surplus.

€ in thousands	31.12.2022
Amount to be paid for obligations from the demography fund	5,755
Fair value of matching insurance	5,755
Funded status (surplus of assets over obligations)	–
Acquisition cost of insurance	5,185

The statement of income includes €96 thousand of netted expense and income, from the valuation of the insurance product and the corresponding provision.

Accruals for income taxes mainly include income tax accruals of €167 million (previous year €153 million). Accruals for income taxes refer to estimated amounts of outstanding tax payments from fiscal year as well as prior years expected to be received.

Other accruals mainly include accruals for invoices outstanding of €14 million (previous year €8 million), accruals to cover personnel expenses of €11 million (previous year €12 million), and foreign currency risks of €1 million (previous year €2 million).

18. LIABILITIES

	December 31, 2022				December 31, 2021			
		thereof with a remaining term of				thereof with a remaining term of		
€ in millions	Total	up to 1 year	1 year to 5 years	over 5 years	Total	up to 1 year	1 year to 5 years	over 5 years
Senior notes	6,250	–	3,450	2,800	3,950	–	1,450	2,500
Convertible bonds	500	–	500	–	500	–	500	–
Bank loans	1,780	585	1,111	84	2,274	921	1,057	296
Trade accounts payable	10	10	–	–	4	4	–	–
Accounts payable to related parties	1,771	1,535	83	153	1,962	1,761	48	153
Other liabilities	130	68	62	–	131	69	62	–
	10,441	**2,198**	**5,206**	**3,037**	**8,821**	**2,755**	**3,117**	**2,949**

SENIOR NOTES

The following table shows the liabilities from the Senior Notes as of December 31, 2022.

Issuer	Notional amount	Maturity date	Interest rate
Fresenius SE & Co. KGaA 2014/2024	€450 million	Feb. 1, 2024	4.00%
Fresenius SE & Co. KGaA 2019/2025	€500 million	Feb. 15, 2025	1.875%
Fresenius SE & Co. KGaA 2022/2025	€750 million	May 24, 2025	1.875%
Fresenius SE & Co. KGaA 2022/2026	€500 million	May 28, 2026	4.250%
Fresenius SE & Co. KGaA 2020/2026	€500 million	Sep. 28, 2026	0.375%
Fresenius SE & Co. KGaA 2020/2027	€750 million	Oct. 8, 2027	1.625%
Fresenius SE & Co. KGaA 2020/2028	€750 million	Jan. 15, 2028	0.750%
Fresenius SE & Co. KGaA 2019/2029	€500 million	Feb. 15, 2029	2.875%
Fresenius SE & Co. KGaA 2022/2029	€500 million	Nov. 28, 2029	5.00%
Fresenius SE & Co. KGaA 2022/2030	€500 million	May 24, 2030	2.875%
Fresenius SE & Co. KGaA 2020/2033	€500 million	Jan. 28, 2033	1.125%

Fresenius SE & Co. KGaA can issue bonds with different maturities under the existing debt issuance program of €12.5 billion. In 2020, the proceeds of the financing activities were mainly used for general corporate purposes, including refinancing of existing financial liabilities.

On November 28, 2022, Fresenius SE & Co. KGaA placed bonds with an aggregate volume of €1,000 million. The bonds consist of two tranches with maturities of three and a half and seven years.

On May 24, 2022, Fresenius SE & Co. KGaA placed bonds with an aggregate volume of €1,300 million. The bonds consist of two tranches with maturities of three and eight years.

Fresenius SE & Co. KGaA has agreed to a number of covenants to provide protection to the holders of bonds issued before 2017, which partly restrict the scope of action of Fresenius SE & Co. KGaA and its subsidiaries (excluding Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and its subsidiaries). These covenants include restrictions on further debt that can be raised, the mortgaging or sale of assets, the entering into sale and lease-back transactions as well as mergers and consolidations with other companies. Some of these restrictions were suspended automatically as the rating of the respective bonds reached investment grade status. As of December 31, 2022, the Fresenius Group was in compliance with all of its covenants.

CONVERTIBLE BONDS, EQUITY-NEUTRAL

On January 31, 2017, Fresenius SE & Co. KGaA issued €500 million of equity-neutral convertible bonds due 2024. The convertible bonds will not bear any interest. The issue price was fixed at 101% of the nominal value. The proceeds were used to fund the acquisition of IDCSalud Holding S.L.U. (Quirónsalud) and for general corporate purposes. The coupon was fixed at 0%. On December 31, 2022 the conversion price was €104.2835.

The negative fair value of the derivative embedded in the convertible bonds of Fresenius SE & Co. KGaA was €9 thousand at December 31, 2022. Fresenius SE & Co. KGaA purchased stock options (call options) with a corresponding fair value to hedge future fair value fluctuations of this derivative. The embedded derivative and the call options build a hedge relationship and are accounted for in other assets and other liabilities at a book value of €62 million each following the "Einfrierungsmethode".

The conversions will be cash-settled. Any increase of Fresenius' share price above the conversion price would be offset by a corresponding value increase of the call options.

BANK LOANS

Schuldschein Loans

At December 31, 2022 Fresenius SE & Co. KGaA had €1,328 million (previous year €1,721 million) liabilities from Schuldschein Loans.

The variable tranche of €175.5 million of Fresenius SE & Co. KGaA's Schuldschein Loans in the total amount of €421 million originally due on January 31, 2024 was repaid prior to maturity on January 31, 2023.

Loan from the European Investment Bank

On January 31, 2022, Fresenius SE & Co. KGaA drew a loan from the European Investment Bank in the amount of €400 million with variable interest rates which is due on December 15, 2025.

Commercial-Paper-Program

Fresenius SE & Co. KGaA has a commercial paper program in the amount of €1,500 million under which Fresenius SE & Co. KGaA and Fresenius Finance Ireland PLC can issue short-term notes. As of December 31, 2022 the commercial paper program was utilized in the amount of €5 million by Fresenius SE & Co. KGaA (unused in the previous year).

ACCOUNTS PAYABLE TO RELATED PARTIES

Accounts payable to related parties comprise loans and financing accounts with affiliated companies in the context of inhouse banking (cash pool) in an amount of €1,771 million (previous year €1,961 million).

Included in this item are liabilities of €19 million (previous year €7 million) in favor of the general partner Fresenius Management SE. Moreover, liabilities of €48 million (previous year €42 million) in favor of Fresenius Management SE are included in pension liability and other liabilities.

OTHER LIABILITIES

Other liabilities primarily include €62 million liabilities from the derivative embedded in the convertible bond (previous year €62 million) as well as interest liabilities, and liabilities from tax on wages.

Liabilities from tax on wages amount to €1 million (previous year €2 million).

19. DEFFERRED INCOME

Deferred income of €1 million (previous year €2 million) relates mainly to premiums.

The placement of the convertible bond in January 2017 resulted in a premium of €5 million that will be released on a straight-line basis over the lifetime of the convertible bond. As of December 31, 2022, it is included in deferred income with a value of €1 million.

Moreover, a premium of €2 million resulted from a senior note and shall be released on a straight-line basis over the term of the senior note. As of December 31, 2022, it is included in deferred income with a value of €325 thousand.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

The structure of the profit and loss statement has been adapted to the holding character of Fresenius SE & Co. KGaA and starts with income from participations.

20. INCOME FROM PARTICIPATIONS

€ in millions	2022	2021
Income from profit transfer agreements	573	523
Income from participations	142	136
(thereof amount from affiliated companies)	142	136
Expenses from loss transfer agreements	-50	-13
	665	**646**

21. REVENUE

€ in millions	2022	2021
Revenue from personnel services	71	62
Revenue from rental services	18	19
	89	**81**

22. OTHER OPERATING INCOME

Other operating income of €250 million in total (previous year €156 million) is comprised primarily of foreign currency gains of €211 million (previous year €108 million), cost transfers to group companies of €34 million (previous year €42 million), as well as other income from other accounting periods mainly income from the dissolution of short-term accruals of €4 million (previous year €4 million). The total income from other accounting periods was €5 million in the fiscal year (previous year €6 million).

The main reason for the increase in other operating income is an increase in foreign currency gains, that is levelled by foreign currency losses of €208 million included in operating expense.

23. COST OF MATERIALS

Cost of materials of 20 Mio € (previous year €22 million) mainly consist of costs to attain revenue from rentals and lease agreements such as rents and lease payments for buildings as well as repair, maintenance and cleaning costs for the mentioned buildings.

24. PERSONNEL EXPENSES

€ in millions	2022	2021
Wages and salaries	44	39
Social security contributions, cost of retirement pensions and social assistance	18	18
(thereof retirement pensions)	12	11
	62	**57**

The annual average number of employees of Fresenius SE & Co. KGaA by function is divided into the following groups:

	2022	2021
Wage earners	10	15
Salaried employees	383	364
Apprentices	194	194
	587	**573**

25. DEPRECIATION AND AMORTIZATION OF INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

Depreciation of intangible assets and property plant and equipment of €13 million (previous year €12 million) is regular depreciation.

26. OTHER OPERATING EXPENSES

Other operating expenses of €418 million in total (previous year €225 million) were primarily foreign currency losses of €208 million (previous year €113 million). Also included are IT-related expenses, insurance premiums and consulting expenses, as well as the costs of Fresenius Management SE for business management activities of €27 million (previous year €18 million) that are passed on. Total expenses from other accounting periods were €2 million in the fiscal year (previous year €2 million).

27. NET INTEREST

€ in millions	2022	2021
Interest income from long-term loans	40	42
(thereof amount from affiliated companies)	(40)	(42)
Other interest and similar income	80	53
(thereof amount from affiliated companies)	(53)	(37)
Interest and similar expenses	-163	-116
(thereof amount from affiliated companies)	(-20)	(-10)
(thereof expense from interest accrued	(-2)	(-2)
	-43	**-21**

28. INCOME TAXES

Income taxes in the amount of €29 million (previous year €41 million) resulted from current income tax of €23 million for the year 2022 (previous year €41 million) as well as tax expense from other accounting periods in the amount of €6 million (net) (previous year €85 thousand).

The deferred tax for the Income-Tax-Group is calculated with a tax rate of 30.5%, which is the tax rate expected to be applicable at the time the temporary differences reverse. Deferred tax liabilities arise from differences in the valuation of accounts receivables and from other assets not recognized for tax purposes. Differences in the valuation of pensions and other provisions generate deferred tax assets that exceed the amount of deferred tax liabilities.

OTHER NOTES

29. CONTINGENTLIABILITIES

€ in millions	31.12.2022	31.12.2021
Contingencies from indemnity agreements and guarantees	3,746	4,984
(thereof amount in favor of and from affiliated companies)	(3,741)	(4,979)
Commitments from retirement provisions	17	15
(thereof amount to affiliated companies)	(17)	(15)
	3,763	**4,999**

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is, taking into account the positive earnings situation of the affiliated companies, currently not expected.

Commitments from retirement provisions comprise liabilities for joint commitments resulting from transferring pension obligations to affiliated companies of the business segments.

Fresenius SE & Co. KGaA has committed itself to exempt on certain preconditions various members of the managing boards of foreign affiliates from claims, in case such claims were made due to their function as members of the managing board of the affiliates concerned, and these claims were based on the law of the respective country.

The German tax authorities have recently argued that foreign financing companies held by Fresenius SE & Co. KGaA should be subject to German controlled foreign corporation (CFC) taxation for the years starting in 2017. The company concerned does not follow this legal opinion and has filed corresponding appeals. In the unlikely event that they are not successful, Fresenius SE & Co. faces an additional tax burden in the upper double-digit million range for all open years.

Fresenius SE & Co. KGaA has committed itself, to the extent legally admissible, to indemnify the members of the Management Board of Fresenius Management SE against claims against them arising from their work for the Company and its affiliates, if such claims exceed their responsibilities under German law. To secure such obligations, the Company concluded a 'Directors & Officers' insurance with an excess, in compliance with stock corporation requirements. The indemnity applies for the time in which each member of the Management Board is in office and for claims in this connection after the ending of the membership of the Management Board in each case.

COMMERCIAL-PAPER-PROGRAM

Fresenius SE & Co. KGaA guarantees the commercial paper issued by Fresenius Finance Ireland PLC under the Commercial-Paper-Program. As of December 31, 2022, the commercial paper program was utilized by Fresenius Finance Ireland PLC in the amount of €75 million.

SENIOR NOTES

Fresenius SE & Co. KGaA guarantees the Senior Notes of Fresenius Finance Ireland PLC, an indirectly wholly-owned subsidiary of Fresenius SE & Co. KGaA. All bonds issued before 2019 of Fresenius Finance Ireland PLC may be redeemed prior to their maturity at the option of the issuer at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods. The holders have the right to request that the issuer repurchase the bonds at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective bonds.

The following table shows these liabilities of Fresenius Finance Ireland PLC as of December 31, 2022:

Issuer	Notional amount	Maturity date	Interest rate
Fresenius Finance Ireland PLC 2017/2024	€700 million	Jan. 30, 2024	1.50%
Fresenius Finance Ireland PLC 2021/2025	€500 million	Oct. 1, 2025	0.00%
Fresenius Finance Ireland PLC 2017/2027	€700 million	Feb. 1, 2027	2.125%
Fresenius Finance Ireland PLC 2021/2028	€500 million	Oct. 1, 2028	0.50%
Fresenius Finance Ireland PLC 2021/2031	€500 million	Oct. 1, 2031	0.875%
Fresenius Finance Ireland PLC 2017/2032	€500 million	Jan. 30, 2032	3.00%

SYNDICATED CREDIT FACILITY

On June 8, 2022, the Syndicated Credit Facility of Fresenius SE & Co. KGaA in the amount of €2,000 million which was entered into in July 2021 was amended to extend the term by one year and replace U.S. dollar LIBOR as the reference rate with the Term Secured Overnight Financing Rate. Fresenius SE & Co. KGaA is the sole guarantor.

As of December 31, 2022, the Syndicated Credit Facility was undrawn and continuously serves as backup line for the company.

30. OTHER FINANCIAL COMMITMENTS

€ in millions	**31.12.2022**	31.12.2021
Commitments from building leases, and leasing commitments		
due 2023 (prior year 2022)	11	13
due 2024-2027 (prior year 2023-2026)	19	27
due after 2027 (prior year after 2026)	–	2
	30	42
Commitments from ongoing capital expenditures	18	11
	48	**53**

Other financial commitments in their entirety are against third parties.

31. DERIVATIVES

Fresenius SE & Co. KGaA uses derivative financial instruments, normally micro-hedges, to hedge against existing or highly probable future interest and currency risks. Derivative financial instruments are contracted exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. Fresenius SE & Co. KGaA has approved guidelines for assessing risks and to control the use of financial instruments. The guidelines require a clear separation between the execution function on the one side and the clearing, accounting and control on the other side. Fresenius SE & Co. KGaA uses derivative financial instruments to reduce fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates and interest rates. The high effectiveness of the derivative financial instruments leads to the expectation that, in general, the underlying transaction and the corresponding derivative will offset each other.

FOREIGN EXCHANGE RISK

The company uses foreign exchange forward contracts to hedge foreign exchange risk.

Fresenius SE & Co. KGaA entered into foreign exchange forward contracts with external partners to hedge foreign currency risks from accounts receivable and liabilities as well as highly probable forecasted transactions from the Company and its affiliates. On the balance sheet date, the Company had only currency derivatives in relation with €-currency risks hedging with a nominal value of €1,536 million and a positive fair value of €2 million with a maximum remaining term to maturity of 48 months.

For foreign exchange forward contracts contracted with banks that were closed to hedge the foreign exchange risk of Fresenius SE & Co. KGaA Group companies' and that were passed down with the same conditions to the affected Group companies via Group internal transactions, hedges were built for the forward contracts and the underlying transactions with an offsetting fair value. The Company does not revaluate these hedges for financial reporting purposes until maturity ('Einfrierungsmethode'). The net fair value of internal and external hedges was €0 thousand. As of December 31, 2022, the notional amount of these transactions totaled €636 million. The offsetting cash flows will level after 48 months the latest.

Further hedges were built for loans in foreign currencies that Group Companies have borrowed from the Company or that the Company has borrowed from Group Companies, and their offsetting foreign exchange forward contracts closed for hedging purposes. In this case only the spot component is designated in the valuation unit. The loan receivables and payment obligations hedged against currency risk had a net book value of €286 million (receivable). External foreign currency hedging contracts for the individual loan receivables and payment obligations with a nominal value of €290 million on December 31, 2022 had a positive fair value of €3,474 thousand and were recognized in the balance sheet in an amount of €3,474 thousand. The changes in value of both the loan receivables and payment obligations and the foreign currency hedging contracts have been recognized as income ('Durchbuchungsmethode'). The offsetting cash flows will nearly level after one month the latest.

The rest of the currency derivative contracts can have positive and negative fair values. Positive fair values of €1 million were not recognized for financial reporting purposes. Negative fair values amounting to €3 million were recognized as provision for contingent losses.

STANDARDS OF VALUATION

The fair values of derivative financial instruments are valuated according to customary standards that take market information (market values) on the balance sheet date into account. In detail following principles are used:

- The fair value is based on the market value of a derivative that could be reached in voluntary transactions by independent parties without taking forced or liquidation sales into account.
- To determine the market value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the balance sheet. date The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position.

The effectiveness of hedging relationships is measured with the Critical Terms Match-Method and the Cumulated Dollar Offset-Method for foreign exchange forward contracts.

32. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Detailed and individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the Compensation Report.

The compensation of the Management Board is, as a whole, performance-based and geared towards promoting sustainable corporate development. It is composed of the following elements:

- non-performance-based compensation (fixed compensation and fringe benefits)
- short-term performance-based compensation (one-year variable compensation (bonus))
- components with long-term incentive effects (multi-year variable compensation comprising performance shares and postponed payments of the one-year variable compensation / of the bonus).

The cash compensation paid to the Management Board for the performance of its responsibilities was €12,407 thousand (2021: €16,057 thousand). Thereof, €8,958 thousand (2021: €8,602 thousand) is not performance-based and €3,449 thousand (2021: €7,455 thousand) is performance-based. The amount of the short-term performance-based compensation depends on the achievement of targets relating to the net income and the revenue of the Fresenius Group and the business segments as well as on the achievement of sustainability criteria.
As a long-term incentive component, the members of the Management Board received 321,213 Fresenius SE & Co. KGaA performance shares (2021: 193,800) and 48,680 Fresenius Medical Care AG & Co. KGaA Performance Shares (2021: 40,894) in the equivalent value of €11,331 thousand (2021: €10,979 thousand).
Requirements and conditions of the long-term incentive components are explained under Note (12) Conditional Capital (Description of the Fresenius SE Co. KGaA Share-Based Compensation Plans in place).

The total compensation of the Management Board was €23,738 thousand (2021: €27,036 thousand).

The total compensation paid to the Supervisory Board of Fresenius SE & Co. KGaA and its committees was €2,447 thousand in 2021 (2021: €2,502 thousand). The total compensation paid to the Supervisory Board of Fresenius Management SE and its committees was €1,305 thousand in 2022 (2021: €1,353 thousand). In addition, the employee representatives on the Supervisory Board receive a regular salary from their respective employment contracts.

In 2022 former members of the Management Board received €13,166 thousand (2021: €8,102 thousand). The pension obligation of these persons according to HGB amounted to €70,279 thousand in 2022 (2021: €32,220 thousand).

In the fiscal years 2022 and 2021, no loans or advance payment on future compensation components were granted to any member of the Management Board of Fresenius Management SE.

33. SUBSEQUENT EVENTS

In February 2023, Fresenius announced that it intends to deconsolidate the investment of Fresenius SE & Co. KGaA in Fresenius Medical Care AG & Co. KGaA through a change of legal form of Fresenius Medical Care AG & Co. KGaA into a stock corporation (Aktiengesellschaft). The conversion shall take effect in the course of the year subject to the required approval of the General Meeting of Fresenius Medical Care AG & Co. KGaA and the registration in the commercial register. For this purpose, an extraordinary General Meeting of Fresenius Medical Care AG & Co. KGaA will decide on the proposal for the conversion into a German stock corporation (Aktiengesell-schaft).

The months of January and February were characterized worldwide by a regionally varying development of the COVID-19 pandemic. The further development of the global situation and its impact on Fresenius remain uncertain.

Russia's ongoing war against Ukraine and the associated price increases, especially for energy, raw materials, and transport, will continue to have a direct and indirect negative impact on the business activities of the Fresenius Group, which cannot be estimated at present.

The development of personnel costs and the disruption of supply chains also remain issues on a global level. Their impact on Fresenius will be continuously analyzed in detail.

Beyond that, there have been no significant changes in the Fresenius Group's operating environment following the end of the fiscal year 2022 until February 21, 2023. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

34. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA (www.fresenius.com / corporate-governance) and of Fresenius Medical Care AG & Co. KGaA (www.freseniusmedicalcare.com).

35. CONSOLIDATED FINANCIAL STATEMENTS

As parent company Fresenius SE & Co. KGaA prepares and publishes consolidated financial statements and management report in accordance with the International Financial Reporting Standards (IFRS) which are binding to be applied in the EU applying Section 315e of the German Commercial Code (HGB) for the smallest group of consolidated companies. The consolidated financial statements are published in the electronic Bundesanzeiger (German Federal Gazette). Fresenius Management SE, Bad Homburg v.d.H. prepares and publishes the consolidated financial statements for the largest group of consolidated companies which is also published in the electronic Bundesanzeiger (German Federal Gazette).

36. AUDITOR'S FEES

The fees for the auditor PricewaterhouseCoopers GmbH, Frankfurt am Main (PwC), are disclosed in the company´s consolidated financial statements. They contain audit-related fees and other fees mainly related to the review of quarterly financial statements, audit services in connection with financing activities as well as audits with respect to implementation activities in the IT.

37. PROPOSAL FOR THE DISTRIBUTION OF EARNINGS

The General Partner and the Supervisory Board of Fresenius SE & Co. KGaA propose to the Annual General Meeting that the earnings for 2022 of Fresenius SE & Co. KGaA be distributed as follows:

in €	
Dividend proposal	518,178,294.84
Balance to be carried forward	443,212.62
Retained earnings	**518,621,507.46**

For the fiscal year 2022, a dividend of €0.92 per bearer ordinary share on 563,237,277 ordinary shares entitled to dividend is planned, corresponding to a total distribution of €518,178,294.84.

Bad Homburg v. d. H., February 21, 2023

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board

M. Sen Dr. S. Biedenkopf Dr. F. De Meo H. Giza

S. Hennicken Dr. E. Wastler

BOARDS

SUPERVISORY BOARD FRESENIUS SE & CO. KGAA

Name	Occupation	Year of birth	Initial appointment	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2022	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2022
Wolfgang Kirsch Chair	Member of various Supervisory Boards	1955	2021	Adolf Würth GmbH & Co. KG Bankhaus Metzler (Deputy Chair)	Fresenius Management SE (Chair)
Prof. Dr. med. D. Michael Albrecht	Medical Director and Spokesman of the Management Board of the University Hospital Carl Gustav Carus Dresden	1949	2011		
Stefanie Balling	Full-time Works Council Member Fresenius Medical Care Deutschland GmbH	1968	2016		
Bernd Behlert	Full-time Works Council Member Helios Vogtland-Klinikum Plauen GmbH	1958	2018		Helios Vogtland-Klinikum Plauen GmbH
Michael Diekmann Deputy Chair	Member of various Supervisory Boards	1954	2015	Allianz SE[1] (Chair) Siemens AG[1] (until February 10, 2023)	Fresenius Management SE
Grit Genster Deputy Chair	Secretary of the Trade Union ver.di, Vereinte Dienstleistungsgewerkschaft Division Manager Health Care/ Health Policy	1973	2020		
Konrad Kölbl	Full-time Works Council Member VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H.	1959	2007		
Frauke Lehmann	Full-time Works Council Member Helios Kliniken Schwerin GmbH	1963	2016		Helios Kliniken Schwerin GmbH (Deputy Chair)
Prof. Dr. med. Iris Löw-Friedrich	Chief Medical Care Officer and Executive Vice President, Head of Development, UCB S.A.	1960	2016	Evotec SE[1] (Chair)	

The term of office expires at the end of the Annual General Meeting 2025.

[1] Stock-listed company

BOARDS

SUPERVISORY BOARD FRESENIUS SE & CO. KGAA

Name	Occupation	Year of birth	Initial appointment	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2022	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2022
Klaus-Peter Müller (until May 13, 2022)	Honorary Chairman of the Supervisory Board of Commerzbank AG	1944	2008		
Oscar Romero de Paco	Production staff member Fresenius Kabi España S.A.U.	1974	2016		
Hauke Stars (until January 31, 2022)	Member of supervisory bodies Volkswagen AG[1]	1967	2016		
Susanne Zeidler (since February 9, 2022)	Member of various Supervisory Boards	1961	2022	DWS Investment GmbH	Fresenius Management SE
Dr. Christoph Zindel (since May 13, 2022)	Self-employed; former Member of the Managing Board Siemens Healthineers AG	1961	2022		
Dr. Gerd Krick	Honorary Chairman of the Supervisory Board of Fresenius SE & Co. KGaA and Fresenius Management SE				

The term of office expires at the end of the Annual General Meeting 2025.

[1] Stock-listed company

COMMITTEES OF THE SUPERVISORY BOARD

Nomination Committee	Audit Committee	Joint Committee[1]
Wolfgang Kirsch (Chair)	Bernd Behlert (since February 17, 2023)	Dr. Dieter Schenk (Chair)
Michael Diekmann	Grit Genster	Michael Diekmann
Susanne Zeidler (since May 13, 2022)	Wolfgang Kirsch	Wolfgang Kirsch
	Konrad Kölbl (until February 17, 2023)	Hauke Stars (until January 31, 2022)
	Klaus-Peter Müller (until May 13, 2022; Chair)	Susanne Zeidler (since May 13, 2022)
	Hauke Stars (until January 31, 2022)	
	Susanne Zeidler (since May 13, 2022; Chair)	
	Dr. Christoph Zindel (since May 13, 2022)	

[1] The committee consists equally of two members each of the Supervisory Board of Fresenius SE & Co. KGaA and of Fresenius Management SE

BOARDS

MANAGEMENT BOARD FRESENIUS MANAGEMENT SE

(General partner of Fresenius SE & Co. KGaA)

Name	Segment	Year of birth	Initial appointment	Term expires	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2022	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2022
Michael Sen	Chairman (since October 1, 2022) Business Segment Fresenius Kabi	1968	2021	2027		Fresenius Medical Care Management AG (Chair)
Stephan Sturm (until September 30, 2022)	Chairman	1963	2005	2026		
Dr. Sebastian Biedenkopf	Responsible for Human Resources (Labor Relations Director), Risk Management and Legal	1964	2020	2023		Fresenius Kabi AG (Deputy Chair; since October 5, 2022)
Dr. Francesco De Meo	Business Segment Fresenius Helios	1963	2008	2026		
Rachel Empey (until August 31, 2022)	Chief Financial Officer	1976	2017	2025	BMW Group[1]	
Helen Giza (until December 6, 2022)	Business Segment Fresenius Medical Care	1968	2022	2027		Fresenius Medical Care Holdings, Inc., USA (since December 6, 2022 Chair) Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland
Sara Hennicken (since September 1, 2022)	Chief Financial Officer	1980	2022	2025		Fresenius Kabi AG (Chair; since October 5, 2022) Fresenius Medical Care Management AG (since September 8, 2022) VAMED AG, Austria (Deputy Chair; since December 14, 2022)
Carla Kriwet (October 1 until December 5, 2022)	Business Segment Fresenius Medical Care	1971	2022	2025		
Rice Powell (until September 30, 2022)	Business Segment Fresenius Medical Care	1955	2013	2022		
Dr. Ernst Wastler	Business Segment Fresenius Vamed	1958	2008	2025		Vamed-KMB Krankenhausmanagement und Betriebsführungsges. m. b. H., Austria (Chair)

[1] Stock-listed company

BOARDS

SUPERVISORY BOARD FRESENIUS MANAGEMENT SE

(General partner of Fresenius SE & Co. KGaA)

				Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies	
Name	Occupation	Year of birth	Initial appointment	External positions as at Dec. 31, 2022	Fresenius Group company positions as at Dec. 31, 2022
Wolfgang Kirsch Chair	Member of various Supervisory Boards	1955	2020	Adolf Würth GmbH & Co. KG Bankhaus Metzler (Deputy Chair)	Fresenius SE & Co. KGaA [1] (Chair)
Dr. Frank Appel	Chief Executive Officer Deutsche Post DHL Group [1] (until May 4, 2023)	1961	2021	Deutsche Telekom AG [1] (since April 7, 2022; Chair)	
Michael Diekmann	Member of various Supervisory Boards	1954	2015	Allianz SE [1] (Chair) Siemens AG [1] (until February 10, 2023)	Fresenius SE & Co. KGaA [1] (Deputy Chair)
Dr. Heinrich Hiesinger	Member of various Supervisory Boards	1960	2020	ZF Friedrichshafen AG (Chair since January 01, 2022) BMW AG [1] Deutsche Post AG [1]	
Dr. Dieter Schenk Deputy Chair	Member of various Supervisory Boards	1952	2010	HWT invest AG (until September 30, 2022) Gabor Shoes AG (Chair) TOPTICA Photonics AG (Chair) Else Kröner-Fresenius-Stiftung (Chair of Foundation Board)	Fresenius Medical Care AG & Co. KGaA [1] (Chair) Fresenius Medical Care Management AG (Deputy Chair) VAMED AG (Chair; since December 14, 2022)
Susanne Zeidler	Member of various Supervisory Boards	1961	2021	DWS Investment GmbH	Fresenius Management SE
Dr. Gerd Krick	Honorary Chairman of the Supervisory Board of Fresenius SE & Co. KGaA and Fresenius Management SE				
Dr. Karl Schneider	Honorary Member of the Supervisory Board of Fresenius Management SE				

The term of office expires at the end of the Annual General Meeting 2025.

[1] Stock-listed company

FRESENIUS SE & CO. KGAA, BAD HOMBURG V. D. HÖHE

MANAGEMENT REPORT AS AT DECEMBER 31, 2022

Fresenius SE & Co. KGaA acts as an operating holding that holds the shares of the Fresenius Group management companies. Fresenius SE & Co. KGaA collects income from service contracts, and in a higher amount, income from participations. The income from investments and with it, the result of operations, financial position and the assets and liabilities are highly dependent on the performance of the whole Group. Therefore the business development of the group is described in the following paragraphs.

FUNDAMENTAL INFORMATION ABOUT THE GROUP

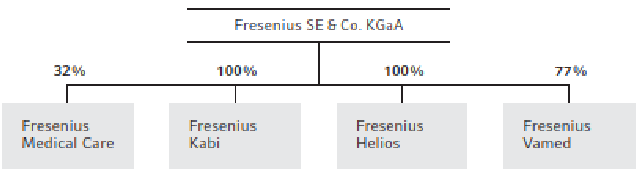
THE GROUP'S BUSINESS MODEL

Fresenius is a global healthcare Group in the legal form of an SE & Co. KGaA (a partnership limited by shares). We offer products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other healthcare facilities worldwide.

The operating business comprises four business segments, all of which are legally independent entities and have a decentralized structure, managed by the operating parent company Fresenius SE & Co. KGaA.

There were no changes to the Group's business model in 2022.

GROUP STRUCTURE



As part of the strategic review of the Fresenius Group, we will distinguish between the operating companies Fresenius Kabi and Fresenius Helios (each with 100% ownership share) and the investment companies Fresenius Medical Care (32% ownership share) and Fresenius Vamed (77% ownership share) as of the reporting year 2023.

For the Operating Companies, the focus is on profitability optimization and growth. For the Investment Companies, the focus is on financial value management. Fresenius SE & Co. KGaA is the largest shareholder of Fresenius Medical Care & Co. KGaA. Fresenius Medical Care AG & Co. KGaA is fully consolidated in the consolidated financial statements of the Fresenius Group in accordance with IFRS 10. Fresenius intends to deconsolidate the business segment Fresenius Medical through a change of legal form of Fresenius Medical Care AG & Co. KGaA into a stock corporation (Aktiengesellschaft). The conversion shall take effect in the course of the year subject to the required approval of the General Meeting of Fresenius Medical Care AG & Co. KGaA and the registration in the commercial register. For this purpose, an extraordinary General Meeting of Fresenius Medical Care AG & Co. KGaA will decide on the proposal for the conversion into a German stock corporation (Aktiengesellschaft). As a result of the planned measure, Fresenius Medical Care will no longer be part of the fully consolidated subsidiaries of Fresenius. Fresenius´ share in the subscribed capital of Fresenius Medical Care AG & Co. KGaA in the amount of 32% will remain unaffected by the change of legal form.

- **Fresenius Medical Care** offers services and products for patients with chronic kidney failure. As of December 31, 2022, Fresenius Medical Care treated 344,687 patients at 4,116 dialysis clinics. Dialyzers and dialysis machines are among the most important product lines. In addition, Fresenius Medical Care offers dialysis-related services.
- **Fresenius Kabi** specializes in products for the therapy and care of critically and chronically ill patients. The portfolio includes biopharmaceuticals, clinical nutrition, MedTech products, intravenously administered generic drugs (generic IV drugs), and IV fluids.
- **Fresenius Helios** is Europe's leading private hospital operator. Under the holding Helios Health, the company includes Helios Germany, Helios Spain (Quirónsalud), and the Eugin Group. At the end of 2022, Helios Germany operated a total of 87 hospitals, around 240 outpatient clinics, 6 prevention centers and 21 occupational health centers. In Spain, Quirónsalud operated 50 hospitals, around 100 outpatient centers, and around 300 occupational risk prevention centers at the end of 2022. In addition, Helios Spain is active in Latin America with 8 hospitals as well as a

provider of medical diagnostics. The Eugin Group's network comprises 44 clinics and additional 37 sites across 10 countries on 3 continents. Eugin offers a wide spectrum of state-of-the-art services in the field of fertility treatments.

- **Fresenius Vamed** manages projects and provides services for hospitals as well as other healthcare facilities worldwide and is a leading post-acute care provider in Central Europe. The portfolio ranges along the entire value chain from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management. The services are aimed at various areas of healthcare, ranging from prevention and acute care to rehabilitation and nursing.

Fresenius has an international revenue network and maintains more than 90 production sites. Large production sites are located in the United States, China, Japan, Germany, and Sweden.

IMPORTANT MARKETS AND COMPETITIVE POSITION

Fresenius operates in more than 90 countries through its subsidiaries. The main markets are Europe with 44% and North America with 40% of revenue, respectively.

Fresenius Medical Care holds the leading position worldwide in dialysis care, as it serves about 9% of all dialysis patients, as well as in dialysis products, with a market share of about 35%.

Fresenius Kabi is one of the leading companies in Europe for large parts of its product portfolio and has significant market shares in the growth markets of Asia-Pacific and Latin America. Furthermore, Fresenius Kabi is one of the leading companies in the field of generic IV drugs both in the U.S. market and in Europe.

Fresenius Helios is Europe's leading private hospital operator. Helios Germany and Helios Spain are the largest private hospital operators in their respective home markets. The Eugin Group is a leading international provider in the field of fertility services.

Fresenius Vamed is a global company with no direct competitors covering a comparably comprehensive portfolio of projects, services, and total operational management over the entire life cycle of healthcare facilities. In Central Europe, the company is one of the leading private providers of rehabilitation services. As a result, Fresenius Vamed has an unique selling proposition of its own. Depending on the business segment, the company competes with international companies and consortia, as well as with local providers.

EXTERNAL FACTORS

The war in Ukraine had a negative impact on the Fresenius Group's business, both directly and indirectly. The negative impact amounted to €43 million in net income[1] in 2022.

In fiscal year 2022, the difficult macroeconomic environment had a negative impact on business development. This included increased uncertainties, inflation-related cost increases, staff shortages, supply chain disruptions, the continued impact of the COVID-19 pandemic, and increased energy costs. This had a direct impact on customer and patient behavior. Despite the challenging market environment, the structural growth drivers in the non-cyclical healthcare markets are in place.

The legal framework for the operating business of the Fresenius Group remained essentially unchanged in 2022.

In 2022, the Fresenius Group was involved in various legal disputes resulting from business operations. Although it is not possible to predict the outcome of these disputes, none is expected to have a significant adverse impact on the assets and liabilities, financial position, and results of operations of the Group.

We carefully monitor and evaluate country-specific political, legal, and financial conditions. This also applies to the potential impact on our business that could result from inflation risks.

MANAGEMENT AND CONTROL

In the legal form of a KGaA, the Company's corporate bodies are the Annual General Meeting, the Supervisory Board, and the general partner, Fresenius Management SE. Fresenius Management SE is wholly owned by Else Kröner-Fresenius-Stiftung. The KGaA has a **two-tier management system** – management and control are strictly separated.

The general partner, represented by its **Management Board**, conducts the business and represents the Company in dealings with third parties. The Management Board generally has seven members. According to the Management Board's rules of procedure, each member is accountable for his or her own area of responsibility. However, the

[1] Net income attributable to shareholders of Fresenius SE & Co. KGaA

members have joint responsibility for the management of the Group. In addition to the Supervisory Board of Fresenius SE & Co. KGaA, Fresenius Management SE has its own Supervisory Board. The Management Board is required to report to the Supervisory Board of Fresenius Management SE regularly, in particular on its corporate policy and strategies. In addition, the Management Board reports on business profitability, current operations, and any other matters that could be of significance for the Company's profitability and liquidity. The Supervisory Board of Fresenius Management SE also advises and supervises the Management Board in its management of the Company. It is prohibited from managing the Company directly. However, the Management Board's rules of procedure require it to obtain the approval of the Supervisory Board of Fresenius Management SE for specific activities.

The members of the Management Board are appointed and dismissed by the Supervisory Board of Fresenius Management SE. Appointment and dismissal is in accordance with Article 39 of the SE Regulation[1]. The articles of association of Fresenius Management SE also provide that deputy members of the Management Board may be appointed.

The **Supervisory Board of Fresenius SE & Co. KGaA** advises on and supervises the management of the Company's business by the general partner, reviews and approves the annual financial statements and the consolidated financial statements, and performs the other functions assigned to it by law and the Company's articles of association. It is involved in corporate planning and strategy, and in all matters of fundamental importance for the Group. The Supervisory Board of Fresenius SE & Co. KGaA has six shareholder representatives and six employee representatives. A Nomination Committee of the Supervisory Board of Fresenius SE & Co. KGaA has been instituted for election proposals for the shareholder representatives. Its activities are aligned with the provisions of law and the Corporate Governance Code. The shareholder representatives are elected by the **Annual General Meeting of Fresenius SE & Co. KGaA.** The European works council elects the employee representatives to the Supervisory Board of Fresenius SE & Co. KGaA.

The Supervisory Board must meet at least twice per calendar half-year. The Supervisory Board of Fresenius SE & Co. KGaA has two permanent **committees:** the Audit Committee, consisting of five members, and the Nomination Committee, consisting of three members. The Company's annual corporate governance declaration pursuant to Section 315d and Section 289f of the German Commercial Code (HGB) describes the procedures of the Supervisory Board's committees. The declaration can also be found on the website www.fresenius.com / corporate-governance.

The description of both the **compensation system** and individual amounts paid to the Management Board and Supervisory Board of Fresenius Management SE, and the Supervisory Board of Fresenius SE & Co. KGaA, are included in the Compensation Report.

CAPITAL, SHAREHOLDERS, ARTICLES OF ASSOCIATION

The subscribed capital of Fresenius SE & Co. KGaA amounted to 563,237,277 ordinary shares as of December 31, 2022 (December 31, 2021: 558,502,143).

The shares of Fresenius SE & Co. KGaA are non-par-value bearer shares. Each share represents €1.00 of the capital stock. Shareholders' rights are regulated by the German Stock Corporation Act (AktG – Aktiengesetz) and the articles of association.

Fresenius Management SE, as general partner, is authorized, subject to the consent of the Supervisory Board of Fresenius SE & Co. KGaA: to increase the subscribed capital of Fresenius SE & Co. KGaA by a total amount of up to €125 million, until May 12, 2027, through a single issuance or multiple issuances of new bearer ordinary shares against cash contributions and / or contributions in kind **(Authorized Capital I).** In principle, the shareholders shall be granted a subscription right. In certain cases, however, the right of subscription can be excluded.
In addition, there are the following **Conditional Capitals** according to the articles of association of July 6, 2022:

- The subscribed capital is conditionally increased by up to €4,735,083.00 through the issuance of new bearer ordinary shares **(Conditional Capital I)**. The conditional capital increase will only be executed to the extent that convertible bonds for ordinary shares have been issued under the 2003 Stock Option Plan and the holders of these convertible bonds exercise their conversion rights. Following the expiry of the 2003 Stock Option Plan in 2018, Conditional Capital I is no longer used.
- The subscribed capital is conditionally increased by up to €3,452,937.00 through the issuance of new bearer ordinary shares **(Conditional Capital II)**. The conditional capital increase will only be executed to the extent that subscription rights have been issued under the 2008 Stock Option Plan, the holders of these subscription rights exercise their rights, and the Company does not use its own shares to service the subscription rights or does not exercise its right to make payment in cash. Following the expiry of the 2008 Stock Option Plan in 2020, Conditional Capital II is no longer used.
- The general partner is authorized, with the approval of the Supervisory Board, until May 12, 2027, to issue option bearer bonds and / or convertible bearer bonds, once or several times. To fulfill the granted

[1] Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European Company (SE) (SE Regulation - SE-Reg)

subscription rights, the subscribed capital of Fresenius SE & Co. KGaA was increased conditionally by up to €48,971,202.00 through issuance of new bearer ordinary shares **(Conditional Capital III)**.

The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash, or of warrants from option bonds issued for cash, exercise their conversion or option rights and as long as no other forms of settlement are used.

- The share capital is conditionally increased by up to €22,824,857.00 by the issuance of new ordinary bearer shares **(Conditional Capital IV)**. The conditional capital increase will only be implemented to the extent that subscription rights have been, or will be, issued in accordance with the Stock Option Program 2013 and the holders of subscription rights exercise their rights, and the Company does not grant its own shares to satisfy the subscription rights.

The Company is authorized, until May 12, 2027, to purchase and use its **own shares** up to a maximum amount of 10% of the subscribed capital. In addition, when purchasing its own shares, the Company is authorized to use equity derivatives with possible exclusion of any tender right. The Company had not utilized these authorizations as of December 31, 2022.

As the **largest shareholder**, Else Kröner-Fresenius-Stiftung, Bad Homburg, Germany, informed the Company on December 15, 2022, that it held 151,842,509 ordinary shares of Fresenius SE & Co. KGaA. This corresponds to an equity interest of 27.0% as of December 31, 2022.

Amendments to the articles of association are made in accordance with Section 278 (3) and Section 179 (2) of the German Stock Corporation Act (AktG) in conjunction with Article 17 (3) of the articles of association of Fresenius SE & Co. KGaA. Unless mandatory legal provisions require otherwise, amendments to the articles of association require a simple majority of the subscribed capital represented in the resolution. If the voting results in a tie, a motion is deemed rejected. Furthermore, in accordance with Section 285 (2) sentence 1 of the German Stock Corporation Act (AktG), amendments to the articles of association require the consent of the general partner, Fresenius Management SE. The Supervisory Board is entitled to make such amendments to the articles of association that only concern their wording without a resolution of the Annual General Meeting.

Under certain circumstances, a **change of control** would impact our major long-term financing agreements, which contain customary change of control provisions that grant creditors the right to request early repayments of outstanding amounts in case of a change of control. The majority of our financing arrangements, in particular our bonds placed in the capital markets, however, require that the change of control is followed by a decline or a withdrawal of the Company's rating or that of the respective financing instruments.

STRATEGY AND GOALS

AT THE HEART OF HEALTHCARE

Demographic change is posing fundamental challenges to societies worldwide. Not only are people living longer, but the pace of population aging is also increasing significantly. As a result, the social and healthcare systems of many countries are coming under increasing pressure. As the average age of the population increases, so does the number of critically and chronically ill patients.[1] A longer life, however, also offers opportunities for individuals and societies. The extent to which these opportunities can be leveraged depends heavily on one factor: health.

At Fresenius, we are at the heart of healthcare. In line with this purpose, we offer healthcare products and services for critically and chronically ill individuals, in line with the megatrends of health and demographics. We improve people's lives by providing high-quality and affordable healthcare. In doing so, we consider significant paradigm shifts in the healthcare environment with regards to biologic products and therapies, technological change and new forms of data generation, processing and usage. Our goal is to expand Fresenius' position as a leading global provider of products, services, and therapies for critically and chronically ill people. At the same time, we want to grow profitably and use our capital efficiently, in order to create value for our stakeholders and enable us to continue investing in better medicine.

We have lived up to our special responsibility as part of the healthcare system, even under the difficult circumstances of the enduring COVID-19 pandemic, major disruptions in the global supply chains, and shortages of critical medical staff in many of the regions in which we are active.

To improve our management effectiveness and enable a targeted approach to capital allocation, we are differentiating between our operating companies, Fresenius Kabi and

[1] WHO 2021: "Ageing and health"

Fresenius Helios (each with 100% ownership share) and our strategic capital investments Fresenius Medical Care (32% ownership share) and Fresenius Vamed (77% ownership share). Fresenius runs operating companies and strategic capital investments in key healthcare areas indispensable for critically and chronically ill patients. We continuously develop our business areas and strive to assume leading positions in system-critical healthcare markets and segments. We orient our portfolio towards healthy, profitable growth, a strong focus on margins and capital returns, and the highest ambitions for operational excellence and competitiveness.

At Fresenius, we hold ourselves accountable to the highest standards of quality and integrity. All of our business segments make an overall contribution to increasing the quality, affordability, and efficiency of healthcare. At the same time, we care for our environment by protecting nature and using its resources carefully.

Fresenius Kabi's corporate philosophy "caring for life" expresses the company's commitment to improving the quality of life of its patients. The quality and safety of its products and services is thus of paramount importance to Fresenius Kabi.

Fresenius Helios hospitals are characterized by high standards of treatment quality, hygiene, patient safety, and quality of care.

Fresenius Medical Care ensures patient health and product safety by providing a safe environment in its clinics. Fresenius Medical Care considers the quality and safety of its products and services to be the foundation of its success.

Fresenius Vamed bases its quality processes on clearly defined and generally established standards.

Fresenius will continue building on its strength in technology, its competence and quality in patient care, and its ability to manufacture cost-effectively. Developing products and systems that provide a high level of safety and user-friendliness and enable tailoring to individual patient needs is an inherent part of our strategy of sustainable and profitable growth. We plan to develop more effective products and treatment methods for critically and chronically ill patients in order to offer best-in-class medical standards. Digitalization is playing an increasingly important role – whether it is in healthcare facilities or in production. It drives innovative technologies and treatment concepts and can contribute to solving numerous challenges in the healthcare system.

The commitment of our more than 300,000 employees worldwide is key for the success and sustained growth of Fresenius. We firmly believe in a culture of diversity, as we are convinced that different perspectives, opinions, experiences, and values enable Fresenius to continue successfully growing as a global healthcare company. To tackle the upcoming challenges, attracting new employees is key for the growth of our company. Not only do we try to attract new talent, but also do everything we can to retain and develop our employees over the long term. We offer a variety of flexible working-time models and incentive programs to ensure that our long-term needs for highly qualified employees are met. Furthermore, we offer our employees opportunities to develop their careers in an international and dynamic environment.

EXECUTING SEGMENT STRATEGIES

The Fresenius Group offers a broad spectrum of system critical products and services for the health and quality of life of our patients. Our business segments hold leading positions in key areas of healthcare, and all of them are continuing to execute their respective strategic priorities to sustain leadership and contribute significantly to the benefit of healthcare systems. At the level of Fresenius Group, we manage the strategic direction of the Group, and orient our portfolio towards value-maximizing business areas and maximum patient impact.

With its Vision 2026, **Fresenius Kabi** has developed a strategic plan to transform the company for the next decade and to better capture new growth opportunities. Fresenius Kabi will continue to focus on high-quality products for critically and chronically ill patients. Within this clear direction, Fresenius Kabi has defined three growth vectors, next to the strengthening of resilience of our volume busi-nesses ("3+1" strategy). The growth vectors are:

- the broadening of our biopharmaceutical offering,
- further rollout of clinical nutrition,
- expansion in the MedTech area.

In 2022, we have thoroughly focused on strengthening these growth vectors: with the acquisition of a majority stake in mAbxience, we form a fully integrated, vertical biopharma business that holds a strong portfolio and pipeline, provides extensive and cost-efficient manufacturing, and is building a targeted commercial footprint in Fresenius Kabi's and mAbxience's target regions.

Our newly bundled MedTech business has been further strengthened by the acquisition of Ivenix. With the award-winning Ivenix infusion system, we are entering the infusion therapy market in the United States. The design of the Ivenix infusion system is easier to use than conventional systems and increases the safety of infusions. The pump also works seamlessly with other systems.

Through successful organic launches, we have become the leading IV lipid nutrition supplier in North America, further strengthening our global nutrition business in addition to its strong base in Europe, Latin America, and Asia-Pacific.

In parallel, Fresenius Kabi has continued to build resilience in its volume-driven IV business, and is extending the portfolio with continued launches in all regions.

Fresenius Helios wants to further strengthen its position as the leading private hospital operator in Europe.

Helios Germany will continue to focus its offerings on cross-sector healthcare, further specialize hospitals, and coordinate their respective medical service portfolios within regional structures. In regional competence centers, we are already pooling expertise in various specialist areas in order to achieve the best treatment results for our patients. We will continue to drive this clustering forward in the future in order to further enhance medical quality. We intend to exploit the growth potential in the outpatient sector by linking our medical care centers (MVZs) even more closely with hospitals. In addition, we will seize the newly created regulatory opportunity of daytime inpatient treatment as a further form of care. We also aim to increase the efficiency of our energy consumption in the interests of sustainability and climate protection. The goal is to reduce it by 20% across all hospitals in 2023 compared to 2021.

In Spain, we expect demand for hospital and other healthcare services to continue to rise. We want to continue to exploit this potential by building new clinics and expanding existing hospital sites. We aim to integrate our diverse range of inpatient and outpatient services even better and further expand them across the entire network of sites. We consistently focus on the strategic factors of medical excellence, innovation, and service quality in order to attract patients. Our focus here is on optimal treatment quality as well as patient satisfaction. In addition, we expect growth opportunities from consolidations in the fragmented private hospital market.

As a hospital operator, we aim to make even greater use of the potential offered by digitalization to further improve patient care and our service. In the future, our range of services will be supplemented even more by digital and telemedical offerings. Digital patient records and telemedicine will provide new communication channels outside the hospital, as well as faster transmission and interpretation of health data.

We also intend to grow our field of reproductive medicine and to specifically expand and extend the global network of reproductive clinics.

Fresenius Medical Care launched its FME25 program in 2021 and started to significantly streamline its business model in 2022, creating two global segments – Care Delivery and Care Enablement, which were introduced on January 1, 2023. Fresenius Medical Care is thus aligning its operating model with the relevant value drivers of the future.

Fresenius Vamed has realized projects in the area of integrated healthcare services to support healthcare systems more efficiently. In addition, state-of-the-art standards such as the use of building information modeling (BIM) in the construction of healthcare facilities, new concepts for operational management through the use of innovative technologies, and digitalization measures were implemented to improve medical care and reduce the workload of medical staff.

RESET FOR #FUTUREFRESENIUS

In Q4 2022, we launched #FutureFresenius and embarked on a transformative journey to prepare Fresenius for the coming decades.

The healthcare industry has a long runway for growth, which will be accelerated by quickly evolving technologies, new therapies such as biopharmaceuticals, more and more professional steering of patient journeys, and a true digital revolution. We want Fresenius to be at the forefront of these trends and have thus charted our course to continued system relevance in our businesses.

The first step of this journey was a "Reset": strengthening our return focus, driving structural productivity, and creating change momentum across the organization. With the closure of the "Reset" phase, we are now ready to continue to "Revitalize" Fresenius, gearing up for continuous portfolio optimization and the pursuit of growth verticals.

PORTFOLIO FOCUS

We have executed a comprehensive diagnosis of our Group portfolio at sub-segment level, in order to highlight growth opportunities aligned with market trends, further refine our management approach for each business we operate, and identify areas to strengthen our portfolio focus.

Going forward, we want to increasingly orient our portfolio along 3 platforms: (Bio)Pharma – including clinical nutrition -, MedTech and Care Provision. With these platforms, we cater to major trends in healthcare and become a more therapy-focused company. The health and quality of life of our patients who we serve with high-quality, affordable products and services is at the core. At the same time, our platforms address attractive value pools in healthcare, which will provide opportunities for future profitable growth.

To improve our management effectiveness and enable a targeted approach to capital allocation, we are differentiating between our operating companies, Fresenius Kabi and Fresenius Helios (each with 100% ownership share) and our strategic capital investments Fresenius Medical Care (32% ownership share) and Fresenius Vamed (77%

ownership share). We will prioritize growth investments for the healthcare products and services of tomorrow in our operating companies Fresenius Kabi and Fresenius Helios. Across all segments, we are seeking opportunities to strengthen the focus on core business cells, in order to safeguard a sound capital structure and availability of capital for future growth prospects. Within the Fresenius Group, we will provide effective support and governance services to the benefit of our segments and the overall capital efficiency of the Group.

STRUCTURAL PRODUCTIVITY

While fundamentally healthy and geared toward long-term growth, our market environment is also characterized by strong current macro headwinds that challenge our operations and increase our cost base. With that in mind, we have reinvigorated our focus on structural productivity and are running corresponding programs in all our business segments and at the corporate center.

Structural productivity improvements are expected to offset market headwinds and to create financial flexibility for future growth investments in the coming years. The new target is to achieve annual structural cost savings of around €1 billion at EBIT level from the fiscal year 2025 onwards. To achieve the targeted cost savings, one-time costs of around €700 to €750 million are expected at EBIT level, of which around 2/3 will be incurred in the year.

In order to reach this goal, Fresenius is running targeted programs across all business segments and the Corporate Center with the oversight and steering of the Group. Key elements include measures to optimize the network, sales and administrative costs, procurement, as well as divesting from non-core assets.

Thanks to our cost and efficiency program we have already realized €152 million in savings after taxes and non-controlling interests in fiscal year 2022, offset by €260 million in one-time costs. In line with previous practice, these expenses are classified as special items.

Fresenius Medical Care will accelerate and extend its FME25 transformation program to further optimize processes along the new operating model. Fresenius Medical Care increases the savings target for the program from €500 million to €650 million by 2025 and now expects to invest up to €650 million in the same period.

By the end of 2022, Fresenius Medical Care delivered €131 million (on EBIT level) of sustainable savings under the FME25 program, exceeding the original target of €40 to 70 million for the same period.

In further support of its turnaround efforts the Company will drive additional operational efficiency and cost reduction measures. In Care Delivery, this will include productivity and operating leverage improvements in the core dialysis services business. In Care Enablement, Fresenius Medical Care will focus on pricing initiatives, productivity measures and review of its global manufacturing footprint.

Fresenius Digital Technology entered a strategic partnership with Capgemini, a global leader in the IT sector, to streamline its IT services. As of October, Capgemini hastaken over operational delivery of standard IT services, while Fresenius Digital Technology focuses on its core compentences as business partner for all Fresenius segments. The partnership will lead to new and optimized products, improved customer satisfaction and increased value creation, and optimized IT operations. In addition, new business models can be developed and strengthened while taking advantage of cost savings and a global support model.

CHANGE MOMENTUM

At Fresenius, our collective actions have always been driven by our enormous passion and strongest possible commitment to patients. On our pathway to #FutureFresenius, we want to nurture this passion, and combine it with a strong appetite for change, preparing us for the dynamic shifts in the healthcare industry for the best of our patients. As part of #FutureFresenius, we aim to embrace new ways of working and establish a culture of excellence, where we measure ourselves against the best and maintain trusting dialog that welcomes diverse perspectives. Throughout our company, we engage in such trusting dialog with our employees, stakeholders, and external partners, and our global top leaders are agreed about the need for change. We aim to continuously pick up the pace of change and improvement and use this momentum to create #FutureFresenius.

SUSTAINABILITY PROGRAM

For Fresenius, sustainability is an integral part of its business model. The company is working to establish global sustainability standards and continuously improve its own sustainability performance. To this end, Fresenius continued to drive forward its ESG (Environment, Social, Governance) initiatives in the fiscal year.

Fresenius has set a climate target for the Group complementing its existing sustainability targets and programs. The company aims to be climate-neutral by 2040 and to reduce 50% of absolute Scope 1 and Scope 2 emissions by 2030 compared to 2020 levels. Fresenius will continuously assess Scope 3 emission impacts for inclusion in our targets.

The Fresenius Group Sustainability Board (GSB) held four meetings to discuss the implementation of regulatory requirements, in particular the EU taxonomy and the Supply Chain Sourcing Obligations Act and the EU’s Corporate

Sustainability Reporting Directive (CSRD). Furthermore, the internal quarterly reporting of ESG key figures as part of the Management Board compensation system was driven forward and work was done on setting quantitative sustainability targets. In addition, for the first time, Fresenius conducted an employee survey in the past fiscal year, among other things on employee identification and loyalty to the employer. In December 2022, we were again included in the Dow Jones Sustainability Index (DJSI Europe).

CORPORATE PERFORMANCE CRITERIA

The key performance indicator for Fresenius SE & Co. KGaA as group parent company is retained earnings. The goal is to implement our long-term, earnings-driven dividend policy by means of profit transfers and distributions from affiliates.

RESEARCH AND DEVELOPMENT

New product and process development and the improvement of therapies are at the core of our strategy. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- Dialysis
- Generic IV drugs
- Biopharmaceuticals
- Infusion and nutrition therapies
- Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

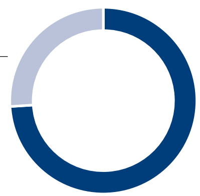
Research services provided by third parties are mainly used by Fresenius Kabi, especially in the field of biopharmaceuticals.

KEY FIGURES RESEARCH AND DEVELOPMENT

	2022	2021	2020	2019	2018
R & D expenses, € in millions[1]	852	818	748	677	649
as % of product revenue[1, 2]	7.2%	7.5%	7.2%	6.8%	6.7%
R & D employees	3,799	3,656	3,565	3,412	3,042

[1] 2022, 2021: before expenses related to the Fresenius cost and efficiency program 2021, 2020, 2019, and 2018: before revaluations of biosimilars contingent purchase price liabilities
[2] 2022, 2021, 2019, and 2018 excluding impairment losses from capitalized in-process R & D activities

R & D EXPENSES BY SEGMENT[1]



[1] Before expenses related to the Fresenius cost and efficiency program and revaluations of contingent biosimilars purchase price liabilities

As of December 31, 2022, there were 3,799 employees in research and development (2021: 3,656). Of that number, 1,235 were employed at Fresenius Medical Care (2021: 1,236) and 2,525 at Fresenius Kabi (2021: 2,366).

Our main research sites are in Europe, the United States, and India. Product-related development activities are also carried out in China.

Research and development **expenses**[1] were €852 million (2021: €818 million), approximately 7.2% of our product revenue (2021: 7.5%).

EMPLOYEES

The knowledge, experience, and commitment of our employees are critical to our success. For this reason, Fresenius values a culture of **diversity**. The interplay of a wide range of views, opinions, cultural backgrounds, experiences, and values enables us to successfully exploit our potential as a global company.

The **number of employees** of Fresenius SE & Co. KGaA at the end of 2022 was 598 (December 31, 2021: 586).

HUMAN RESOURCES MANAGEMENT

We are constantly adapting our human resources tools to meet new requirements arising from demographics, the transformation to a service economy, the shortage of skilled workers, and employees' desire to better balance family and career. For example, we offer flexible working hours.

EMPLOYEE RECRUITMENT AND PERSONNEL DEVELOPMENT

In order to ensure that our long-term needs for highly qualified employees are met, and to recruit new employees, we make use of online personnel marketing, regularly participate in recruiting events and careers fairs, and organize our own recruiting events. In addition, we try to encourage long-term retention with attractive development programs.

[1] 2022, 2021: Before expenses related to the Fresenius cost and efficiency program; 2021 before revaluations of contingent biosimilars purchase price liabilities

The approaches and measures for employee recruitment and personnel development in the business segments are based on the market requirements of each segment. They are coordinated, developed, and realized independently for each business segment. At Fresenius, qualifications and experience are the only things that matter in the selection of personnel. Consequently, at Fresenius we have the aspiration that women and men with comparable qualifications will continue to have the same career opportunities. The proportion of female employees in the Fresenius Group was 69% as at December 31, 2022 (Dec. 31, 2021: 69%). The proportion of females in services or care is traditionally higher than in the area of production. This is reflected in the proportion of female employees in our business segments: our business segment Fresenius Helios has, with 75%, the highest proportion of female employees among the Group. The number of female participants in the Group-wide Long Term Incentive Plan (LTIP 2018) is a good indication of the share of women in management positions. According to this, the ratio of women among the more than 1,800 top executives increased to 33.9% as at December 31, 2022 (Dec. 31, 2021: 32.6% of 1,800 top executives).

You can visit our multiple-award-winning careers portal at www.career.fresenius.com.

CHANGES TO THE SUPERVISORY BOARD

The Annual General Meeting of Fresenius SE & Co. KGaA on May 13, 2022 elected Dr. Christoph Zindel to the Supervisory Board of Fresenius SE & Co. KGaA. Dr. Christoph Zindel is a member of the Audit Committee of the Supervisory Board.

As announced a year ago, Klaus-Peter Müller stepped down from the Supervisory Board at the end of the Annual General Meeting on May 13, 2022 and handed over the chairing of its Audit Committee to Susanne Zeidler.

CHANGES TO THE MANAGEMENT BOARD

Michael Sen has been Chief Executive Officer of Fresenius since October 1, 2022. He was appointed unanimously by the Supervisory Board of Fresenius Management SE to succeed Stephan Sturm, who left the Company on good terms on September 30, 2022. Michael Sen will, in addition, continue to serve as CEO of Fresenius Kabi until a successor is decided for this position.

The Fresenius Management SE Supervisory Board has unanimously appointed Sara Hennicken as the Company's new Chief Financial Officer as of September 1, 2022. She succeeds Rachel Empey, who joined the Management Board of Fresenius as CFO on August 1, 2017, and left the Company at her own request at the end of August.
Helen Giza has been appointed Chief Executive Officer of Fresenius Medical Care effective December 6, 2022. Previously, she was Vice-Chair of the Management Board of Fresenius Medical Care. The Supervisory Board of Fresenius Medical Care Management AG unanimously appointed her to succeed Dr. Carla Kriwet, who left the company at her own request and by mutual agreement due to strategic differences. Dr. Carla Kriwet succeeded Rice Powell on October 1, 2022, who retired after 10 years at the helm of the company in accordance with the age limit for Executive Board members. Rice Powell resigned as CEO on September 30, 2022. Helen Giza will continue to serve as Chief Financial Officer of Fresenius Medical Care until her successor is appointed. As Chief Executive Officer of Fresenius Medical Care, Helen Giza is also a member of the Management Board of Fresenius Management SE.
Dr. Carla Kriwet has resigned from the Management Board of Fresenius Management SE.

The CVs of the members of the Supervisory Board and the Management Board can be found on our website at https://www.fresenius.com/Corporate-Management.

SUSTAINABILITY

We orient our activities within the Fresenius Group to long-term goals, and thus ensure that our work is aligned to the needs of patients and employees, as well as shareholders and business partners, in a sustainable manner. Our **responsibility as a healthcare Group** goes beyond our business operations. It is our mission to constantly improve our performance in the areas of environmental protection, occupational health and technical safety, and product responsibility and logistics, and to comply with legal requirements.

ECONOMIC REPORT

HEALTHCARE INDUSTRY

The healthcare sector is one of the world's largest industries and we are convinced that it shows excellent growth opportunities.

The main **growth factors** are:

- rising medical needs deriving from aging populations,
- the growing number of chronically ill and multimorbid patients,
- stronger demand for innovative products and therapies,
- advances in medical technology,
- the growing health consciousness, which increases the demand for healthcare services and facilities, and
- the increasing demand for digital health services for patients.

In the **emerging countries**, additional drivers are:

- expanding availability and correspondingly greater demand for basic healthcare, and
- increasing national incomes and hence higher spending on healthcare.

At the same time, the **cost of healthcare** is rising and claiming an ever-increasing share of national income. Healthcare spending averaged 9.7% of GDP in the OECD countries in 2020 (2019: 8.8%)[1,2].

The United States had the highest per capita spending with an estimated US$12,318[1] in 2021 (2020: US$11,859). Germany is expected to rank third among the OECD countries with an estimated US$7,383[1] in 2021 (2020: US$6,939). In Germany, an estimated 86%[1] of **health spending** was funded by public sources in 2021 (2020: 85%), above the average of 76%[1,2] for the year 2020 in the OECD countries. Most of the OECD countries have enjoyed large gains in **life expectancy** over the past decades, thanks to improved living standards, public health interventions, and progress in medical care. In 2020, average life expectancy in the OECD countries was 81 years[1,2] (2019: 81 years).

Healthcare structures are being reviewed and cost-cutting potential identified in order to contain the steadily rising **healthcare expenditures**. However, such measures cannot compensate for the cost pressure. Market-based elements are increasingly being introduced into the healthcare system to create incentives for cost- and quality-conscious behavior. Overall treatment costs will be reduced through improved quality standards.

In addition, ever-greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

Furthermore, increasing digitalization in healthcare can contribute to improved patient care and greater cost efficiency.

Our most important **markets** developed as follows:

HEALTHCARE SPENDING AS % OF GDP

in %	2021	2010	2000	1990	1980	1970
USA	17.8	16.3	12.5	11.2	8.2	6.2
France	12.4	11.2	9.6	8.0	6.8	5.2
Germany	12.8	11.1	9.9	8.0	8.1	5.7
Switzerland	11.8	9.9	9.1	7.6	6.4	4.8
Spain	10.7	9.1	6.8	6.1	5.0	3.1
China	5.1	4.4	4.5	–	–	–

Source: The latest available data from OECD Health Data, as no more recent data has been published; database for Switzerland and Spain is 2020 and China 2018.

[1] OECD Health Data
[2] The latest available data from OECD Health Data refers to 2020, as no more recent data has been published.

THE DIALYSIS MARKET

According to our estimates, the volume of the global dialysis market will be around €82 billion in 2022 (2020: €81 billion). We assume that this market volume will be roughly made up as follows: dialysis products around €15 billion (2021: €15 billion) and dialysis care (including dialysis drugs) around €67 billion (2020: €66 billion).

Dialysis services

According to our estimates, the number of dialysis patients worldwide reached around 3.9 million in 2022 (2021: 3.8 million) – a 3% growth rate. Fresenius Medical Care is the global leader in dialysis care, providing treatment to about 9% of all dialysis patients (2021: 9%). In the same period, 344,687 patients were treated in Fresenius Medical Care's network of dialysis centers (2021: 345,425).

The overall market for dialysis care services in the United States is consolidated. Across all market segments, we treat around 38% of all dialysis patients here (2021: 37%). In the United States, home dialysis is becoming increasingly important. In 2022, about 15% (2021: 15%) of our U.S. dialysis treatments were performed at home. Outside the United States, the dialysis services business is much more fragmented. With over 1,450 dialysis centers (2021: 1,490) and approximately 139,000 patients (2021: 139,000) in around 50 countries (2021: 50), Fresenius Medical Care operates by far the largest network of clinics.

Dialysis products

Fresenius Medical Care is also the global market leader for dialysis products. Products made by Fresenius Medical Care for use in our own dialysis centers or for sale to third-party customers accounted for a market share of 35% in 2022 (2021: 36%). In the case of hemodialysis products, we had a 41% share of the global market (2021: 42%), making us the world leader in this field as well.

Dialyzers for hemodialysis are the largest product group in the dialysis market, with a worldwide revenue volume of around 390 million units in 2022 (2021: 377 million). Approximately 161 million (around 41%) of these were made by Fresenius Medical Care (2021: 158 million or around 42%), giving us by far the biggest market share. Hemodialysis machines constitute another key component of our product business. Here, too, we are the market leader. Of the estimated 90,000 machines installed in 2022 (2021: 94,000), approximately 42,000, or around 47% (2021: 48,000 or around 52%), were produced by Fresenius Medical Care.

Furthermore, we hold a strong position in the market for peritoneal dialysis products: around 15% (2021: around 15%) of all peritoneal dialysis patients use products made by Fresenius Medical Care.

Renal care continuum

To meet the challenges of the future, we are leveraging our core strategic competencies: developing innovative products, operating outpatient facilities, standardizing medical procedures and coordinating patients effectively.

With the implementation of our corporate strategy, we intend to take a further step to bring us closer to our goal of providing healthcare for chronically and critically ill patients across the renal care continuum. We aim to use our innovative, high-quality products and services to offer sustainable solutions at a reliable cost.

The renal care continuum encompasses the following aspects:

New renal care models: we intend to use digital technologies such as artificial intelligence and big-data analytics to develop new care models for patients with kidney failure, such as personalized dialysis and holistic home treatment.

Value- and risk-based care models: these models allow us to offer care that is not only better, but also affordable in the long term. Our aim is to establish sustainable partnerships with payers around the world to drive forward the transition from fee-for-service payment to pay-for-performance models.

Chronic kidney disease and transplantation: we want to provide patients with holistic care along their entire treatment path. To this end, we have broadened our value- and risk-based care programs to include the treatment of chronic kidney disease with a view to slowing disease progression, enabling a smoother start to dialysis and preventing unnecessary hospital stays. We also intend to incorporate kidney transplants into value-based care models in the future.

Future innovations

Through Fresenius Medical Care Ventures we invest in start-ups and early-stage companies in the healthcare sector with the goal of gaining access to new and disruptive technologies and treatment concepts for our core business and complementary assets.

Market data on the dialysis market based on company's own surveys

Critical care solutions

The number of patients requiring continuous renal replacement therapy to treat acute kidney failure is set to rise in the next decade to more than 1.5 million per year. In addition to acute dialysis, the Company is also active in other areas of extracorporeal critical care therapy, such as the treatment of acute heart, lung, and multi-organ failure.

Complementary assets

We will supplement and strengthen our existing network where feasible through additional partnerships, investments, and acquisitions. This will help us to create medical added value while saving costs, enabling us to build an even more solid foundation for our future growth.

THE MARKET FOR BIOPHARMACEUTICALS, CLINICAL NUTRITION, MEDTECH, GENERIC IV DRUGS, AND IV FLUIDS[1]

The market for **biopharmaceuticals** from the therapeutic areas of oncology and autoimmune diseases – consisting of originator products and biosimilars – grew by approximately 20% to around €176 billion in 2022. The acquisition of a majority stake in mAbxience significantly strengthens Fresenius Kabi in this growth market, in which the company participates through biosimilars and contract development and manufacturing of biopharmaceuticals. The market for biopharmaceuticals is a fast-growing and innovative segment, which will gain even more relevance for the care of patients going forward.

In 2022, the global market for **clinical nutrition** was about €10 billion in size. In Europe, this market grew by about 4%. Growth rates in emerging market regions were higher. In Latin America, the market for clinical nutrition grew by around 10%. A similarly strong growth of around 7% was realized in southeast Asia. There is growth potential worldwide, because nutrition therapies are often not yet sufficiently used in patient care, although studies have proven their medical and economic benefits. In cases of health- or age-induced nutritional deficiencies, the administration of clinical nutrition can reduce hospital costs through shorter stays. Fresenius Kabi is one of the leading suppliers for enteral nutrition and market leader in parenteral nutrition. The company will roll out its clinical nutrition offerings into countries where it does not offer a comprehensive range yet. With a further expanded product portfolio as well as the use of new distribution channels, Fresenius Kabi will develop its global footprint.

The **MedTech Infusion and Nutrition Systems** (INS) product portfolio of Fresenius Kabi is broad and composed of product groups such as infusion and nutrition pumps and their dedicated disposables, extended by IT-based solutions focusing on application safety, user workflows, increased therapy efficiency, and interoperability with hospital systems, non-dedicated disposables, anesthesia monitoring devices, and dedicated sensors. The market for devices and related dedicated disposables is estimated to be worth more than €4 billion. There is a significant further market for non-dedicated disposables. The MedTech INS product range will be developed regionally and thus be available in more countries, in particular in the United States with the acquisition of Ivenix. In the MedTech INS segment, Fresenius Kabi ranks among the leading suppliers worldwide.

The market for **MedTech Transfusion Medicine and Cell Therapies** (TCT) grew by around 4% to about €3.5 billion. Fresenius Kabi is the leading company in the market for blood collections, which has recovered slightly compared to the previous year. Increased demand for plasma-derived therapies and autotransfusion treatments has resulted in attractive market growth; Fresenius Kabi holds top three positions in both markets. Due to newly approved treatments, the segment of cell and gene therapies is the fastest-growing market within TCT. With the continued success of LOVO, now used in two of the four approved CAR-T cell therapy treatments in the United States, our cell therapies business grew compared to the previous year.

In 2022, the global market for **generic IV drugs and IV fluids** was around €50 billion[2] in size. With significant regional differences, the market generated low-to-mid-single-digit growth. Fresenius Kabi was able to enter additional segments of the global addressable market due to the expansion of our product portfolio in the areas of complex formulations, differentiated generics, and prefilled syringes, among others.

[1] Market data is based on company research and refers to the markets relevant for Fresenius Kabi. This is subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the IV drug market, among other things.
[2] As in the previous year, the market definition also includes revenue of off-patent products.

THE HOSPITAL MARKET[1]

The market volume for acute care hospitals in Germany in 2021 was around €123 billion[2], as defined by total costs (gross). Personnel costs accounted for around 61% of this total and material costs for 37%, increasing by around 5% and 4%, respectively.

With a share of revenue of around 6%[3], Helios Germany is the leading company in the German market for acute care hospitals. The company's hospitals compete primarily with individual hospitals or local and regional hospital associations. The main private competitors are Asklepios Kliniken, Sana Kliniken, and Rhön-Klinikum.

The COVID-19 pandemic had a significant impact on the number of **inpatient treatment** cases in German hospitals in 2021, with a total of 16.7 million cases, or about 14% fewer patients, treated than in the pre-pandemic year 2019. The **economic situation** is viewed critically by German hospitals overall. Compared with the previous year, the economic situation has deteriorated significantly. 43% of German hospitals reported losses in 2021 (2020: 29%). The proportion of hospitals with an annual profit was 44% (2020: 60%). The main reason for the worsening economic situation are the COVID-19-related revenue losses.

In addition to the often difficult economic and financial situation, there is an enormous **need for capital expenditure**. This results from medical and technological progress, increased quality requirements, and necessary building renovations, as well as investments in digitalization. In addition, the federal states have not been able to adequately meet their legal obligation to provide the necessary financial resources in recent years. The German Hospital Institute (DKI) estimates that the annual investment requirements of German hospitals amount to over €6.8 billion. Less than half of this investment comes from public funds.

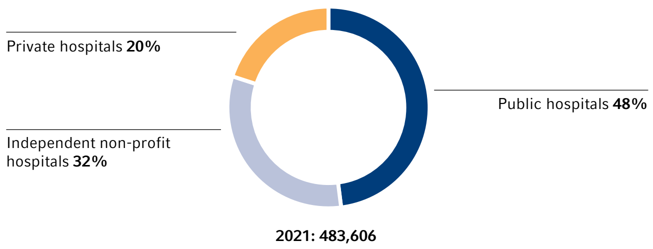
In order to continue to assist hospitals with the revenue shortfalls resulting from COVID-19, fu**ll-year compensation** (coronavirus compensation) remained in place in 2022. The reference benchmark was hospital-specific revenue from 2019 (excluding non-personnel costs). To determine the amount of reimbursement, 2019 revenue is compared to 2022 revenue (excluding non-personnel costs). In addition, revenue from compensation payments or from supply surcharges (for patients who test positive for COVID-19) for 2022 is taken into account. The resulting revenue shortfall in 2022 compared to the base year 2019 is offset by 85% to reimburse costs incurred.

KEY FIGURES FOR INPATIENT CARE IN GERMANY

	2021	2020	2019	2010	2000	Change 2021/2020
Hospitals	1,887	1,903	1,914	2,064	2,242	0%
Beds	483,606	487,783	494,326	502,749	559,651	–1%
Length of stay (days)	7.2	7.2	7.2	7.9	9.7	0%
Number of admissions (millions)	16.74	16.80	19.41	18.03	17.26	0%
Average costs per admission in €[1]	7,582	7,239	5,926	4,432	3,216	5%

[1] Total costs, gross
Source: German Federal Statistical Office, 2021 data

HOSPITAL BEDS BY OPERATOR



To offset the additional costs of gas and energy, the German Bundestag resolved in December 2022 to introduce a **gas and electricity price brake** and thus also aid payments for hospitals. To support hospitals, compensation totaling €6.0 billion is to be provided under the newly introduced Section 26f of the Hospital Act (KHG) for increased costs for the purchase of natural gas, heat, and electricity and for other inflation-related additional costs via the liquidity reserve of the healthcare fund.

[1] In each case, the most recent market data available refers to the year 2021 as no more recent data has been published: German Federal Statistical Office, 2021 data; German Hospital Institute (DKI), Krankenhaus Barometer 2022
[2] The market is defined by total costs of the German acute care hospitals (gross), less academic research and teaching.
[3] Measured by 2022 revenues in relation to gross total costs of acute care hospitals minus scientific research and teaching in Germany (latest available data: Federal Statistical Office, 2021 data)

The increase in the remuneration of hospital services in the German DRG system is determined by what is referred to as the **change value.** It serves to compensate for rising costs in the hospital market, in particular personnel and material costs. The change value is determined annually for the following year. For 2022, it was 2.29% (2021: 2.53%).

Since 2020, **nursing staff costs** for patient-centered nursing care in hospitals have been separated from the DRG flat rates and fully reimbursed by the health insurance funds via separate nursing budgets based on the principle of self-cost recovery. For this purpose, hospital-specific care budgets to be negotiated with the health insurers are agreed. The narrower definition (interpretation) of nursing staff costs, which has been in force since 2021, remains unchanged for 2022.

According to the Hospital Barometer of the German Hospital Institute (DKI), the **shortage of specialists** and problems in filling nursing vacancies will continue to be a key challenge for inpatient hospital care in Germany in 2022. In spring 2022, 89% of hospitals had problems filling vacant nursing positions on general wards. Three out of four hospitals had difficulties filling vacant intensive care nursing positions. On average, vacant nursing positions in intensive care units are unfilled for almost half a year.

In 2022, **nursing staff minimum levels** for nursing-sensitive units were expanded to include orthopedics, gynecology, and obstetrics.

To finance care for children and adolescents, the legislature introduced financial aid of €390 million p.a. for the years 2023 and 2024.

In the interests of modern, needs-based hospital treatment, **day treatments** without overnight stays can be billed using flat rates per case from January 1, 2023. This is intended to reduce night services, particularly in nursing, in order to create additional capacity among nursing staff on the day shift.

The **private hospital market** in Spain had a volume of around €18 billion[1] in 2021.

Helios Spain is the market leader with a market share of around 12% in the private hospital market in terms of revenue. Helios Spain competes with a large number of standalone private hospitals as well as with smaller hospital chains such as HM Hospitales, Hospiten, Vithas, Ribera Salud, Hospitales Sanitas, and HLA, among other chains.

By the beginning of 2022, the healthcare system in Spain had already returned to normality, as it was before the start of the COVID-19 pandemic. Due to the high vaccination rate of over 85%[2], as well as a large proportion of recovered people in the population, hospitals recorded hardly any severe COVID-19 cases. Hospital operations returned to normal with some safety precautions. As a result, average facility occupancy rates returned to pre-COVID-19-pandemic levels.

In contrast, the price and cost increases of 2022 as a result of the high inflation rate in Spain posed a challenge for the entire industry. In particular, there were significant additional burdens in the area of energy costs, which could only be partially offset by efficiency and savings measures. A challenge in some regions of the country continued to be the **shortage of skilled workers**, particularly in the area of nursing, although the situation has improved significantly compared with the time of the first COVID-19 waves.

The use of **telemedicine** was further accelerated by the COVID-19 crisis and also led to an increase in video consultations in 2022. This trend will continue as, among other things, medical care can be improved and greater efficiencies in healthcare can be created.

The global **market for fertility services** was worth about €13 billion in 2021. Market growth is driven by demographic and health trends as well as changing lifestyles. Notable scientific advances in this field have led to higher success rates and less strain for patients. The global market for fertility services is highly fragmented, representing an attractive opportunity for consolidation.

[1] Market data based on company research and refers to the addressable market of Quirónsalud. Market definition includes both inpatient and outpatient healthcare services. It includes neither public-private partnership (PPP) nor occupational risk prevention centers (ORP). The market definition may differ from the definition in other contexts (e.g., regulatory definitions).
[2] COVID-19 statistics (www.corona-zahlen-heute.de)

THE MARKET FOR PROJECTS AND SERVICES FOR HOSPITALS AND OTHER HEALTHCARE FACILITIES

After two years predominantly under the influence of the COVID-19 pandemic, a robust development of the global economy was anticipated. Hopes of a strong economic recovery were not fulfilled due to the war in Ukraine. The general conditions for hospital planning and construction projects were again challenging and characterized by supply bottlenecks, extraordinary cost increases, especially with regard to energy prices, and travel and quarantine restrictions.

Fresenius Vamed meets these challenges through longstanding project partnerships with a high level of competence and experience, as well as through the establishment of a global, decentralized hub structure. The service business also faces challenges with regard to energy costs, as well as the still-increased safety measures for employees and patients in the context of COVID-19 protection concepts. Capacity restrictions and lower demand for rehabilitation services due to postponed elective surgeries played a slightly smaller role in 2022 than last year. Demand for reliable management of medical technology and high-end healthcare services remains robust.

The market for projects and services for hospitals and other healthcare facilities is very fragmented. Therefore, an overall market size cannot be determined. The market is country-specific and depends, to a large extent, on factors such as public healthcare policies, government regulation, and levels of privatization, as well as demographics and economic and political conditions. In markets with established healthcare systems and mounting cost pressure, the challenge for healthcare facilities is to increase their efficiency. Here, demand is especially high for sustainable planning and energy-efficient construction, optimized hospital processes, and the outsourcing of medical-technical support services to external specialists. This enables hospitals to concentrate on their core competency – treating patients.

In addition to offering services for healthcare facilities worldwide, Fresenius Vamed itself is active as a leading post-acute care provider in Central Europe, especially in Germany, Austria, Switzerland, and the Czech Republic. In emerging markets, the focus is on building and developing healthcare infrastructure and improving the level of healthcare.

Fresenius Vamed is a global company with no direct competitors covering a comparably comprehensive portfolio of projects, services, and total operational management over the entire life cycle of healthcare facilities. As a result, Fresenius Vamed has a unique selling proposition of its own. Depending on the business segment, the company competes with international companies and consortia, as well as with local providers.

OVERALL BUSINESS DEVELOPMENT

THE MANAGEMENT BOARD'S ASSESSMENT OF THE EFFECT OF GENERAL ECONOMIC DEVELOPMENTS AND THOSE IN THE HEALTHCARE SECTOR FOR FRESENIUS AS WELL AS BUSINESS RESULTS AND SIGNIFICANT FACTORS AFFECTING OPERATING PERFORMANCE

The war in Ukraine had a negative impact on the Fresenius Group's business, both directly and indirectly. The negative impact amounted to €43 million in net income[1] in 2022.

In 2022, the difficult macroeconomic environment had a negative impact on business development. This included increased uncertainties, inflation-related cost increases, staff shortages, supply chain disruptions, the continued impact of the COVID-19 pandemic, and increased energy costs. In this difficult macroeconomic environment, the Fresenius Group had to lower its revenue guidance once and its net income guidance twice.

For this reason, the Management Board believes that 2022 was a challenging fiscal year for the Fresenius Group.

[1] Net income attributable to the shareholders of Fresenius SE & Co. KGaA, excluding achquisitions Ivenix and mAbxience

Fresenius Medical Care's revenue increased significantly by 10% (increased by 2% in constant currency) to €19,398 million (2021: €17,619 million). Net income[1] attributable to shareholders of Fresenius Medical Care decreased significantly by 10% (17% in constant currency) to €913 million (2021: €1,018 million).

Fresenius Kabi achieved organic revenue growth of 3%. EBIT[1] decreased by 6% (decreased by 14% in constant currency; decreased 10% in constant currency excluding the acquisitions of Ivenix and mAbxience) to €1,080 million (2021: €1,153 million).

The organic revenue growth of Fresenius Helios was 6%. EBIT[1] increased by 5% (5% in constant currency) to €1,185 million (2021: €1,127 million).

The organic revenue development of Fresenius Vamed was 2%. EBIT[1] decreased significantly to €20 million (2021: €101 million).

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

RESULTS OF OPERATIONS

Net income of Fresenius SE & Co. KGaA in the fiscal year 2022 was €401 million (previous year €503 million). The decrease in net income mainly results from   increase in other operating expenses.

All the following companies have profit and loss transfer agreements with Fresenius SE & Co. KGaA: Fresenius Kabi AG, Fresenius ProServe GmbH, Fresenius Versicherungsvermittlungs GmbH and Hyginus Publisher GmbH.

Fresenius ProServe GmbH contributed with earnings of €391 million (previous year €411 million) to the net income from participations. The decrease mainly results from lower operating earnings of Helios affiliated companies.

The profit and loss transfer agreement with Fresenius Kabi AG yielded earnings of €182 million (previous year €111 million). The increase in relation to the previous year mainly results from higher dividend income from foreign Kabi affiliated companies.

Other significant income from participations came from a €127 million Fresenius Medical Care AG & Co. KGaA dividend (previous year €126 million).

In addition to earnings from dividends and from profit and loss transfer agreements, Fresenius SE & Co. KGaA receives €89 million of income from rents and from providing personnel services (previous year €81 million). Other operating income includes €211 million (previous year €108 million) of foreign currency gains while €208 million (previous year €113 million) of foreign currency losses are included in other operating expenses.

In addition to foreign currency losses, the increase in other operating expenses mainly results from the assumption of restructuring expenses of Fresenius Digital Technology GmbH and from the discounting of interest-free loans granted to related parties.

The General Partner and Supervisory Board of Fresenius SE & Co. KGaA will propose to the Annual General Meeting a dividend of €0.92 per ordinary share to be paid to shareholders for fiscal year 2022. Accordingly, the total dividend distribution amounts to €518 million (previous year €514 million).

CASH FLOW STATEMENT

€ in millions	2022	2021
Net Income	401	503
Depreciation and amortization of non-current assets and financial assets	13	12
Discount of loans to subsidiaries	30	–
Increase in pension liabilities	19	20
Interest result	43	21
Income from investments	-665	-646
Cash flow	**-159**	**-90**
Increase/Decrease in accruals for income taxes and other accrued expenses	26	-21
Increase/Decrease in trade accounts payable	6	-2
Decrease/Increase in other operating assets and liabilities	-25	70
Increase in working capital	**7**	**47**
Cash flows from operating activities	**-152**	**-43**
Payments for contributions to equity of subsidiaries, for loans to subsidiaries and for investments	-629	-41
Cash inflow from merger of subsidaries	–	21
Proceeds from loans to subsidiaries	388	15
Payments for investments in intangible assets and property plant and equipment	-8	-7
Proceeds from the disposal of intangible and tangible fixed assets	2	1
Interest received	120	95
Dividends received	647	814
Cash flows from investing activities	**520**	**898**
Proceeds from bank loans	2,726	523
Repayment of bank loans	-920	-495
Change in financing activities with related parties	-1,208	-210
Proceeds from the exercise of stock options	–	32
Interest paid	-163	-116
Dividends paid	-367	-491
Cash flows from financing activities	**68**	**-757**
Change of cash and cash equivalents	**436**	**98**
Cash and cash equivalents at the beginning of the year	105	7
Cash and cash equivalents at the end of the year	**541**	105

The following paragraphs "financial position" and "investments, divestments and acquisitions" describe material positions of the cash flow statements in more detail.

Fresenius believes that its existing credit facilities, as well as the operating cash flows, income from transfer agreements and additional sources of short-term funding, are sufficient to meet the company's foreseeable liquidity needs. More in-formation on credit facilities can be found in the notes to the financial statements.

As of December 31, 2022, Fresenius SE & Co. KGaA complied with the covenants under all the credit agreements.

FINANCIAL POSITION

Total assets of Fresenius SE & Co. KGaA increased by €1,712 million to €18,021 million (previous year €16,309 million).

On the asset side, receivables against related companies increased from €4,117 million to €4,964 million mainly due to higher utilization of internal Group loans made to Fresenius ProServe GmbH, an die Fresenius US Finance II, Inc. and die Fresenius Finance Ireland PLC.

In addition, financial assets increased due to significant changes described in chapter Investments, disvestments and acquisitions.

On the liability side, liabilities have increased from €8,821 million to €10,455 million.

For refinancing activities as well as for general business purposes Fresenius issued loans in a total volume of €2.3 billion during the fiscal year. In addition, a loan from the European Investment Bank in the amount of €400 million was drawn.

The decrease in other short-term bank loans in the amount of €502 million and the regular repayment of the Schuldschein Loans due in January and April 2022 in the amount of €393 million had an offsetting effect.

The equity ratio decreased from 43.8% to 39.9%.

Investments, disvestments and acquisitions

Total investments in property, plant and equipment and intangible assets were €8 million in 2022.
Changes in the financial assets in the fiscal year 2022 mainly resulted from following transactions:

- In the fiscal year 2022, Fresenius SE & Co. KGaA contributed €495 million to the additional paid-in capital of Fresenius Kabi AG.
- The issuance of interest-free loans to hospitalia activHealth gmbh, Helios Klinik Wesermarsch GmbH and Helios Mariahilf Klinik Hamburg GmbH resulted in an increase in financial assets in the total amount of €83 million.
- Moreover Vamed Gesundheit Holding Deutschland GmbH was granted a further loan of €20 million.

OVERALL ASSESSMENT OF THE BUSINESS SITUATION

For the fiscal year 2023, Fresenius expects that there will be neither a further intensification of geopolitical tensions nor a deterioration of the current situation due to COVID-19, and that supply chain bottlenecks will increasingly ease. Fresenius also expects general cost inflation and labor shortages to have a significantly more negative impact on its business than in 2022, due to the fact that these pressures did not materialize until the second half of 2022. Accordingly, Fresenius anticipates stronger headwinds in 2023 than in the previous year. In the opinion of the Management Board, 2022 was a challenging year for the Fresenius Group overall.

OUTLOOK

This Group Management Report contains forward-looking statements, including statements on future revenue, expenses, and investments, as well as potential changes in the healthcare sector, our competitive environment, and our financial situation. These statements were made on the basis of the expectations and assessments of the Management Board regarding events that could affect the Company in the future, and on the basis of our mid-term planning. Such forward-looking statements are subject, as a matter of course, to risks, uncertainties, assumptions, and other factors, so that the actual results, including the financial position and profitability of Fresenius, could therefore differ materially – positively or negatively – from those expressly or implicitly assumed or described in these statements.

GENERAL AND MID-TERM OUTLOOK

Despite the challenges posed by the macroeconomic environment the Management Board continues to assess the business outlook of the Fresenius Group as positive at the time of preparing the Group Management Report. We continue to see steadily growing demand for our products, services and therapies worldwide.

Some trends, such as the digitalization of healthcare, have even accelerated by the COVID-19 pandemic, and we believe that we are very well positioned as a Group to benefit from this in the coming years.We are continuously striving to optimize our costs, to adjust our capacities, and to improve our product mix, as well as to expand our products and services business. This includes plans for cost-efficient production and a further-optimized procurement process. In addition, we can use digital technologies to accelerate central administrative processes and make them more efficient.

Fresenius recognizes very good opportunities to meet the growing demand for healthcare resulting from the aging population with its increasing need for comprehensive care and from technological progress worldwide. Fresenius expects that access to healthcare in developing and emerging countries will continue to improve and that efficient healthcare systems with appropriate reimbursement structures will develop over time. We will continuously review and optimize our activities and growth options in the global regions and look for opportunities to introduce further products from our portfolio in attractive markets that enable profitable growth.

The medium-term business outlook for Fresenius’ **Operating Companies** is determined by the following factors:

- **Fresenius Kabi** is focusing on three growth areas: broadening the biopharmaceuticals business, expanding the clinical nutrition business, and expanding the MedTech business. In the field of biopharmaceuticals, Fresenius Kabi specializes in the development of products for the treatment of autoimmune diseases and for use in oncology and has a pipeline of molecules in various stages of development. The acquisition of a majority stake in mAbxience in 2022, which will enable a fully integrated vertical biopharma business, strengthens Fresenius Kabi´s presence in the high-growth biopharmaceuticals market. We expect these measures to boost the company´s earnings in the coming years. The clinical nutrition portfolio has grown successfully in recent years and will be further expanded, making the product offering more accessible from a geographical perspective. The MedTech portfolio was recently strengthened by the acquisition of Ivenix and its advanced infusion system. The innovative design and construction of the Ivenix infusion system is easier to use and increases infusion safety compared to conventional systems. The pump also works seamlessly with other systems. Fresenius Kabi continues to expand its MedTech product offering to keep pace with modern software and connectivity requirements. To strengthen the resilience of its high-volume IV drug business, Fresenius Kabi is developing generic drug formulations that are available at the time of market launch, i.e., immediately after the patents of the originator drugs expire.
  In addition, Fresenius Kabi is developing new formulations of already off-patent IV drugs, as well as ready-

to-use products that are particularly user-friendly and safe, such as prefilled syringes and ready-to-use solutions in our freeflex infusion bags. Fresenius Kabi aims to further expand its product portfolio in selected countries where the company does not yet have a comprehensive offering, depending on the respective local market conditions.

- **Fresenius Helios** operates almost-nationwide hospital networks in Germany and Spain and provides outpatient care at various facilities. Patient care is to be further improved through the exchange of knowledge and experience (best practice) between Helios Germany and Helios Spain. The increasing number of privately insured patients opens up growth opportunities for Helios Spain, with a very deliberate and targeted allocation of capital for future expansion and hospital construction. Furthermore, the close integration of Helios Spain´s corporate health management facilities with its own hospitals offers additional growth opportunities. In Latin America, Fresenius Helios is continuously evaluating opportunities to expand its regional presence while achieving and maintaining above-average profitability. Fresenius Helios´ reproductive medicine business complements the range of services in a growing market with specific individual needs. In addition to innovative therapies, digitalization creates potential to further expand our market position. Helios Germany and Helios Spain are developing innovative business areas such as digital offerings. For example, health apps such as Curalie are being developed. Curalie is a platform and app for digital health programs based on scientific standards, e.g., people with chronic diseases such as diabetes mellitus or heart failure. Building on the Curalie digital health platform, Fresenius Helios aims to bring further affordable and accessible health solutions to market.

For Fresenius' **Investment Companies**, the following factors in particular offer growth opportunities:

- For **Fresenius Medical Care**, innovation, the highest quality, reliability, and the convenience of our products and therapies are key factors for growth. The company is committed to focusing its business activities on sustainable, profitable growth and is committed to continuous performance improvements. Fresenius Medical Care will further expand its Care Enablement business by introducing innovative product platforms. In addition, the company will closely review its global footprint. In Care Delivery, Fresenius Medical Care is exploring ways to improve access to care while ensuring the profitability of the business. Value-based care models enable the company to create medical value while ensuring that care remains affordable. The goal is to build sustainable partnerships with payers around the world to support the transition from a fee-for-service to a pay-for-performance system. Based on its strategic business plan, Fresenius Medical Care intends to significantly expand its home dialysis business.
- **Fresenius Vamed** is driving the expansion of high-quality services such as the management of medical-technical products, sterile supply, operational technology, and IT development. In addition, the company is developing innovative business areas such as digital offerings. Fresenius Vamed expects both its project and services business to grow further due to the need for life-cycle and PPP projects (Public Private Partnership). In addition, the company aims to expand its position through follow-up contracts with existing customers and to develop new target markets. Furthermore, Fresenius Vamed plans to further strengthen its leading position as a post-acute care provider in Central Europe.

HEALTHCARE SECTOR AND MARKETS

The healthcare sector is considered to be widely independent of economic cycles. The demand, especially for lifesaving and life-sustaining products and services, is expected to increase regardless of the macroeconomic challenges, mortality among dialysis patients as a result of the COVID-19 pandemic, given that they are medically needed and the population is aging. Moreover, medical advances and the large number of diseases that are still difficult to cure – or are incurable – are expected to remain growth drivers.

In the emerging countries, the availability of basic healthcare and the demand for high-quality medical treatment are increasing. As per-capita income increases, individuals increasingly have to cope with the illnesses associated with lifestyle diseases.

On the other hand, experts estimate that further financial constraints in the public sector could result in more pricing pressure and a slowdown in revenue for companies in the healthcare industry. Some countries are experiencing significant financing problems in the healthcare sector due to the strained public finance situation. Especially in the industrialized countries, increased pressure to encourage saving can be expected as healthcare costs constitute a large portion of the budget.

It will be increasingly important for companies in the healthcare sector to increase patient benefit, to improve treatment quality, and to offer preventive therapies. In addition, especially those products and therapies that are not only medically but also economically advantageous will be of increasing importance.

THE DIALYSIS MARKET

Fresenius Medical Care expects the number of dialysis patients worldwide to grow by about 4% in 2023 depending on the further development of the global COVID-19 pandemic. The accelerating effects of excess mortality due to the COVID-19 pandemic are continuing into 2023. Fresenius Medical Care expects a significant adverse annualization effect on treatment volumes. Some significant regional differences are likely to remain: the company anticipates below average growth rates in the United States, Japan, and Western and Central Europe. The number of patients with chronic kidney disease is already relatively high in these countries and regions and patients generally have reliable access to treatment, normally dialysis. In economically weaker regions we expect the growth rates to be considerably higher in some cases.

Hemodialysis will remain the treatment of choice, accounting for 88% to 89% of all dialysis therapies. Peritoneal dialysis will continue to be the preferred treatment for 11% to 12% of all dialysis patients.

The volume of the worldwide dialysis market last year was influenced by the ongoing COVID-19 pandemic and exchange rate effects and amounted to about €82 billion according to preliminary estimates. Going forward, we expect an increase of 1% to 3% per year. This is based on the assumption that exchange rates will remain stable in the forecasting period. The overall volume of the dialysis market could thus reach around €83 billion to €84 billion by 2023.

In addition, the reimbursement and ancillary services utilization environment significantly influences our business. In the United States, our biggest revenue market, the reimbursements of governmental institutions are lower than the reimbursements of private insurers. Therefore, a change in the portion of reimbursements by private insurers in the United States influences our business.

THE MARKET FOR BIOPHARMACEUTICALS, CLINICAL NUTRITION, MEDTECH, GENERIC IV DRUGS, AND IV FLUIDS[1]

Fresenius Kabi expects the consolidation process to continue among competitors in our markets in Europe, Asia-Pacific, and Latin America. Consequently, we expect that there will be opportunities for us to penetrate new markets, both by expanding our regional presence and by extending our product portfolio.

Fresenius Kabi plans to develop additional products in the biopharmaceuticals business, focusing on autoimmune diseases and oncology, which will be introduced to the market over the next few years. In the field of clinical nutrition, Fresenius Kabi plans to launch existing products in the United States and to complete its product range, especially in the fast-growing regions of Asia-Pacific and Latin America. In the fields of medical technology, IV drugs, and infusion therapies, Fresenius Kabi intends to expand its market share with new products. In the field of clinical nutrition, Fresenius Kabi plans to introduce products already offered outside the United States into that country as well. It also aims to further roll out its product portfolio internationally, especially in the fast-growing markets of Asia-Pacific and Latin America. Market share is to be expanded further through the launch of new products in the field of medical devices, IV drugs, and for infusion therapy.

It is forecasted that the market for **biopharmaceuticals** from the therapeutic areas of oncology and autoimmune diseases will grow in the high-single-digit to low-double-digit range in the upcoming years, though the biosimilars segment is clearly in the double-digit range. Today, more than one in three new drug approvals is a biopharmaceutical and significant growth of this global market, especially biosimilars, is expected in the next few years and decades.

In the short term, we expect the market for **clinical nutrition** to grow in the mid-single-digit range. Growth prospects are supported by increasing awareness of the need for early clinical nutrition, which is reflected in the latest guidelines. In addition, the practice of mandatory screening for malnutrition[2] is on the rise. We see additional potential in the continuing high proportion of malnourished people who do not yet have access to nutrition therapies. Considerable potential continues to be projected in emerging regions like Latin America and Africa, with high-single-digit growth rates.

The **MedTech Infusion and Nutrition System** (INS) market should experience growth in the mid-single-digit range going forward, mainly driven by infusion management systems. In many countries, we continue to see a strong demand in the infusion technology segment, with more nationally resilient positions after COVID-19. In addition, the infusion pumps already placed in recent years will increase the demand for dedicated infusion sets.

1 Market data refers to Fresenius Kabi's addressable markets (based on revenue, growth p.a). Those are subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the IV drug market,
among other things. Percentage increase based on market value (price × volume). Depending on the further development of the COVID-19 pandemic in 2021, the market growth of single product segments could change.

2 Sources: New ESPEN guideline on clinical nutrition and hydration in geriatrics. Clin Nutr. 2022 41:958-989; by Volkert D, Beck AM, Cederholm T, Cruz-Jentoft A, Goisser S, Hooper L, et al.; most recently implemented e.g., in Portugal: "National Policy for effective screening implementation"; Directorate General of Health DGS

In the **MedTech Transfusion Medicine and Cell Therapies** (TCT) market, we expect to see mid-single-digit growth in the near future. This growth will be driven primarily by the worldwide demand for plasma-derived intravenously administered products. In cell and gene therapy, we expect extraordinary growth as these therapies are approved for first- and second-line treatments. In the blood center business, we expect continued slight market growth, driven by increased platelet apheresis use in developing markets.

Going forward, the markets for **generic IV drugs and IV fluids** are expected to grow in the low-to-mid-single-digit range, with significant regional differences. The demand for generic IV drugs is likely to grow because of their significantly lower price in comparison to the price of originator drugs. The growth dynamic will continue to be driven by improvements in healthcare infrastructure and access to care in the emerging markets, originator drugs going off-patent, as well as by volume increase in original off-patent products that are offered at steady prices due to a unique selling proposition. A factor working in the opposite direction is the price pressure on off-patent brands and generic drugs as regulators seek to keep healthcare budgets under control, and it is expected that the competitive pressure in the market will further increase.

THE HOSPITAL MARKET[1]

We assume that the number of inpatient hospital treatments in Germany will tend to stagnate or decline in the future, in particular due to the increasing provision of services in the outpatient sector and the growing acceptance and use of digital healthcare services.

What is known as the rate of change figure is, amongst others, crucial for the increase in **reimbursement for hospital treatments** in Germany. For 2023, it was set at 3.45%. In addition, the hospital funding system provides for various increases and reductions for acute hospitals.

In order to factor medical outcomes into the remuneration, the Federal Joint Committee defines **quality indicators**. The specific financial terms and details are being worked out in a consistent overall fashion. However, we do not expect any adverse effects from this since the Helios Group is well prepared for quality-based remuneration thanks to its clear focus on quality and transparency of medical outcomes.

The future **expectations** for 2023 among German hospitals with respect to their economic situation are clearly negative: according to the Krankenhaus Barometer 2022 survey by the German Hospital Institute (DKI), more than half of the hospitals (56%) expect their economic situation to deteriorate. Only 17% of the hospitals expect an improvement.

To provide **financial support** for hospitals in Germany, a total of €6.0 billion is to be made available through 2024 via the liquidity reserve of the healthcare fund. To determine the amount of reimbursement, hospitals are to report the direct costs of purchasing natural gas and electricity to the hospital planning authorities in three tranches up to 2024. Energy rebates for the month of March 2022 will be used for comparison. A total of €4.5 billion is to be made available for this financial support. A further €1.5 billion is to be paid out as a lump sum based on the number of beds installed (indirect costs). This funding will serve as liquidity support for inflation-related additional costs for hospitals.

Starting in 2025, a new instrument for measuring nursing staff, referred to as the **nursing staff model PPR 2.0**, is to be gradually introduced. For this purpose, all hospitals will have to classify each patient daily into a nursing classification starting in 2024. The nursing classification then results in a calculated requirement for nursing staff for each clinic. From 2025, the Federal Ministry of Health (BMG) will be able to specify the percentage of this requirement that must be implemented in practice. If this normative requirement is not met in practice, financial sanctions may be imposed.

For the year 2023, the mandatory **minimum nursing staff levels** have been extended to include the specialist departments of ENT and rheumatology. Binding lower nursing staff limits will be introduced for further specialist departments in the hospital in the future.

Digitalization in hospitals in Germany is to be driven forward by the Hospital Futures Act. For example, nationwide standards will be introduced to enable greater networking in the healthcare sector and further improve patient care. From January 1, 2025, a deduction of up to 2% of the bill for each full and partial inpatient case is to be deducted if a hospital does not provide all the digital services listed in the Hospital Structure Fund Ordinance.

In January 2023, the health ministers of the German states discussed a concept for comprehensive hospital structure reform. The aim is to fundamentally restructure the hospital landscape in Germany. In the process, the current proportion of remuneration based on per-case flat rates is to be limited. The plan is to limit remuneration according to per-case flat rates to 60%. In the future, 40% of the remuneration is to be distributed as what are referred

[1] Sources: Company research; German Hospital Institute (DKI), Krankenhaus Barometer 2022

to as maintenance costs regardless of performance. The criteria for this distribution have yet to be determined.

The reform also provides for a reorganization of hospital planning. In the future, hospitals will be divided into three care levels and will receive financial resources depending on their relevance (maintenance costs). It is also to be ensured that complicated interventions may only be performed in hospitals that have the appropriate personnel and technical equipment. The changeover to the 40% retention costs is to take place successively over a total of five years. The hospitals argue that the concept in its current form deals only with operating costs and not with adequate financing of investment costs.

According to our expectations, we anticipate that the **private hospital market in Spain** in 2023 will continue to grow by 2% to 3% in terms of revenue. The continuing increase in the number of privately insured patients should also open up opportunities for private operators in the future.

Relevant indicators, for example nationwide healthcare spending and bed density, indicate the further market development potential in the Spanish healthcare system compared with other EU countries. This also provides opportunities for the establishment of new hospitals. Investments are being made both by the public sector and by private hospital operators. Across the country, around 40 new hospitals are planned by 2024[1].

In addition, the highly fragmented Spanish private hospital market offers further consolidation potential.

Increasingly, the degree of **digitalization** will be central to the future viability of a hospital. Networking and the use of digital solutions are opening up new opportunities to make processes more efficient and safer and thus to break new ground in patient care. The integration of telemedicine applications and digital health applications in the inpatient area could also significantly expand hospital offerings in the future.

We expect the trend toward **digitalization** in the healthcare sector to continue and generally gain in importance. The COVID-19 crisis has provided decisive impetus, particularly with regard to interest in and use of telemedicine. Experts assume that as people become more accustomed to the new tools, acceptance of digital healthcare applications and services will increase on a broad scale and that the future of medical care will lie in the hybrid mix of digital and personal treatment.

The global **market for fertility services** is expected to grow in a low-single-digit percentage range in 2022. Growth was impacted by Omicron in the first quarter of 2022 and the Ukraine war which led to a global economic downturn with inflation impacting households and causing postponement of decisions in building a family. For 2023, the market is expected to return to higher growth, depending on the market, following economic recovery.

THE MARKET FOR PROJECTS AND SERVICES FOR HOSPITALS AND OTHER HEALTHCARE FACILITIES

Fresenius Vamed expects both the project and service business to continue to grow due to the need for life-cycle and PPP projects. Furthermore, the company intends to expand its position through follow-up contracts with existing customers and to enter new target markets. In addition, Fresenius Vamed plans to further strengthen its leading position as a post-acute care provider in Central Europe.

For fiscal year 2023, depending on geopolitical developments, Fresenius Vamed expects growing demand worldwide for projects and services for hospitals and other healthcare facilities.

In the Central European markets with **established healthcare systems**, we expect solid growth and a continued rise in demand. This is due to demographic developments and an increasing need for investment and modernization in public healthcare facilities that has also become apparent as a result of the COVID-19 pandemic. Demand is particularly strong for services, i.e., the maintenance and repair of medical and hospital technology, facility management, technical or overall operational management, and the optimization of infrastructural processes – especially within the framework of public-private partnership models. Additional growth opportunities arise from the fact that public institutions are increasingly outsourcing non-medical services to private service providers due to increasing efficiency pressure. In addition, an expansion of the range of post-acute services in Europe is expected.

In the **emerging markets**, we anticipate an overall dynamic demand development. Growth in markets such as Africa, Latin America, and southeast Asia will initially be driven by the demand for efficient, needs-oriented medical care. In China and the Middle East, growth will be driven by the

[1] Foreign Trade Center Madrid, The Spanish Economy - Austrian Chamber of Commerce 2022

development of infrastructure and the creation of new care services, as well as research and training facilities.

Further opportunities arise from the progress of **digitalization**. It is important to systematically exploit the opportunities it offers, for example in the establishment and operation of "virtual hospitals". These can make a decisive contribution to making state-of-the-art technology and medical expertise available at adequate cost. This goes hand in hand with networking between healthcare systems at different levels of development in order to facilitate access to high-quality healthcare services for broad sections of the population.

ECONOMIC OUTLOOK OF FRESENIUS SE & CO. KGAA FOR THE YEAR 2022

For the fiscal year 2022 the company expects a higher net income mainly due lower one-time costs. At least stable development is expected for retained earnings.

DIVIDEND

With the new Fresenius Financial Framework Fresenius aims to generate attractive and predictable dividend yields. In line with its progressive dividend policy, the Company aims to increase the dividend in line with earnings per share growth (before special items, in constant currency) but at least maintain the dividend at the prior-year's level. For fiscal year 2022, we will propose to the Annual General Meeting a dividend at the prior-year level of €0.92 per share (2021: €0.92). The payout to the shareholders of Fresenius SE & Co. KGaA would amount to €518 million or 30% of consolidated net income. Based on this proposal and the year-end share price, the dividend yield is 3.5%.

NON-FINANCIAL TARGETS

From fiscal year 2023, the qualitative measurement of fiscal years 2021 and 2022 will be replaced by quantitative ESG KPIs in the short-term variable Management Board remuneration (Short-term Incentive - STI). The KPIs cover the key sustainability topics of medical quality / patient satisfaction and employees.

The topic of employees is measured with the key figure of the Employee Engagement Index (EEI) for the Fresenius Group. Fresenius is aiming for an EEI of 4.33 for the fiscal year 2023 (corresponds to 100% target achievement).

The Medical Quality / Patient Satisfaction topic is composed of four equally weighted key figures that are defined at the business segment level. The four indicators are based on the respective relevance for the business model.

Fresenius Medical Care aims for a patient Net Promoter Score (NPS) of at least 70 (100% target achievement).

Fresenius Kabi aims for an Audit & Inspection Score of at most 2.3 (100% target achievement).

Helios Germany aims to achieve an Inpatient Quality Indicator (G-IQI) score of at least 88% (100% target achievement), and Helios Spain aims to achieve a score of at least 55% (100% target achievement).

Fresenius Vamed aims to achieve a patient satisfaction score of at least 1.65 (100% target achievement) in fiscal year 2023.

OPPORTUNITIES AND RISK REPORT

We will continue to take advantage of the wide-ranging opportunities for sustainable growth and expansion that the health care market offers to the Fresenius Group.

At the same time, the Fresenius Group is exposed to a number of risks when undertaking these activities due to the complexity and the dynamics of its business. These risks are inevitable consequences of entrepreneurial activity, because opportunities can only be exploited when there is a willingness to take risks.

As a provider of products and services for the, to a large extent, severely and chronically ill, we are relatively independent of economic cycles. The diversification into four business segments, which operate in different segments of the health care market, and the global footprint further minimize the Group's risk profile. Our many years of experience, as well as our regularly leading market position, serve as a solid basis for achieving a realistic assessment of opportunities and risks.

OPPORTUNITIES MANAGEMENT

Managing opportunities is an ongoing, integral part of corporate activity. To be successful over the long term, we consolidate and improve on what we have already achieved and create new opportunities. The Fresenius Group and its business segments are organized and managed in a way that enables us to identify and analyze trends, requirements, and opportunities in our often fragmented markets, and to focus our actions accordingly. We maintain regular contact and dialog with research groups and scientific institutions to explore new prospects, and keep a close watch on markets and competitors in order to identify opportunities. Within the Group, opportunities and synergies can be exploited through continuous communication involving the exchange of information and know-how between the business segments. As part of our strategic and operational budgeting process, we identify and analyze short-, medium-, and long-term opportunities and risks. Opportunities can also be assessed systematically in our risk management process. We discuss opportunities in the **Outlook**.

SIGNIFICANT CHARACTERISTICS OF THE FRESENIUS RISK MANAGEMENT SYSTEM AND ENTIRE INTERNAL CONTROL SYSTEM

Risk management is a continuous process. The aim of risk management is to identify potential risks as early as possible in order to assess their impact on business and, if necessary, to take appropriate countermeasures. The ability to identify, assess, and manage risks that put the achievement of our business goals at risk is an important element of sound corporate governance. The Fresenius risk management and internal control system is therefore closely linked to its corporate strategy. It explicitly takes into account all types of risk, including non-financial risks associated with our business activities or our business relationships, products, and services. In the reporting period, for example, we analyzed potential non-financial risks in the areas of climate change and water shortages. In both areas we identified no risks threatening to our business model.

We consider short-, medium-, and long-term risks. For example, we consider a period of 10 years and beyond when analyzing product development, investment and acquisition decisions.

Due to the constantly changing external and internal requirements and environment, our risk management and internal control system is being continuously developed. In the past fiscal year, for example, the risk management and internal control systems were linked even more closely. The completeness and validity of the risk information within our risk management approach was also strengthened by analyzing our risk-bearing capacity and our aggregated risk position.

The Management Board is responsible for the quality and effectiveness of our risk management and internal control system. It is regularly monitored by the Supervisory Board's Audit Committee as well as audited by the Internal Audit department. The findings from these audits are used to continuously advance our risk management and internal control system.

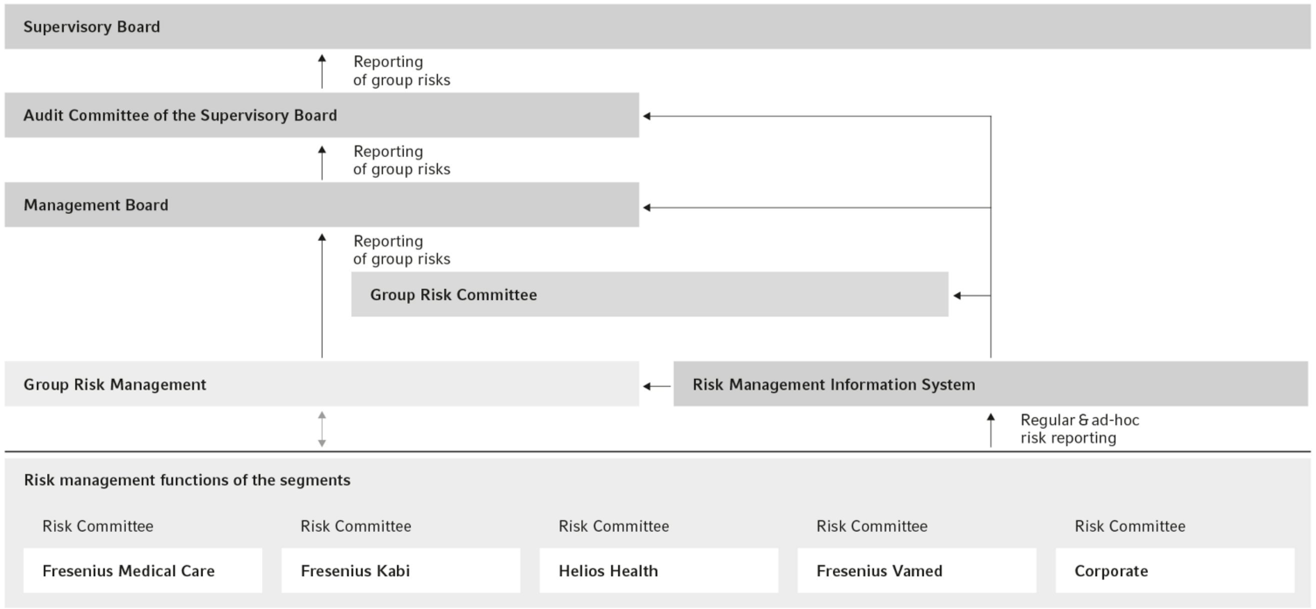
The structure of the Fresenius risk management and internal control system is based on the internationally recognized framework for corporate risk management, the "Enterprise Risk Management – Integrated Framework" from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the "Three Lines of Defense" model of the Institute of Internal Auditors (IAA). The "Three Lines of Defense" model distinguishes between three essential roles within the risk management and internal control system as well as within the general governance system: While the "First Line of Defense" acts as a direct, active participant in the risk management and internal control process, the "Second Line of Defense" at entity, segment, and Group level and the "Third Line of Defense" in the form of the Internal Audit function each represent an independent monitoring and quality assurance function in the Fresenius Group's governance system. The "Second Line of Defense" also sets guidelines and minimum requirements for the Group. On the basis of these guidelines, Group-wide standards are established and documented for the risk management and internal control system.

In addition, the core principles of the risk culture and of the risk strategy are defined and integrated into the business processes.

The organization and responsibilities of the risk management process and process control are defined as follows:

- ► The business segments and their operational business units are responsible for identifying, assessing, and managing risks.
- ► The managers of each organizational unit are required to report any relevant changes in the risk profile to the Management Board without delay.
- ► A dedicated Risk Management function at Group level defines standards valid for the entire Group and supports and monitors risk management and internal control system structures and processes. Specialized subdepartments have been set up within this Group function.
- ► The Group function is supplemented by risk management functions at segment or entity level. The tasks and responsibilities between the different organizational levels are clearly defined and documented.
- ► A Risk Steering Committee chaired by the Member of the Management Board for Human Resources (Labor Relations Director), Risk Management, and Legal, is an advisory body that discusses internal and external developments regarding the risk management and internal control system. In addition, the Risk Steering Committee advises on significant risks and prepares decision proposals for the Fresenius Management Board. The Management Board of the Fresenius Group has the overall responsibility for effective risk management and regularly discusses the current risk situation. Within the Fresenius Group Management Board, the Member of the Management Board for Human Resources (Labor Relations Director), Risk Management, and Legal, is responsible for the risk management and internal control system, as well as their organization.

ORGANIZATION OF THE RISK MANAGEMENT PROCESS



- ► The Supervisory Board's Audit Committee monitors the quality and effectiveness of the risk management and internal control system.

The risk situation is evaluated regularly and compared with specified requirements using standardized processes. If relevant changes to the risk profile or new risks arise between the regular reporting cycles, these are recorded and evaluated as part of ad hoc reporting process. Should negative trends arise, we can then take countermeasures at an early stage.

In addition to risk reporting, regular financial reporting to management is an important tool for managing and controlling risks. Detailed monthly and quarterly reports are used to identify and analyze deviations of actual versus planned business development. In addition, the risk management and internal control system includes organizational processes and safeguards, as well as internal controls and audits incorporated in our business processes, which help us to identify significant risks at an early stage and to counteract them.

RISK ASSESSMENT AND CAPACITY TO BEAR RISK

Fresenius uses standardized processes to assess risks. These include both quantitative and qualitative valuation methods. The assessment of a risk takes into account its likelihood of occurrence, its potential impact on our business, financial position, and operational result, and the time horizon. Fresenius assesses the potential impact on the results of operations on the basis of the key figure EBIT-at-risk. The risks are presented taking into account already initiated and implemented countermeasures (net assessment of risks). Risks are evaluated for a period of 12 months in order to assess the impact of the risk situation on the one-year forecast for the Fresenius Group. In addition, potential risks with an impact on the long-term company goals are analyzed and estimated.

Fresenius categorizes the likelihood of occurrence of a risk as follows:

Probability	Classification
Almost certain	≥ 90%
Likely	≥ 50 to < 90%
Possible	≥ 10 to < 50%
Unlikely	< 10%

The following overview shows how the potential impact on our business, financial position, and operational result is classified:

Potential impact	Classification
Severe	Significant negative impact
Major	Considerable negative impact
Medium	Moderate negative impact
Low	Low negative impact

As part of this process, the potential impact on our business, financial position, and operational result is usually assessed on a three-point basis, namely the impact in the best-case, the realistic, and the worst-case scenario.

The risk matrix on the following page shows the significant risks that could lead to deviations from the expected business performance within the one-year forecast period.

On the basis of the quantitative risk assessment, the overall risk position is determined at Group level by means of a Monte-Carlo Simulation. This involves taking correlations and dependencies between risks into account. The calculated overall risk position is compared to the Group's risk-bearing capacity. The risk-bearing capacity represents the maximum acceptable level of risks beyond which the continued existence of the Fresenius Group could be jeopardized. Fresenius determines its risk-bearing capacity on the basis of selected key balance sheet figures, such as the liquidity reserve, and rating-related key figures of the Group, such as the leverage ratio. The overall risk position is fully covered by the risk-bearing capacity of the Fresenius Group.

COMPLIANCE MANAGEMENT SYSTEM AS PART OF THE RISK MANAGEMENT SYSTEM

In all business segments and at Fresenius SE & Co. KGaA, we have set up dedicated risk-oriented compliance management systems. These are based on three pillars: prevention, detection and response. Our compliance measures are primarily aimed at using preventive measures to avoid compliance violations. Key preventive measures include comprehensive risk identification and risk assessment, appropriate and comprehensive policies and processes, regular training, and ongoing consultation. We also carry out internal controls to identify possible compliance violations and ensure that we act in accordance with the rules.

INTERNAL CONTROL SYSTEM AS PART OF THE RISK MANAGEMENT SYSTEM

The internal control system is an important part of Fresenius' risk management. In addition to internal controls with regard to the financial reporting, it includes control objectives for further critical processes, such as quality management and patient safety, cybersecurity and data protection, and sustainability. Fresenius has documented relevant critical control objectives in a Group-wide framework, integrating the various management systems into the internal control system in a holistic manner.

The risk management and internal control system is regularly reviewed by the Management Board, the Supervisory Board's Audit Committee, and the Internal Audit department. Moreover, the external auditor reviews whether the monitoring system set up by the Management Board is suitable for the early identification of risks that would jeopardize the continued existence of the Company.

Based on this, the Management Board has no indication that our risk management and internal control system in their respective wholes, have not been adequate or effective as of December 31, 2022.

Nevertheless there are inherent limitations on the effectiveness of any risk management and internal control system. For example, no system - even if deemed to be adequate and effective - can guarantee that all risks that will actually occur will be identified and managed in advance or that any process violations will be ruled out under all circumstances.

Internal Financial Reporting Controls

Fresenius employs numerous measures and internal controls to ensure that accounting processes are reliable and that financial reporting is correct, including the preparation of annual financial statements, consolidated financial statements, and management reports in compliance with applicable regulations and principles. Our **four-tier reporting process** especially promotes intensive discussion and ensures control of the financial results. At each reporting level, i.e.,

- the local entity,
- the region,
- the business segment, and
- the Group,

financial data and key figures are reported, discussed, and compared with the prior-year figures, budget, and latest forecast on a monthly basis.

In addition, all parameters, assumptions, and estimates that are of relevance for the externally reported Group and segment results are discussed intensively with the department responsible for preparing the Group's consolidated financial statements. These matters are also reviewed and discussed quarterly by the Supervisory Board's Audit Committee.

Control mechanisms, such as automated and manual reconciliation processes, are further precautions put in place to ensure that financial reporting is reliable and that transactions are correctly accounted for. All consolidated entities report according to Group-wide standards, which are determined at the head office. These are regularly adjusted to allow for changes made to the **accounting regulations**. The consolidation proposals are supported by the IT system. In this context, internal Group balances, among other things, are reconciled in a comprehensive manner. To prevent abuse, we take care to maintain a strict separation of functions. **Monitoring and assessments** carried out by management also help to ensure that risks with a direct impact on financial reporting are identified and that controls are in place to minimize them. Moreover, changes in accounting principles are closely monitored and employees involved in financial reporting are instructed regularly and comprehensively. External experts and specialists are engaged if necessary. The Treasury, Tax, Controlling, and Legal departments are involved in supporting the preparation of the financial statements. Finally, the information provided is verified once more by the department responsible for preparing the consolidated financial statements.

Fresenius Medical Care is also subject to the controls of Section 404 of the **Sarbanes-Oxley Act.**

ASSESSMENT OF THE OVERALL RISK SITUATION

The established risk management and internal control system is fundamental for assessing the overall risk position of the Fresenius Group. Potential risks for Fresenius include factors beyond our direct control. These also include the macroeconomic development, which we constantly monitor. They also include factors immediately within our control, such as operating risks, which we anticipate at as early a stage as possible and to which we react with appropriate countermeasures, as required.

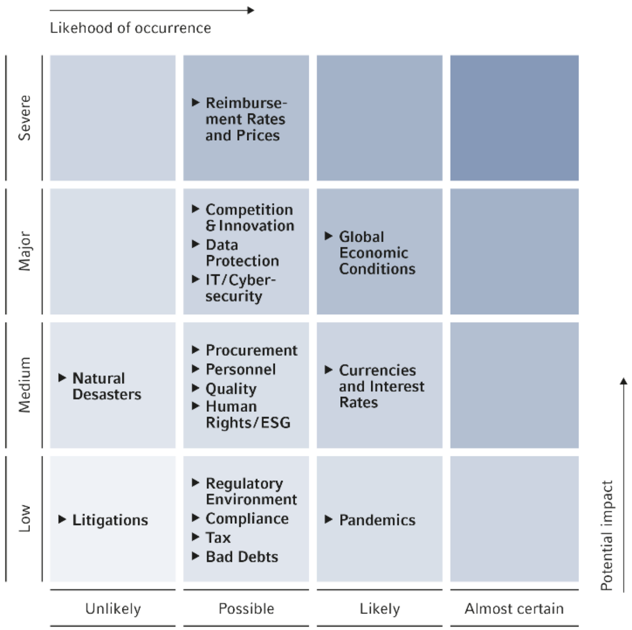
In synopsis, there are currently no recognizable risks that appear to present a long-term and significant threat to the Fresenius Group's business, financial position, and operational result.

We have created organizational structures that provide all the conditions needed to rapidly alert us to possible risk situations and enable us to take suitable countermeasures.

RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD

The chart below shows the significant risks that could lead to deviations from the expected business performance within the one-year forecast period.

RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD



Based on our quantitative analysis, risks relating to upcoming legal and regulatory requirements with regard to human rights and sustainability. In addition, the potential effect of risks regarding global economic conditions, reimbursement rates and prices and currencies and interest rates has been increased.

The potential effect of IT and cybersecurity risks and risks with regard to pandemics decreased.

RISK AREAS

OVERALL ECONOMIC RISK AND RISKS RESULTING FROM GLOBAL ECONOMIC CONDITIONS

The war against Ukraine launched by Russia in February 2022 will continue to have a significant negative impact on our business, financial position, and operational result.

As a provider of life-sustaining medical devices and healthcare services, we are continuing our operations in both Russia and Ukraine to the best of our ability -- despite the war and notwithstanding the extensive economic sanctions against Russia and Belarus imposed by numerous governments in response to the war. However, we cannot rule out the possibility that operations in Ukraine, Russia, or Belarus may be adversely affected by the destruction of assets, expropriation or other official measures. In addition to these risks, the highly dynamic situation gives rise to considerable uncertainties, in particular due to a further deterioration in the global macroeconomic outlook. Although the direct and indirect effects of the Ukraine war are difficult to assess at present, the macroeconomic inflationary environment, including significantly rising energy, supplies and transportation. The discontinuation of energy supplies from Russia intensified these effects and had additional negative consequences for our business. To limit these cost increases for Fresenius, we are continuously analyzing and exploiting potential savings, for example in energy consumption. We are also examining alternative energy sources and use them wherever possible.

In addition, the Ukraine war increased the risk of cybersecurity attacks on our systems and data. Also, our ability to access capital could be impacted by increasing volatility and disruptions in the financing markets, as well as by further increases in interest rates.

An expansion of the war beyond the borders of Ukraine would have significant consequences for the whole of Europe.

Overall, the aforementioned factors will have a negative impact on our business, financial position, and operational result.

Despite the aforementioned effects, from today's perspective the global economic development does not constitute a business continuation risk for the Fresenius Group. Fresenius is only affected to a minor extent by general economic fluctuations. We expect demand for our life-saving and life-sustaining products and services to continue to grow. In addition, Fresenius aims to achieve a balanced distribution of business in the major regions of the world and between established and emerging markets. The risk situation of our business segments depends in particular on the development of the markets relevant to them. We therefore also carefully monitor and assess country-specific political, legal and financial conditions, particularly in the current macroeconomic environment. This applies, for example, to our receivables portfolios in countries that are experiencing budgetary problems due to their indebtedness.

This also applies to initiatives by governments regarding possible changes to the healthcare programs currently in place.

Inflation-related cost increases could have an adverse effect on our business, particularly if prices for our products and services remain unchanged or cannot be adjusted sufficiently to reflect increased costs.

RISKS RELATED TO THE COVID-19 PANDEMIC

The global covid 19 pandemic also continued to have a significant impact on our business in 2022. It was characterized by regional differences in the development of the COVD-19 pandemic with persistently high infection rates overall and the associated shortage of resources. The further development of the global situation remains uncertain and depends on the extent of the spread of new virus variants and associated local lockdowns. Negative effects on our business could be caused, for example, by a continuing or increasing excess mortality of our dialysis patients, restrictions on the business activities of our suppliers, customers and ourselves, including our personnel, resulting from regulatory requirements, orders and conditions at regional, national or international level. The unavailability of crucial manpower and increased costs, e.g. due to protective measures in our dialysis clinics, hospitals and production facilities, could also have a negative impact on our business.

RISKS IN THE HEALTH CARE SECTOR

Risks related to changes in the health care market are of major importance to the Fresenius Group. The main risks are the financing of health care systems and the corresponding reimbursement systems, as well as the development of new products and therapies.

Financing of health care systems and reimbursement systems

In our largely regulated business environment, changes in legislation, including those relating to reimbursement, can have a drastic impact on our business success.
National insurance systems are financed very differently. For example, healthcare systems in Europe and the British

Commonwealth countries are generally based on one of two funding models: the system with a mandatory employer and employee contribution, and the predominantly tax-funded system.

In the Asia-Pacific region, universal health care ("UHC") is at various stages of implementation, so reimbursement mechanisms can vary significantly from country to country (and even from province to province and city to city). In Latin America, health care systems are funded by public or private payers, or a combination of both. Due to the high share of the U.S. market in Group sales, changes in the government reimbursement system in particular, e.g. reimbursements for dialysis treatments, can have a significant impact on our business.

For example, in 2022, Fresenius Medical Care generated approximately 26% of its global revenue through reimbursements from the Centers of Medicare and Medicaid Services (CMS) government health care programs in the United States. Changes in legislation or reimbursement practices, such as those relating to the End-Stage Renal Disease (ESRD) Prospective Payment System (PVS), fee schedules for physicians and clinical laboratories, and the billing system for ambulatory surgical clinics, could affect both the scope of Medicare and Medicaid reimbursement for services and the scope of insurance coverage.

A reduction in reimbursement rates, reimbursed services or changes in standards, regulations and government funding in countries in which we operate could adversely affect our revenues and profitability and have a material adverse effect on our business, financial position, and operational result.

For further information on material legislation and compensation programs, please refer to Fresenius Medical Care's annual report.

Changes in government and private insurer reimbursement for our full range of products and services in the U.S. could have a material adverse effect on our business and results of operations.

The same applies to the hospital market in Germany. The DRG system (Diagnosis Related Groups) is intended to increase efficiency in hospitals and reduce expenses in the healthcare system. To a considerable extent, occupancy in the hospitals is provided by statutory health insurance funds and pension insurance institutions. The continuation of contracts with these institutions therefore influences the success of Helios Germany. We keep a close eye on legislative activities and planning and work together with the state healthcare organizations.

As part of the Nursing Personnel Strengthening Act (PpSG), nursing costs were removed from the flat rates per case (DRG) from 2020 and the costs of patient-centered care were reimbursed in full by the health insurance funds via separate care budgets. As early as 2021, each additional or increased bedside care position was fully refinanced by payers, and the care budget's inclusion criteria were changed.

As negotiations with the payers on the care budgets have largely not yet been concluded, this gives rise to a potential risk to the business, financial position, and operational results.

The allocation of nursing staff to the care budget has been adjusted to the current definitions of nursing specialist and nursing assistant or other professions in the Nursing Staff Lower Limits Ordinance (PpUGV).

For the 2022 care budget, the personnel costs of the occupational groups nursing specialist and nursing assistant (nursing assistant, physician assistant, anesthesia technician, emergency paramedic, nursing and geriatric nursing assistant) were fully included in the care budget. Digital and technical measures that reduce or support nursing activities were included in the care budget (4% of the total care budget).

In the German market, Helios Germany is observing a general trend towards outpatient treatment, which could lead to lower case number growth for inpatient treatments. To take account of this trend, Helios Germany is expanding outpatient services in a separate division. If Helios Germany does not succeed in sustainably adapting its business model through appropriate measures, this could lead to a decline in case numbers and have a material adverse effect on our business and operating profit.

Our private hospital chain Quirónsalud in Spain operates hospitals, among other things, via PPP (public-private partnership) contracts. These are part of the public healthcare system in Spain. The company has thus been assigned responsibility for certain areas of healthcare for Spanish citizens with statutory health insurance. In return, Quirónsalud receives remuneration in the form of a per capita flat rate or a fee for the respective service provided. If Quirónsalud loses the concession to operate hospitals under PPP contracts or obtains poorer terms in renegotiations with public or private insurers, or if the hospitals are unable to offset lower reimbursement rates through cost savings, this may have a material adverse effect on our business, financial position, and operational result.

Savings in the reimbursement of health care services may also have a negative impact on the sales prices of Fresenius Kabi's products.

Changes in legislation, reimbursement practices and health care programs could affect the scope of reimbursement for services, the scope of insurance coverage and the product business. This could have a material adverse effect on our business, financial position, and operational result.

Overall, we aim to counteract such potential regulatory risks via benefit enhancements and cost reductions.

Competition and Innovation

We face numerous competitors in both our health care services business and dialysis products business, some of which may possess substantial financial, marketing or research and development resources. Competition from new and existing competitors and especially new competitive developments and innovations in technology, pharmaceuticals and care delivery models could materially adversely affect the future pricing and sale of our products and services.

Growing competition, among other things induced by the recovery of some notable competitors, in particular in the U.S. market for generic IV drugs after halts to production, may continue to materially affect the pricing and sale of our products and services. In addition, the introduction of generic or patented drugs by competitors may have an impact on the revenue and operational results of our products.

Generally, the health care sector is characterized by pricing pressure (including from tenders), competition, and efforts to contain costs. These factors could result in lower revenue and adversely affect our business, financial position, and operational results.

In the United States, almost all Fresenius Kabi injectable pharmaceutical products are sold to customers through arrangements with group purchasing organizations (GPOs) and distributors. The GPOs also have purchasing agreements with other manufacturers, and the bidding process for products is highly competitive.

If Fresenius Kabi is not successful in maintaining its existing contracts or if new contracts are concluded on less favorable terms, this could have an adverse effect on our operational results.

Similar developments with regard to price pressure in the tender business and increasing competition and price reductions are affecting our business in all major markets in Asia. Further expansion of National Volume based Procurement (NVBP) and Provincial Volume based Procurement (PVBP) is expected with one or two rounds annually over the next three years. Based on the directive from the Chinese State Council, drug price reduction will continue to be one of the major measures to further contain health care costs in a market in which volumes are steadily growing. This development could have a negative impact on our business, financial position, and operational result if Fresenius Kabi is not successful in offsetting these price reductions, for example through cost savings and efficiency gains in production.

To ensure our permanent competitiveness, we work closely together with physicians and scientists. Important technological and pharmaceutical innovations are intended to be quickly identified and further developed, if necessary also by adapting our business strategy. Moreover, we secure our competitiveness by ongoing analyzes of our market environment as well as the regulatory framework. The market activity, especially our competitors' products and newly launched dialysis-related products are thoroughly monitored. The cooperation between the various technical, medical and academic institutions within our company also ensures our competitiveness, which is finally further enhanced by our consequent conduction of programs devoted to cost saving and efficiency increase.

INFORMATION TECHNOLOGY AND CYBERSECURITY RISKS

Digital information is a cornerstone and enabler for our global business as one of the leading healthcare groups. Ongoing digitization and digital transformation offer great opportunities for healthcare - with innovative technological and therapeutic approaches that improve patients' treatment paths. Fresenius is continuously digitizing its processes, opening up new markets with digital product solutions, and taking into account that digitization is associated with cyber risks that can affect confidentiality, integrity, or availability.

We continuously strive to strengthen our resilience to cyberattacks and reduce our cyber risks to avert harm to our patients, customers and the company. To this end, we conduct regular risk analyses along our value chains, assess the cyber threat landscape and its implications for our infrastructures, critical systems and data in order to derive adequate risk mitigation measures.

The overarching cyber risks that affect the Fresenius Group holistically include the theft and disclosure of personal and patient data, as well as trade secrets, attacks and associated failures of our IT infrastructures and applications, e.g. through malware, or the targeted manipulation of data. In addition, cyber risks exist in connection with the business activities of our respective business units: In the product business, these relate to the disruption of production and logistics processes and the theft of intellectual property. In our healthcare facilities, cyber risks relate to patients, their patient data and the medical products or devices used. The unavailability of IT systems in critical situations or the compromise of medical devices could negatively affect patient safety and treatment effectiveness.

The loss of sensitive data or non-compliance with data protection laws, regulations and standards could damage our competitive position, our reputation and the company as a whole. Furthermore, Fresenius or one of its Group companies could be subject to substantial fines in the event of a data protection breach. To comply with all legal requirements, we have implemented comprehensive data protection management systems that provide for the appropriate technical and organizational measures and controls to protect personal data.

Our stakeholders have great confidence in the cyber security of our products and services. To minimize cyber risks, we have implemented security architectures and concepts that include preventive, detective and reactive measures. We can detect cyber threats at an early stage through monitoring mechanisms in our networks as well as on our end devices, such as desktops, servers, and mobile devices, among others. The security of applications that process sensitive patient or personal data is regularly checked by so-called penetration tests and red-teaming exercises that simulate targeted attacks. Critical systems, such as central communication systems or clinical information systems, are subject to special protection concepts that can, for example, offset the failure of a system.

DATA PROTECTION

Fresenius' business activities are also subject to data protection regulatory requirements. This includes compliance with the General Data Protection Regulation (GDPR) as well as compliance with other country-specific data protection regulations. Breaches of these regulations or of the GDPR can result in substantial fines, damage to reputation, and loss of trust.

The core element of data protection is the secure and lawful processing of personal data in accordance with these regulatory requirements. In addition to patient data, this also includes the personal data of employees as well as that of contractual partners and other persons.

Risk areas include compliance with data protection principles, information obligations, data subjects' rights, risk analysis regulations, and the documentation of data processing activities, as well as ensuring secure data processing, including the establishment of an appropriate level of data protection in (inter)national data transfers.

To comply with legal requirements, Fresenius has implemented comprehensive data protection management systems, which provide the appropriate technical and organizational measures and controls for the protection of personal data. Fresenius SE & Co. KGaA and all business segments maintain data protection organizations in accordance with their organizational and business structures. This includes independent data protection officers reporting to the respective company's management. The dependence on data protection and IT security / cybersecurity resulting from increasing internationalization is also taken into account by the data protection organizations by ensuring collaboration with the respective departments is as close as possible.

The business segments have implemented processes and standards based on their organizational and business structures that also provide internal guidelines for processing personal data in a secure and appropriate manner. In addition, the individual data protection management systems also include appropriate control measures in order to adequately check compliance with regulatory and internal requirements.

FINANCIAL RISKS

Currency and interest rate risks

Our global orientation gives rise to a variety of foreign currency risks. In addition, the financing of our business activities may give rise to interest rate risks which may also affect the value of our assets, in particular goodwill.

In order to limit these risks, we use, among other things, derivative financial instruments. We restrict ourselves to marketable instruments traded over the counter and use them exclusively to hedge underlying transactions, not for trading or speculative purposes. Transactions are conducted within limits approved by the Board of Management, which are set depending on the counterparty's rating.

Our foreign currency management is based on a policy approved by the Board of Management. It defines the objectives, organization and sequence of the risk management processes. In particular, it defines who is responsible for identifying foreign currency risks, entering into hedging transactions and regular risk management reporting. The responsibilities correspond to the decision-making structures in the Group's other business processes. Decisions on the use of derivative financial instruments in interest rate management are generally made in close consultation with the Board of Management. With a few exceptions due to foreign exchange regulations, transactions with derivative financial instruments are carried out under the control of the Group Treasury of the Fresenius Group. They are subject to strict internal supervision. This ensures that the Management Board is always fully informed about all material risks and about existing hedging transactions.

In general, Fresenius is highly hedged against foreign currency and interest rate risks: Of the Group's financial liabilities as of December 31, 2022, approximately 86% were protected against an increase in interest rates by fixed-rate financing or interest rate hedges. Thus, around 14% were subject to interest rate risk. A sensitivity analysis shows: If the reference interest rates relevant for Fresenius increase by 0.5 percentage points, this will affect the Group's net income by about 0.5%.

As a global group, Fresenius is subject to foreign currency translation effects. In view of the strong U.S. business, the relationship between the U.S. dollar and the Euro plays a special role. Foreign currency exchange risks are not hedged. A sensitivity analysis shows that a change in the US dollar to the Euro of 1 cent would have an annual effect of around €140 million on Group sales, around €15 million on EBIT and around €4 million on the consolidated result.

As a globally operating company, we have production capacities in all major foreign currency regions. In the service businesses, our sales and cost base match to a high degree. Transaction risks in foreign currencies are quantified and managed using a cash flow-at-risk model. This analysis is based on the foreign currency cash flows that are reasonably likely to occur in the next twelve months, less any hedging that has been performed. As of December 31, 2022, the Fresenius Group's cash flow at risk was €52 million, i.e., with a probability of 95%, a potential loss from foreign currency cash flows in the next twelve months will not exceed €52 million.

Recoverability of assets

Financial risks that could arise from acquisitions and investments in property, plant and equipment, and in intangible assets are assessed through careful and in-depth reviews assisted by external consulting firms. The intangible assets, including goodwill, product rights, trade names, and management contracts, contribute a considerable part to the total assets of the Fresenius Group.

Currency devaluations, adverse changes in general interest rates and deteriorating economic conditions, including inflationary price developments in various markets combined with deteriorating country credit ratings, increase the risk of goodwill impairment, which may lead to a partial or complete write-down of the goodwill or brand name of the affected cash-generating unit or negatively impact our investments and external partnerships.

Goodwill and other intangible assets with an indefinite useful life carried in the Group’s consolidated balance sheet are tested for impairment each year

Debt and liquidity

As of December 31, 2022, the Fresenius Group’s financial liabilities including leases under IFRS 16 were €27,763 million. The debt could, among other things, limit the Company’s ability to pay dividends, arrange refinancing of financial liabilities, or implement the corporate strategy. If Fresenius’ credit rating or the conditions on the relevant financial markets deteriorate significantly, financing risks could arise for Fresenius. We reduce these risks through early refinancing as well as a high proportion of mid- and long-term funding with a balanced maturity profile.

Some of our financing agreements that were concluded before the year 2017 contain covenants requiring us to comply with certain financial ratios. These covenants are currently suspended due to the investment grade rating of the Fresenius Group. A deterioration of the rating may therefore also lead to the currently suspended covenants in some financing agreements becoming active again. Noncompliance with these covenants could then result in a default and acceleration of the debt under the respective agreements. We counteract this risk by taking the performance indicators relevant for our investment grade rating into account in our Group planning and continuously monitoring their development. This enables us to take countermeasures at an early stage.

Additional information about conditions and maturities can be found on Note (18).

Taxes and duties

As a global corporation, Fresenius is subject to numerous tax laws and regulations. Risks arising therefrom are identified and evaluated on an ongoing basis. The Fresenius Group’s companies are subject to regular tax audits. Any changes in tax regulations or adjustments resulting from tax audits and additional duties, import levies, and trade barriers could lead to higher taxes and duties.

Similarly, tax and trade law reforms, in particular the OECD initiatives for the reallocation of taxation rights and the introduction of a global minimum tax, as well as a potential U.S. tax reform, may increase our tax and duty burden.

Operating risks

Our operational business around the world is exposed to a number of **risks** and extensive **government regulation**, which include, among others:

- The quality, safety, and efficacy of medical and pharmaceutical products, supplies, and therapies;
- The operation and licensing of hospitals, other health care facilities, manufacturing facilities, and laboratories;
- The planning, construction, equipping, and management of pharmaceutical and medical-technological production facilities;
- The planning, construction, equipping and management of health care facilities;
- Permits from public authorities and monitoring of clinical and non-clinical research and development activities;
- Product approvals and regulatory approvals for new products and product modifications;
- Audits and reviews by enforcement authorities of compliance with applicable pharmaceutical legislation;
- Compliance with due diligence obligations, warranty obligations, and product liability regulations;
- The accurate reporting of and billing for reimbursements by government and private insurers;
- Discounting reimbursable pharmaceutical and medical device products and reporting drug prices to government agencies;
- The labeling and designation of pharmaceutical products and their marketing;
- Attracting qualified personnel;
- Compensation of medical personnel and financial arrangements with physicians and establishments that arrange patient referrals;
- Access to collection, publication, use, and security of health-related information and other protected data;
- Limitation of our ability to make acquisitions or certain investments and the conditions for transactions of this nature.

If Fresenius fails to comply with laws or regulations, this may give rise to a number of consequences, including monetary penalties, increased compliance costs, exclusion from governmental reimbursement programs, or a complete or partial curtailment of our authorization to conduct business, any of which could have a material adverse effect on our business reputation, business, financial position, and operational result. Significant risks of operations for the Fresenius Group are described in the following sections.

Production, products, and services

Compliance with **product specifications and manufacturing regulations** is ensured by our quality management systems, which are structured in accordance with the internationally recognized **quality standards ISO 9001** and **ISO 13485** and take into account relevant international and national regulations. We implement them by means of internal standards such as quality and work procedure manuals. Regular internal and external audits are carried out at the Group's production sites, distribution companies, and dialysis clinics to check compliance. This covers all requirements and regulations, from management and administration to production and clinical services, right through to patient satisfaction.

Our production facilities comply with the Good Manufacturing Practice (GMP) requirements of the markets they supply. Our facilities are audited by local public health authorities such as the U.S. Food and Drug Administration (FDA) or the European Medicines Agency (EMA) and other authorities. If an authority identifies any deficiencies, Fresenius will immediately take comprehensive and appropriate rectifying measures.

Non-compliance with the requirements of these authorities in our production facilities or at our suppliers could lead to regulatory actions, such as warning letters, product recalls, production interruptions, monetary sanctions, or delays in new product approvals. Any of these regulatory actions could adversely affect our business reputation and our ability to generate revenue and result in significant expenses.

Global safety officers react promptly as soon as Fresenius becomes aware of a quality-related issue. They initiate and coordinate necessary actions on a global level, such as product recalls. With its early warning system, Fresenius evaluates any quality-related information from various risk areas to identify risks at an early stage and take corrective and preventive actions. For this purpose, Fresenius Kabi uses databases in which complaints and side effects are logged, internal and external audits, and key performance indicators used for internal control purposes and the optimization of quality processes. In this way, safety profiles of the products can be created and evaluated worldwide. Product recalls, for example, are initiated as a risk-minimizing measure in cooperation with the responsible regulatory authority; at the same time, the cause of the recall is analyzed thoroughly. Corrective action may be taken to avoid the circumstances that led to the recall occurring again in the future.

In addition, changes made to requirements and regulations by regulatory authorities, such as those affecting our production processes, can lead to lower production volumes during any transitional period or jeopardize production.

Production could also be adversely affected by events such as natural disasters, infrastructure disruptions, regulatory rulings, supply disruptions, such as of raw materials, or technical failures. To minimize these risks, stocks are built up, for example to bridge any gaps in the event of short-term problems.

Potential risks arising from the start-up of new production sites or the introduction of new technologies are countered through careful planning, regular analysis, and continual progress reviews.

Providing medical services in our hospitals, rehabilitation clinics, and dialysis clinics is generally subject to inherent risks. For example, disruptions to processes, also due to causes such as natural disasters or technical failures, involve risks for patients and the clinic. In addition, there are operational risks, for example regarding hygiene. We counteract these risks with strict operating procedures, continual personnel training, and patient-oriented work procedures. At Fresenius Helios, for example, a structured hygiene management system is in place to ensure that infections within the hospital are avoided and their spread prevented as quickly as possible. Furthermore, we are constantly striving to improve the standard of patient treatment through our quality management systems.

Performance risks associated with Fresenius Vamed's project business are countered through professional project management and control and with a proven system tailored to each business activity for identifying, evaluating, and minimizing these risks. This system consists of organizational measures, such as standards for pricing in risks when preparing quotations. Risks are assessed even before accepting orders and are subsequently updated during regular project controlling. To avert the risk of default, the system also includes financial measures, such as checking creditworthiness and, as a rule, safeguarding through prepayments, letters of credit, and secured credits.

Procurement

In the procurement sector, potential risks arise mainly from price increases or the lack of availability of raw materials and goods, as we saw in the wake of the COVID-19 pandemic. We counter these risks by appropriately selecting and working together with our suppliers, through long-term framework agreements in certain purchasing segments, and by bundling volumes within the Group.

We counter the risk of poor-quality purchased raw materials, semi-finished products, and components mainly by requiring our suppliers to meet strict quality standards. This includes a structured qualification process, which comprises audits, document and advance sample inspections, as well as regular quality controls of deliveries. We only purchase high-quality products with proven safety and suitability from qualified suppliers that conform to our specifications and standards.

Evaluating our risks and our management measures, we also take into account new regulatory requirements and legal conditions, such as the Act on Corporate Due Diligence Obligations in Supply Chains, which will be effective in Germany in 2023.

Payment defaults

To limit the risk of delayed payments or defaults, we generally assess the creditworthiness of new customers. In addition, we continuously perform follow-up assessments and credit limit reviews. We monitor outstanding accounts of existing customers and assess the default risk of receivables. This applies in particular to countries with budgetary problems and countries exposed to political risks. We continued to work on our receivables portfolio in 2022 through measures such as factoring. We counteract performance risks associated with Fresenius Vamed's project business with professional project control, competent project management, and a sophisticated system for identifying, assessing, and minimizing these risks, adapted to the respective business activity. On the one hand, this includes organizational measures: For example, standards for risk calculation apply as early as the preparation of a quotation. Risks are assessed even before an order is accepted and then continuously updated as part of project controlling. To prevent possible default risks, the system also includes financial measures such as credit checks and, as a rule, collateral in the form of advance payments, letters of credit and secured loans.

Personnel

Fresenius addresses **potential shortages of qualified personnel** through appropriate employer branding measures, as well as recruitment, upskilling, and retention of qualified staff.

In order to increase the awareness and attractiveness of the Fresenius Group, our employer branding relies on a mix of marketing to universities, in-house events (such as the Fresenius Career Day “Meet the Board” involving our top management), and digital employer branding (such as by expanding our career website and our presence on social media channels).

To ensure a sustainable supply of qualified staff, we offer, for example, targeted programs for young academic talent with subsequent retention programs, as well as comprehensive apprenticeships for students who just graduated high school.

With more than 6,300 apprentices and dual students, Fresenius is one of the biggest training companies in Germany. Fresenius offers 44 apprenticeships and 33 study programs throughout Germany. The number of our apprenticeships and study program offerings was further expanded nationwide in 2022.

We provide information about our apprenticeship and study program offerings on our career website, as well as at our respective training locations through various marketing activities and vocational orientation offers (such as the career guidance app Aivy, vocational information days, and the Night of Apprenticeship).

Furthermore, we offer young academic talent the opportunity to gain initial practical experience and to establish contacts within our company in the context of internships and working student positions before or during their studies or in the context of their final papers.

Depending on the customer and market structure, our business segments place very different demands on concepts and measures for personnel development. We strengthen employee loyalty to our company by offering our employees attractive development opportunities and fringe benefits and variable compensation and working-time models. In addition, we promote international and interdisciplinary cooperation.

By using target-group-specific measures, Fresenius addresses the overall shortage of specialized hospital personnel. We thereby aim to recruit qualified and dedicated personnel, thus ensuring our high standard of treatment quality.

Greater employee absenteeism and longer recruiting cycles as an effect from the COVID-19 pandemic further contribute to the experienced shortages in personnel.

Since January 1, 2019, the German hospital market has also been subject to the Ordinance on the Minimum Requirements for Nursing Personnel in Hospitals (PpUGV). This ordinance stipulates minimum staffing levels for nursing personnel in certain areas of the hospital. Further statutory regulations on minimum personnel levels in additional hospital departments with beds may further intensify competition for qualified nursing staff.

Helios Germany is therefore working intensively on additional measures to make it particularly attractive as an employer for nursing staff. These include the compatibility of family and career (e.g., through childcare facilities at hospital sites or the option of part-time work), attractive further and advanced training opportunities, occupational health management, and career opportunities.

The Spanish hospital market is also experiencing a shortage of qualified nursing staff. As a result of the COVID-19 pandemic and the associated additional need for nursing staff, public hospitals have hired more nurses at more attractive terms than before. Quirónsalud is undertaking various measures such as online campaigns and other employer branding measures to attract new employees. In addition, long-term security in the workplace and attractive working conditions, for example, should help to retain existing employees.

RISKS ASSOCIATED WITH RESEARCH AND DEVELOPMENT AND PRODUCT APPROVAL

The **development of new products and therapies** always carries the risk that the ultimate goal might not be achieved, or it might take longer than planned. This is particularly true for our biosimilar products from Fresenius Kabi. The development of biosimilar products entails additional risks, such as significant development costs and the still-developing regulatory and approval processes. Regulatory approval of new products requires comprehensive, cost-intensive preclinical and clinical studies. Furthermore, there is a risk that regulatory authorities either do not grant, or delay, product approval, or withdraw an existing approval. In addition, adverse effects of our products that may be discovered after regulatory approval or registration may lead to a partial or complete withdrawal from the market, due either to legal or regulatory actions or our voluntary decision to stop marketing a product.

For example, following feedback from the European Medicines Agency (EMA), risk mitigation measures for HES products from Fresenius Kabi (controlled dispensing of hydroxyethyl starch (HES) medicines to accredited hospitals, training and letters to health care professionals and warnings on packaging) were initiated in 2019. Based on the results of a study investigating the routine use of HES in accredited clinics, the EMA had advocated a suspension of the marketing authorization of HES-containing solutions. However, the EU countries were allowed to decide for themselves whether to implement the suspension of marketing authorization immediately or to make use of an 18-month transitional solution.

Follow-up studies as well as similar measures could also be taken by authorities in non-EU member states. Currently, two regulatory studies are being conducted to evaluate the long-term safety and efficacy of our HES products in surgical and severely injured (trauma) patients. The respective study reports will be submitted to the EMA and assessed by the end of February 2023.

The Fresenius Group spreads its risk widely by conducting development activities in various product segments. We also counteract risks from research and development projects by regularly analyzing and assessing development trends and examining the progress of research projects. Furthermore, we strictly comply with the legal regulations for clinical and chemical-pharmaceutical research and development.

With IV drugs, it is also crucial that new products are continually brought to the market in a timely manner. Therefore, we monitor the development of new products on the basis of detailed project plans and focus on achieving specific milestones. In this way, we can take countermeasures if defined targets are called into question.

Both Fresenius Medical Care and Fresenius Kabi are exposed to typical patent-related risks. These include insufficient protection by patents of the technologies and products we develop, which could enable competitors to copy our products without having to bear comparable development costs.

RISKS IN RELATION TO INCREASING REULATORY REQUIREMENTS FOR SUSTAINABILITY AND FOR COMPLIANCE WITH HUMAN RIGHTS

The increasing sustainability requirements of governments, investors and customers, as well as in the context of financing transactions, could lead to additional costs. The growing requirements and due diligence obligations in the regulatory environment, as well as the voluntary commitment to our own sustainability and climate protection targets, could lead to additional liability risks. Furthermore, business involvement in areas that are the focus of social debate on sustainability can be perceived negatively and trigger negative media attention. This could lead to reputational damage and impact the achievement of our business objectives. Since 2017, we have been conducting a comprehensive analysis to identify material issues for Fresenius with regard to any environmental and social risks as well as related human rights and reputational risks.

RISKS FROM ACQUISITIONS

The acquisition and integration of companies carries risks that can adversely affect the business, financial position, and operational result of Fresenius. Acquisition processes often include closing conditions, including but not limited to antitrust clearance, fulfillment of assurances and warranties, and adherence to laws and regulations. Noncompliance with such closing conditions by either party to an acquisition could lead to litigation between the parties or with others and thus claims against Fresenius.

Following an acquisition, the acquired company's structure must be integrated while clarifying legal questions and contractual obligations. Marketing, patient services, and logistics must also be unified. During the integration phase, there is the risk that key managers will leave the company and that both the course of ongoing business processes and relationships with customers and employees will be harmed. In addition, change-of-control clauses may be claimed. The integration process may prove more difficult or require more time and resources than expected. Risks can arise from the operations of the newly acquired company that Fresenius regarded as insignificant or was unaware of. An acquisition may also prove to be less beneficial than initially expected. **Future acquisitions** may be a strain on the finances and management of our business. Moreover, as a consequence of an acquisition, Fresenius may become directly or indirectly liable towards third parties, or claims against third parties may turn out to be non-assertable.

We counter risks from acquisitions by means of structured, detailed due diligence prior to deciding to go ahead with the acquisition and by means of detailed integration plans, as well as with a dedicated integration and project management process afterward so that countermeasures can be initiated in good time if there are deviations from the expected development.

COMPLIANCE AND LEGAL RISKS

Compliance Risks

Fresenius is subject to comprehensive government regulation and control in nearly all countries. In addition, Fresenius must comply with general rules of law, which differ from country to country. There could be far-reaching legal repercussions or reputation damage should Fresenius fail to comply with these laws or regulations.

We must comply in particular with rules and regulations that monitor the safety and effectiveness of our medical products and services. Corruption is a core risk area across all business segments. Antitrust law, data protection, money laundering, sanctions, and the upholding of human rights are further significant risk areas. It is therefore of particular importance to us that our compliance programs and guidelines are strictly adhered to. Through compliance, we aim to meet our own expectations and those of our partners, and to orient our business activities to generally accepted standards and local laws and regulations.

At Fresenius, risk-oriented compliance management systems are implemented in each business segment. These systems take into account the markets in which the respective business segment operates and are tailored to the specific requirements of the business segment. Furthermore, we at Fresenius assess compliance risks using a standardized methodology.

Our compliance programs set binding rules of conduct for our employees. We believe that we have taken adequate measures to ensure that national and international rules are observed and complied with. Nevertheless, even when a comprehensive compliance program is in place, individual cases of misconduct by individual employees or contractual partners cannot be ruled out, which could cause damage to the Company.

Legal risks

Risks arising in connection with **litigation** or official proceedings are continuously identified, assessed, and – above a relevant set materiality threshold, where applicable – reported within the Group. Companies in the health care industry are regularly exposed to claims or actions for breach of their duties of due care, product liability, breach of warranty obligations, patent infringements, treatment errors, and other claims. This can result in high claims for damages and substantial costs for legal defense, regardless of whether a claim is actually justified. This applies in particular to disputes and proceedings in the United States, where legal defense costs and claims for damages can be exceptionally high. If legal matters or official proceedings are decided against Fresenius, it may also no longer be possible to insure risks of this kind in the future, or it may no longer be possible to insure such risks under appropriate conditions.

The Fresenius Group is involved in several legal matters and official proceedings arising from the ordinary course of its business. However, although the outcome cannot always be reliably predicted, we do not currently expect any significant adverse effect on our business, financial position, and operational result arising from the legal matters and proceedings currently pending.

OTHER RISKS

Our international orientation also gives rise to the following risks, which could have an adverse effect on our business and thus on our business, financial position, and operational result:

- Political, social, or economic instability, especially in developing and emerging countries;
- Civil unrest, war, or the outbreak of diseases, such as pandemics, e.g. the coronavirus pandemic;
- Environmental risks;
- Natural disasters, terrorist attacks, and other unforeseen events;
- Different labor law conditions and difficulties in meeting the global demand for qualified personnel;
- Different and less stable regulations protecting intellectual property;
- Delays in the transport and delivery of our products.

Insurance

In its risk management, Fresenius uses the option to transfer certain risks to external insurers. Fresenius Versicherungsvermittlungs-GmbH is the Fresenius Group's insurance department, which is organized as a captive insurance broker, and ensures appropriate insurance cover for large parts of the Group. Other sub-groups ensure adequate insurance coverage through their own departments. The aim is to protect the Company's employees and assets against possible hazards within the risk management process by procuring insurance coverage that is appropriate to the risks. To this end, we purchase adequate coverage, taking into account the cost-benefit ratio. For example, Fresenius has all-risk insurance against property damage and loss of earnings due to, for example, fire, storms, water, earthquakes, and other natural hazards, product liability insurance, insurance for volunteers and patients in clinical trials, hospital liability insurance, environmental liability insurance and environmental damage insurance, and directors' and officers' insurance.

Bad Homburg v. d. H., February 21, 2023

GLOSSARY

Healthcare terms / Products and services

Apheresis
A medical technology in which the blood of a person is passed through a device that separates out one particular blood component and returns the remainder to the circulation. This technology is used for the collection of various blood components by donors, as well as for therapeutic applications for patients.

Biosimilars
A biosimilar is a drug that is "similar" to another biologic drug already approved.

CUE
Cue is an automated cell processing system capable of washing, concentrating, and preparing white blood cell suspensions for cryopreservation (freezing in liquid nitrogen) and/or dispensing into final containers.

Cytostatics
Substances that slow or stop the growth of cells, including cancer cells, without killing them. These agents may cause tumors to stop growing and spreading without causing them to shrink in size.

Dialysis
Form of renal replacement therapy where a semipermeable membrane – in peritoneal dialysis the peritoneum of the patient, in hemodialysis the membrane of the dialyzer – is used to clean a patient's blood.

Dialysis machine
The hemodialysis process is controlled by a dialysis machine, which pumps blood, adds anticoagulants, regulates the cleansing process, and controls the mixture of dialysate and its flow rate through the system.

Dialyzer
Special filter used in hemodialysis for removing toxic substances, waste products of metabolic processes, and excess water from the blood. The dialyzer is sometimes referred to as the "artificial kidney".

DRG flat rate per case
The Diagnosis Related Group (DRG) is a flat rate per case and forms the basis for the reimbursement of inpatients treated in German hospitals.

Enteral nutrition
Application of liquid nutrition as a tube or sip feed via the gastrointestinal tract.

Evidence-based medicine
Evidence-based medicine (EBM) builds on expert knowledge, the experience of those treating patients and their needs, as well as on current scientific findings. The aim is to provide the best possible care for people who are ill.

FDA (U.S. Food & Drug Administration)
Official authority for food observation and drug registration in the United States.

HD (Hemodialysis)
A treatment method for dialysis patients where the blood of the patient is cleansed by a dialyzer. The solute exchange between blood and dialysate is dominated by diffusive processes.

Immunogenicity
The ability of an antigen to cause an immune response (immunization, sensitization).

LOVO
LOVO is a cell processing system to wash differentiated and undifferentiated white blood cells for laboratory and research use. It is designed to offer a simple, fast, and automated method to remove supernatant, add and reduce volume in a fully closed system.

Outpatient clinic
Interdisciplinary facility for outpatient care, managed by physicians. The responsible body of a medical care center includes all service providers (such as physicians, pharmacists, healthcare facilities) that are authorized to treat patients with statutory health insurance.

Parenteral nutrition
Application of nutrients directly into the bloodstream of the patient (intravenously). This is necessary if the condition of a patient does not allow them to absorb and metabolize essential nutrients orally or as sip and tube feed in a sufficient quantity.

PD (Peritoneal dialysis)
Dialysis treatment method using the patient's peritoneum as a filter to cleanse their blood.

Pharmacokinetics
The effect of the body on the drug.

PPP (public-private partnership model)
Public-private partnership describes a government service or private business venture that is funded and operated through a partnership of government and one or more private-sector companies. In most cases, PPP accompanies a part-privatization of governmental services.

Signal detection
Various activities used to determine whether new risks exist in connection with an active ingredient or pharmaceutical product, or whether risks known to us have changed. A review is based on our safety reports, aggregated data from the pharmacovigilance systems, and studies and information from the scientific literature or other data sources available to us. Signal management also includes the assessment of new evidence and related recommendations, decisions, communications, and follow up on the information.

GLOSSARY

Healthcare terms / Products and services

Subcutaneous injection
An injection of vaccines or drugs into the subcutaneous fat tissue.

Telematics infrastructure
The telematics infrastructure is intended to network all those involved in the German healthcare system and enable a secure exchange of information across sectors and systems.

Multi-chamber bag
The multi-chamber bag contains all the macronutrients like amino acids, glucose, and lipids, as well as electrolytes, in separate chambers. Immediately before infusion, all nutrients are mixed thoroughly within the bag simply by opening individual chambers. This reduces the risk of contamination and saves time when preparing the infusions.

UNE
The Spanish Association for Standardization, UNE, is the body legally responsible for the development of standards in Spain. It is the Spanish representative in ISO.

GLOSSARY

Financial terms[1]

After adjustments
In order to measure the operating performance extending over several periods, key performance measures are "adjusted" where applicable. Adjusted measures are labelled with "after adjustments". A reconciliation table is available within the respective quarterly or annual report and presents the composition of special items.

Audit & Inspection Score
The Audit & Inspection Score at Fresenius Kabi is based on the number of critical and serious non-conformances from regulatory GMP inspections and the number of serious non-conformances from TÜV ISO 9001 audits in relation to the total number of inspections and audits performed. The score shows how many deviations were identified on average during the inspections and audits considered.

Before special items
In order to measure the operating performance extending over several periods, key performance measures are adjusted by special items, where applicable. Adjusted measures are labelled with "before special items". A reconciliation table is available within the respective quarterly or annual report and presents the composition of special items.

Cash flow
Financial key figure that shows the net balance of incoming and outgoing payments during a reporting period.

Operating cash flow
Operating cash flow is a financial measure showing cash inflows from operating activities during a period. Operating cash flow is calculated by subtracting non-cash income and adding non-cash expenses to net income.

Cash flow from investing activities
Cash flow from investing activities is a financial measure opposing payments for the acquisition or purchase of property, plant and equipment and investments versus proceeds from the sale of property, plant and equipment and investments.

Cash flow from financing activities
Cash flow from financing activities is a financial measure showing how the investments of the reporting period were financed.

Cash flow from financing activities is calculated from additions to equity plus proceeds from the exercise of stock options, less dividends paid, plus proceeds from debt increase (loans, bonds, etc.), less repayments of debt, plus the change in noncontrolling interests, plus proceeds from the hedge of exchange rate effects due to corporate financing.

Cash flow before acquisitions and dividends
Fresenius uses the cash flow before acquisitions and dividends as the financial measure for free cash flow. Cash flow before acquisitions and dividends is calculated by operating cash flow less investments (net). Net investments are calculated by payments for the purchase of property, plant and equipment less proceeds from the sale of property, plant and equipment.

Cash Conversion Rate (CCR)
The cash conversion rate is defined as the ratio of adjusted free cash flow (cash flow before acquisitions and dividends; before interest, tax and special items) to operating income (EBIT) before special items. This allows us to assess our ability to generate cash and amongst others, also to pay dividends.

Constant currencies
Constant currencies for income and expenses are calculated using prior-year average rates; constant currencies for assets and liabilities are calculated using the mid-closing rate on the date of the respective statement of financial position.

CSR (Corporate Social Responsibility)
CSR refers to the social responsibility of companies. Their operations can affect economic, social, and environmental conditions all over the world.

DSO (Days Sales Outstanding)
Indicates the average number of days it takes for a receivable to be paid.

EBIT (Earnings before Interest and Taxes)
EBIT does include depreciation and write-ups on property, plant and equipment.

EBIT is calculated by subtracting costs of revenue, selling, general, and administrative expenses, and research and development expenses from revenue.

EBIT margin
EBIT margin is calculated as the ratio of EBIT to revenue.

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)
EBITDA is calculated from EBIT by adding depreciations recognized in income and deducting write-ups recognized in income, both on intangible assets as well as property, plant and equipment.

EBITDA margin
EBITDA margin is calculated as the ratio of EBITDA to revenue.

Employee-Engagement Index (EEI)
The Employee Engagement Index measures how positively employees identify with their employer, how committed they feel, and how engaged they are at work. The key figure can be reported in relation to a business segment or for the entire Group.

[1] Integral part of Group Management Report

GLOSSARY

Financial terms[1]

Inpatient Quality Indicator
The Inpatient Quality Indicator at Fresenius Helios comprises the measurement of a set of standardized German inpatient quality indicators (G-IQI). These are based on routinely collected hospital billing data from hospital information systems. The number of indicators achieved compared to the total number of indicators is calculated to measure the overall success rate. There is individual target setting and measurement of target achievement in the two Helios segments Helios Germany and Helios Spain. Subsequently, target achievement is consolidated at Helios company level with equal weighting (50% each) for Executive Board compensation.

Net debt / EBITDA
Net debt / EBITDA is a financial measure reflecting the ability of Fresenius to fulfill its payment obligations. Net debt and EBITDA are calculated at LTM (last-12-month) average exchange rates, respectively.

Calculation of net debt:
Short-term debt
+ Short-term debt from related parties
+ Current portion of long-term debt and capital lease obligations
+ Current portion of Senior Notes
+ Long-term debt and capital lease obligations, less current portion
+ Senior Notes, less current portion
+ Convertible bonds
= Debt
- Less cash and cash equivalents
= Net debt

Net Promoter Score (NPS)
The Net Promoter Score is designed to ensure that Fresenius Medical Care maintains excellent patient relationships and that the patient voice is used to provide strategic insights to improve patient relationships. Improving the Net Promoter Score leads to better service, higher quality of care, improved quality of life and loyalty to remain with Fresenius Medical Care as the provider of choice.

NOPAT
Net Operating Profit After Taxes (NOPAT) is calculated from operating income (EBIT), as stated in the profit and loss statement, less income taxes.

Organic growth
Growth that is generated by a company's existing businesses and not by acquisitions, divestitures, or foreign exchange impact.

ROE (Return on Equity)
Measure of a corporation's profitability revealing how much profit a company generates with the money shareholders have invested.
ROE is calculated by fiscal year's net income / total equity × 100.

ROIC (Return on Invested Capital)
Calculated by: (EBIT - taxes) / Invested capital.

Invested capital = total assets + accumulated amortization of goodwill - deferred tax assets - cash and cash equivalents - trade accounts payable - accruals (without pension accruals) - other liabilities not bearing interest.

ROOA (Return on Operating Assets)
Calculated as the ratio of EBIT to operating assets (average).

Operating assets = total assets - deferred tax assets - trade accounts payable - cash held in trust - payments received on account - approved subsidies.

Patient satisfaction
Fresenius Vamed measures the level of patient satisfaction in the VAMED healthcare facilities and the overall patient satisfaction with the services offered in the VAMED healthcare facilities. Each patient receives a questionnaire at or immediately after discharge, which contains 16 standardized questions that are evaluated for the patient satisfaction target.

SOI (Scope of Inventory)
Indicates the average number of days between receiving goods as inventory and the sale of the finished product.

Calculated by: (Inventories / Costs of goods sold) × 365 days.

Working capital
Current assets (including prepaid expenses) - accruals - trade accounts payable - other liabilities - deferred income.

[1] Integral part of Group Management Report

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the sepa-rate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

INDEPENDENT AUDITOR'S REPORT

To Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, which comprise the balance sheet as at 31 December 2022, and the statement of profit and loss for the financial year from 1 January to 31 December 2022 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Fresenius SE & Co. KGaA for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the disclosure marked as unaudited in section "Internal Control System as Part of the Risk Management System" of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 in compliance with German Legally Required Accounting Principles and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the disclosure in section "Internal Control System as Part of the Risk Management System" referred to above.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the annual financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

I. Measurement of shares in affiliated companies and loans to these affiliated companies

Our presentation of this key audit matter has been structured as follows:

1. Matter and issue

2. Audit approach and findings

3. Reference to further information

Hereinafter we present the key audit matter:

I. Measurement of shares in affiliated companies and loans to these affiliated companies

1. In the annual financial statements of the Company shares in affiliated companies amounting to EUR 10,354 Mio and loans to these affiliated companies amounting to EUR 1,844 Mio are reported under the "Financial assets" balance sheet item. Together, the carrying amount of this total engagement amounts to EUR 12,198 Mio (67.6% of total assets). Shares in affiliated companies and loans are measured in accordance with German commercial law at the lower of cost and fair value in the event of an impairment that is expected to be permanent. The evaluation of a possible impairment is based on stock exchange and market prices – if available – and otherwise using discounted cash flow models based on present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and the effects of the changed macroeconmic environment, including mitigating measures, are taken into account. The discount rate used is the individually determined cost of capital. On the basis of the values determined and supplementary documentation, no write-downs were required for the financial year.
   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore, also against the background of the changedmacroeconmic environment, including mitigating measures, subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.
2. As part of our audit, we assessed the methodology used by the Company for the purposes of the valuation of shares in affiliated companies and loans to these affiliated companies, among other things. In particular, we assessed whether the evaluation of a possible impairment had been performed appropriately based on discounted cash flow models taking the relevant measurement standards into account. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In this context we also evaluated the assessment of the executive directors regarding the effects of the changed macroeconmic environment, including mitigating measures, and examined how they were taken into account in determining the future cash flows. In the knowledge that even relatively small changes in the discount rate and rates of growth applied can have a material impact on the value of the entity calculated in this

way, we focused our testing with the support of our internal valuation specialists in particular on the parameters used to determine the discount rate and rates of growth applied, and assessed the calculation models. Finally, we evaluated whether the values calculated in this way were properly compared against the carrying amount in order to determine any write-downs or reversals of write-downs.

In our view, taking into consideration the information available, the estimations made as well as the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies and loans to these affiliated companies.

3. The Company's disclosures relating to the financial assets and loans to affiliated companies are contained number 3 and 4 of the notes to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the disclosure marked as unaudited in section "Internal Control System as Part of the Risk Management System" of the management report as an unaudited part of the management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- all remaining parts of the publication "Fresenius SE Financial Statements 2021 (HGB)" – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with 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 Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 audit opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with the relevant independence requirements, 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 those charged with governance, we determine those matters that were of most significance in the audit of the annual 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.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 ABS. 3A HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file FSE_KGaA_JA_LB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF-documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the annual general meeting on 13 May 2022. We were engaged by the supervisory board on 19 July 2022. We have been the auditor of the Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Bernd Roese.

Frankfurt am Main, February 21, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(Original German Version signed by:)

Dr. Ulrich Störk	Dr. Bernd Roese
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Company management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company."

Bad Homburg v. d. H., February 21, 2023

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board

M. Sen

Dr. S. Biedenkopf

Dr. F. De Meo

S. Hennicken

Dr. C. Kriwet

Dr. E. Wastler

REPORT OF THE SUPERVISORY BOARD

Wolfgang Kirsch
Chairman of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of Fresenius SE & Co. KGaA fulfilled its obligations in accordance with the provisions of the law, the articles of association, and the rules of procedure in the reporting year. It regularly advised the Management Board of the general partner, Fresenius Management SE, regarding the management of the Company and has supervised the management in accordance with its Supervisory Board responsibilities.

COOPERATION BETWEEN THE MANAGEMENT AND THE SUPERVISORY BOARD

Carrying out its monitoring and advisory activities, the Supervisory Board was regularly kept informed by the management in a timely and comprehensive oral and written manner about, among other things:

- all important matters relating to business policy
- the course of business
- profitability
- the situation of the Company and of the Group
- corporate strategy and planning
- the risk situation
- risk management and compliance
- the work of Internal Audit
- important transactions

Based on the reports provided by the Management Board of the general partner, the Supervisory Board extensively discussed all significant business operations in the Audit Committee and in its plenary meetings, depending on their areas of responsibility. The Management Board of the general partner discussed the Company's strategic direction in detail with the Supervisory Board. The Supervisory Board passed resolutions within its legal and company statutory authority.

In 2022, the Supervisory Board of Fresenius SE & Co. KGaA convened for four regular meetings on March 17, May 13, October 13, and December 1, and for five extraordinary meetings on February 18, April 27, August 19 and 31, and December 16. Three meetings of the Supervisory Board were held in person, five as a video conference, and one as a mixed face-to-face and video conference meeting. Before the meetings, the Management Board of the general partner sent detailed reports and comprehensive approval documents to the members of the Supervisory Board on a regular basis. At the meetings, the Supervisory Board discussed with them in detail the business performance and any important corporate matters, based on the reports from the general partner's Management Board.

All matters requiring Supervisory Board approval were submitted with sufficient time for proper scrutiny. After reviewing the related approval documents and following detailed consultation with the Management Board of the general partner, the Supervisory Board approved all matters submitted to it.

The Supervisory Board was also informed about any important business operations occurring between meetings. In addition, the Chair of the general partner's Management Board regularly informed the Chair of the Supervisory Board in separate meetings about the latest development of the business and forthcoming decisions and discussed them with him.

MEETING PARTICIPATION

Prof. D. Michael Albrecht, Ms. Frauke Lehmann, Prof. Iris Löw-Friedrich, and Ms. Susanne Zeidler were each absent from one Supervisory Board meeting. Otherwise, all meetings of the Supervisory Board and its committees in 2022 were attended by all sitting members of the Supervisory Board of Fresenius SE & Co. KGaA or of the respective committee.

Participation in meetings of the Supervisory Board and its committees is also reported individually for each member on the Company's website. Information on this can be found in the "Supervisory Board section".

MAIN FOCUS OF THE SUPERVISORY BOARD'S ACTIVITIES

In 2022, once again, the Supervisory Board mostly focused its monitoring and advisory activities on supporting business operations and investments carried out by the business segments. The Supervisory Board thoroughly reviewed and discussed all business operations of significance to the Company with the Management Board of the general partner. The Supervisory Board also dealt with the following items:

- Budget
- Medium-term planning of the Fresenius Group
- Cost-cutting and efficiency-enhancing measures
- Strategic orientation of the Fresenius Group and its business segments
- Further development of the risk management and internal control system

At its plenary meetings and within the Audit Committee, the Management Board of the general partner also kept the Supervisory Board regularly informed about the Group's risk situation and risk management activities, as well as compliance.

At the meeting on February 18, 2022, the Supervisory Board obtained information on the planned communication within the framework of the forthcoming financial statement press conference.

At its meeting on March 17, 2022, the Supervisory Board dealt in detail with the audit and approval of the financial statements and the consolidated financial statements (IFRS), as well as the management report and the Group management report of Fresenius SE & Co. KGaA as of December 31, 2021. The results for 2021 were discussed on the basis of a detailed report provided by the Chair of the Audit Committee and statements by the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. At the same meeting, the resolution took place on the compensation report for Fresenius SE & Co. KGaA for 2021, the report of the Supervisory Board of Fresenius SE & Co. KGaA for 2021, the corporate governance declaration of Fresenius SE & Co. KGaA for 2021, the profit appropriation proposal of the general partner, Fresenius Management SE, and the separate Group Non-financial Report for 2021. In addition, the business segments reported in detail on the course of business in the first two months of the fiscal year. Another topic of discussion was the Annual General Meeting of Fresenius SE & Co. KGaA, which was again held virtually. In addition, reports were made on the personnel work at Fresenius and the further development of risk management.

At the Supervisory Board meeting on April 27, 2022, the Supervisory Board obtained information on personnel matters.

At its meeting on May 13, 2022, following the immediately preceding appointment of two shareholder representatives at the Annual General Meeting, two members and the Chair of the Audit Committee and one member of the Nomination Committee were appointed. In addition, the Management Board of the general partner reported on business performance for the months January through April 2022.

At the meeting on August 19, 2022, the Supervisory Board obtained information on personnel matters.

The meeting of the Supervisory Board on August 31, 2022 focused on the progress of the planned cost-cutting and efficiency-enhancing measures and the subject of ESG and the planned ESG component in the LTIP 2023. A report on business performance from January through September 2022 was also given to the members of the Supervisory Board, along with an outlook for the rest of the fiscal year. The focus here was on the Fresenius Group and Fresenius Medical Care.

At the meeting on October 13, 2022, the members of the Supervisory Board were informed in detail about business performance from January through September 2022. The Supervisory Board also discussed the declaration of conformity with the German Corporate Governance Code and the issue of IT security at Fresenius.

At the meeting on December 1, 2022, information was provided about the 2023 budget and the mid-term planning for 2024 through 2025, and the 2023 financial budget and the maturities for 2024 through 2025. The Management Board of the general partner also reported on the business performance from January through October 2022. The Chair of the Audit Committee reported in detail on the status of preparation of the financial statements. A resolution also took place on the Supervisory Board's objectives for its composition and profile of skills, on the declaration of conformity with the German Corporate Governance Code, and on holding the 2023 Annual General Meeting of Fresenius SE & Co. KGaA as a virtual Annual General Meeting in accordance with Section 118a of the German Stock Corporation Act. At this meeting, the Supervisory Board also conducted a self-assessment in accordance with Recommendation D.12 of the German Corporate Governance Code.

The meeting held on December 16, 2022 focused on the 2023 budget and the mid-term planning for 2024 through 2025.

CORPORATE GOVERNANCE

On December 20, 2022, the Supervisory Board of Fresenius SE & Co. KGaA and the Management Board of the general partner issued the declaration of conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act and made it permanently available to the shareholders on the Company's website.

In 2022, the Chair of the Supervisory Board of Fresenius SE & Co. KGaA was ready, to the extent permitted by law and in close consultation with the Management Board of the general partner, to hold discussions with investors on topics specific to the Supervisory Board. In November 2022, the Chair of the Supervisory Board of Fresenius SE & Co. KGaA participated in a Corporate Governance Roadshow.

The Management Board of the general partner and the Supervisory Board of Fresenius SE & Co. KGaA have a duty to act in the best interests of the Company. In performing their activities, they do not pursue personal interests or bestow unjustified benefits on others. Any secondary activities or dealings with the Company by members of the corporate bodies must immediately be reported to, and approved by, the Supervisory Board. There were no conflicts of interest of Supervisory Board members in the past fiscal year.

There are regular separate preliminary meetings of the employee representatives and consultations among the shareholder representatives.

The members of the Supervisory Board independently undertake the necessary training and further education measures for their tasks. They keep themselves regularly informed, through internal and external sources, about the latest requirements with regard to their supervisory activities. The Supervisory Board at all times ensures that its members are suitably qualified, keep their professional knowledge up to date, and further develop their judgment and expertise. They are supported appropriately by the Company. External experts as well as experts from the Company provide information about important developments, for example about relevant new laws and precedents or changes in the IFRS accounting and auditing standards. In 2022, a special training session was held on the requirements of ESG reporting. In addition, the Company offers an individual onboarding for new members of the Supervisory Board.

For more information on Corporate Governance at Fresenius, please see the Corporate Governance Declaration on page 226 ff. of the Annual Report. Fresenius has disclosed the information on related parties on page 393 f. of the Annual Report.

SEPARATE GROUP NON-FINANCIAL REPORT

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the separate Group Non-financial Report for 2022 and found no reason to object.

The separate Group Non-financial Report and the audit report of the appointed auditor were made available to each member of the Supervisory Board of the Company in good time. At their meetings on March 15 and 16, 2023, the Audit Committee and then the plenary meeting of the Supervisory Board discussed all the documents in detail.

The auditor delivered a report on the main findings of the audits at each of these meetings. The Audit Committee and the Supervisory Board approved the auditor's findings. The Audit Committee's and the Supervisory Board's own audits also found no objections to the separate Group Non-financial Report. At its meeting on March 16, 2023, the Supervisory Board approved the separate Group Non-financial Report presented by the general partner.

The separate Group Non-financial Report is published on pages 101 to 223 of the Annual Report and the auditor's findings are published on page 224 f. of the Annual Report.

WORK OF THE COMMITTEES

In order to perform its duties efficiently, the Supervisory Board has formed various permanent committees, which prepare the consultations and resolutions during plenary meetings or can pass resolutions themselves. The committees of the Supervisory Board consist of an Audit Committee, a Nomination Committee, and a Joint Committee.

The **Audit Committee** held eight meetings in the reporting year, four face-to-face and four videoconferences. The main focus of its monitoring activities was the preliminary audit of the annual financial statements and consolidated financial statements for 2021. It also discussed the audit reports and the focal points of the audit with the auditor. The Audit Committee discussed the audit risk assessment, the audit strategy, and audit planning, as well as the auditor's findings, with the auditor. The Chair of the Audit Committee held regular discussions with the auditor on the progress of the audit and reported back to the Audit Committee. The Audit Committee held regular consultations with the auditor, including in the absence of the Management Board. Another matter dealt with by the Audit Committee was its recommendation to the Supervisory Board regarding which auditing firm to propose as auditor for the annual financial statements and consolidated financial statements for 2022. Following the recommendation of the Audit Committee, the Supervisory Board proposed to the 2022 Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be appointed as auditor of the annual financial statements and auditor of the consolidated financial statements for 2022 and as auditor for any review of interim financial information within the meaning of Section 115(7) of the German Securities Trading Act (WpHG) that is prepared before the 2023 Annual General Meeting.

The Audit Committee also dealt with the following items in detail:

- the 2022 quarterly reports
- half-year report including its review
- assessment of the quality of the audit
- monitoring reports on progress of acquisitions
- compliance and internal audit
- review of the risk management system, the internal control system, and the internal auditing system
- approval of non-audit services by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main

The Chair of the Audit Committee reported regularly to the Supervisory Board on the work of the Audit Committee in the subsequent meeting.

Represented by the Chair of the Audit Committee, regular dialog is maintained between the Supervisory Board and the Audit Committee, on the one hand, and the auditor on the other, even outside of meetings.

The Company's **Nomination Committee** met twice in 2022. The meetings were held as a combination of face-to-face meetings and meetings via video conferencing. The Nomination Committee dealt in particular with the preparation of the appointment of the two shareholder representatives Ms. Susanne Zeidler and Dr. Christoph Zindel to the Supervisory Board in May 2022 and with the profile of skills of the Supervisory Board, its composition, and its representation in a skills matrix.

The **Joint Committee** is responsible for approving certain important transactions of Fresenius SE & Co. KGaA and certain legal transactions between the Company and the Else Kröner-Fresenius-Stiftung. In 2022, no transactions were carried out that required its approval. Therefore, the Joint Committee did not meet in 2022.

There is no **Mediation Committee** because the Supervisory Board of Fresenius SE & Co. KGaA does not appoint the members of the Management Board of Fresenius Management SE.

In the context of the capital increase from approved capital to pay share dividends, the Supervisory Board formed the **"Capital increase share dividends" ad hoc committee** and transferred to this committee the powers granted to the plenary meeting according to the provisions of the law, the articles of association, or the rules of procedure in connection with the share dividends and the associated capital increase. The members of this committee were Mr. Wolfgang Kirsch (Chair), Ms. Grit Genster, and Ms. Susanne Zeidler. The committee met once in a virtual meeting in June.

For more information about the committees, their composition, and their work methods, please refer to the Corporate Governance Declaration on pages 232 ff. and page 407 of the Annual Report.

PERSONNEL

The member of the Supervisory Board Ms. Hauke Stars, who was appointed by the Annual General Meeting in 2021, resigned from her position as member of the Supervisory Board and therefore left the Company's Supervisory Board on January 31, 2022, prior to the normal end of her time in office. With effect from February 9, 2022, Ms. Susanne Zeidler was appointed as member of the Supervisory Board by a court until the conclusion of the Annual General Meeting in 2022. The Annual General Meeting of Fresenius SE & Co. KGaA on May 13, 2022 saw the end of the term of office of Supervisory Board member Mr. Klaus-Peter Müller, who was appointed by the Annual General Meeting in 2021. Ms. Susanne Zeidler and Dr. Christoph Zindel were appointed as shareholder representatives on the Supervisory Board by the Annual General Meeting on May 13, 2022.

In its meeting on May 13, 2022, the Supervisory Board appointed Ms. Susanne Zeidler and Dr. Christoph Zindel as members of the Audit Committee and Ms. Susanne Zeidler as its Chair. In addition, in the Supervisory Board meeting on May 13, 2022, Ms. Susanne Zeidler was appointed as a member of the Nomination Committee. By way of a resolution of the Annual General Meeting of May 13, 2022, Ms. Susanne Zeidler was appointed as a member of the Joint Committee for the Supervisory Board.

The composition of the Management Board of the general partner, Fresenius Management SE, also changed in the past fiscal year. As of September 1, 2022, Ms. Sara Hennicken was appointed as a member of the Management Board responsible for the financial department (CFO). She succeeds Ms. Rachel Empey, who left the Company on August 31, 2022.

As of October 1, 2022, the member of the Management Board responsible for the Fresenius Kabi business segment, Mr. Michael Sen, was appointed Chair of the Management Board. He succeeds Mr. Stephan Sturm, who left the Company on September 30, 2022.

Mr. Rice Powell resigned from the Management Board as of September 30, 2022. Dr. Carla Kriwet was appointed as a member of the Management Board for the Fresenius Medical Care business segment as of October 1, 2022, and resigned as of December 5, 2022. As of December 6, 2022, Ms. Helen Giza was appointed as a member of the Management Board of Fresenius Management SE for the Fresenius Medical Care business segment.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the annual financial statements and the management report as well as the consolidated financial statements and the Group management report of the Company for 2022. The firm was appointed as auditor in accordance with a resolution passed at the Annual General Meeting of Fresenius SE & Co. KGaA on May 13, 2022, and was subsequently commissioned by the Supervisory Board. Except for the meetings on April 27, 2022 and August 19, 2022, the auditor attended all the meetings of the Supervisory Board and all the meetings and conference calls of the Audit Committee.

The annual financial statements, management report, and Group management report of the Company have been prepared in accordance with the accounting regulations of the German Commercial Code (HGB), and the consolidated financial statements of the Company have been prepared in accordance with IFRS, as applicable in the EU, and the supplementary provisions of commercial law applicable in accordance with Section 315e HGB. The auditor issued their unqualified audit opinion for these statements.

The financial statements, the consolidated financial statements, the management reports, and the auditor's reports were submitted to each member of the Company's Supervisory Board within the required time. The auditor reported on the main findings of their audits at the meetings on March 15 and 16, 2023. In relation to the accounting procedure, the auditor found no weaknesses in the risk management system or the internal control system. At these meetings, first the Audit Committee and then the Supervisory Board discussed in detail all the documents submitted and the findings of the audit presented by the auditor.

The Audit Committee and the Supervisory Board approved the auditor's findings. The Audit Committee's and the Supervisory Board's own audits also found no objections to the Company's financial statements and management report or the consolidated financial statements and the Group management report. At its meeting on March 16, 2023, the Supervisory Board approved the financial statements presented by the general partner.

The Supervisory Board concurs with the general partner's proposal for the 2022 profit distribution.

The Supervisory Board would like to thank the members of the Management Board of the general partner and all employees for their achievements in the past fiscal year.

Bad Homburg v. d. H., March 16, 2023

The Supervisory Board of Fresenius SE & Co. KGaA

Wolfgang Kirsch
Chairman