FRESENIUS MEDICAL CARE

SHAPING A SUSTAINABLE TOMORROW

ANNUAL REPORT

2022

EMPLOYEES [1]

2022
128,044

2021
130,251

PATIENTS

2022
344,687

2021
345,425

DIALYSIS CENTERS

2022
4,116

2021
4,171

REVENUE
in € BN

2022
19.40

2021
17.62

NET INCOME [2]
in € BN

2022
0.67

2021
0.97

DIVIDEND PER SHARE [8]
in €

2022
1.12

2021
1.35

Fresenius Medical Care is the world's leading provider of products and services for individuals with kidney diseases, of whom around 3.9 million worldwide depend on dialysis treatment. Thanks to our decades of experience in dialysis, our innovative research, and our value-based care approach, we help our patients enjoy the very best quality of life.

SELECTED KEY FIGURES

	2022	2021	Change
Revenue in € BN	19.40	17.62	2% cc
Net income [2] in € BN	0.67	0.97	(37%) cc
Net income [2] excl. special items [3] in € BN	0.91	1.02	(17%) cc
Operating income in € BN	1.51	1.85	(25%) cc
Operating income excl. special items [3] in € BN	1.82	1.92	(13%) cc
Basic earnings per share in €	2.30	3.31	(37%) cc
Basic earnings per share excl. special items [3] in €	3.11	3.48	(17%) cc
Net cash provided by (used in) operating activities in € BN	2.17	2.49	(13%)
Free cash flow [4] in € BN	1.48	1.66	(11%)
Capital expenditures, net in € BN	(0.69)	(0.83)	(17%)
Acquisitions and investments excl. investments in debt securities in € BN	(0.06)	(0.43)	(86%)
Operating income margin excl. special items [3] in%	9.4	10.9	
Return on invested capital (ROIC) [5] in%	3.3	4.9	
Net leverage ratio [6]	3.4	3.3	
Equity ratio (equity/total assets) [7] in%	43.2	40.7	

cc = at constant currency

[1] Headcount.
[2] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA.
[3] 2022: costs related to the FME25 program, Net Gain Related to InterWell Health, Humacyte Investment Remeasurement, Hyperinflation in Turkiye and Impacts Related to the War in Ukraine; 2021: costs related to the FME25 program.
[4] Net cash provided by (used in) operating activities, after capital expenditures, before acquisitions, investments, and dividends.
[5] See calculation in the Group Management Report, chapter "Overview of the Group", section "Performance management system" starting on PAGE 23.
[6] See calculation in the Group Management Report, chapter "Economic Report", section "Results of operations, financial position, and net assets – Financial position – Financing strategy" starting on PAGE 48.
[7] As of December 31 of the respective year.
[8] 2022: Proposal to be approved by the Annual General Meeting on May 16, 2023.

SHAPING
A
SUSTAINABLE
TOMORROW

CREATING LASTING VALUE

At Fresenius Medical Care, we focus on serving our patients and are committed to our company vision of "Creating a future worth living. For patients. Worldwide. Every day." This vision also shapes how we deal with the topic of sustainability.

For us, managing sustainability successfully means creating lasting economic, ecological, and social value. In our Corporate Magazine, you can find out how we have applied this principle in 2022 to shape a sustainable tomorrow.

It features a personal foreword by CEO Helen Giza as well as articles about our dedicated nurses, our efforts in the Ukrainian war zone and our corporate citizenship activities, a touching patient portrait, and an extensive report on diversity, equity and inclusion.

READ MORE IN OUR CORPORATE MAGAZINE:
www.freseniusmedicalcare.com/en/magazine

TO OUR SHAREHOLDERS

GROUP MANAGEMENT REPORT

NON-FINANCIAL GROUP REPORT

CORPORATE GOVERNANCE

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

TO OUR SHAREHOLDERS

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

It is a pleasure and an honor to address you as CEO of Fresenius Medical Care for the first time. It fills me with tremendous pride to work with the entire Fresenius Medical Care team to create a future worth living. For patients. Worldwide. Every day.

The year 2022 has shown us in a dramatic way that peace and economic stability cannot be taken for granted. The war in Ukraine has brought unimaginable suffering to the people in the war zone and fundamentally challenged the pre-existing security framework. The general economic landscape, marred by inflation, remains challenging and has led to higher prices for logistics, raw materials, and energy in the past fiscal year, which also impacted our business.

2022 Performance

COVID-19 has continued to have an impact on us. These circumstances have been further exacerbated by the difficult labor market situation with regard to care workers, particularly in the U.S. This has led to staff shortages, high turnover rates and a significant increase in costs. We have already taken steps to improve the situation and expect to feel the effects of these measures in 2023. For 2022, we were able to partially offset these costs thanks to financial support from the U.S. government.

Nevertheless, the highly challenging environment required us to adjust our forecast for the fiscal year in 2022. Our revenue grew by two percent at constant currency. However, we saw a decline in our operating income of 13 percent, with net income also down by 17 percent, both at constant currency and before special items, mainly due to higher staff costs, inflation, and supply chain challenges.

HELEN GIZA
Chief Executive Officer and Chair of the Management Board

In view of the results achieved in the reporting year and in line with the decline in net income, we will be proposing a reduced dividend of 1.12 euros per share to the Annual General Meeting, in line with our dividend policy.

Business model remains intact

Although these challenges have put a strain on our business, I would like to emphasize that we expect them to be temporary in nature. The fundamentals of our core dialysis business have not changed: The world's population continues to age, and common diseases such as high blood pressure and diabetes, which in turn can lead to chronic kidney damage, are still on the rise.

In 2022, we treated 344,687 patients in 4,116 dialysis centers around the world. Every 0.6 seconds, we provided life-saving care to a dialysis patient somewhere in the world, and about half of all people who regularly receive dialysis are treated with our products.

Looking to the future, renal care will remain at the heart of our strategy. Our patients will continue to be at the center of everything we do. Providing them with high-quality products and services is our core objective.

We will continue to leverage our expertise in the fields of products, services, and pharma at an even greater extent in order to provide people with value-based care. The spectrum ranges from chronic kidney disease to kidney failure as well as to various treatment options.

Fresenius Medical Care has grown the number of its end-stage renal disease and chronic kidney disease patients receiving care in value-based arrangements from about 20,000 in 2021 to around 90,000 in 2022. The Company had around 6 billion US-dollar of medical cost under management in 2022 and expects that number to continue to increase to 11 billion US-dollar by the end of 2025.

“About half of all people who regularly receive dialysis are treated with our products.”

The expansion of home dialysis is another key strategic initiative that goes hand-in-hand with value-based care and the goal of improving health outcomes while simultaneously reducing health care costs.

New operating model implemented

As part of our FME25 transformation program, we reoriented our business from a regional to a segmented set up, effective January 1, 2023. The new, simplified operating model has been implemented with two global segments: Care Delivery (services) and Care Enablement (products).

This operating model allows us to focus and provides increased transparency of these two businesses. We firmly believe that this is the best possible foundation to return to sustainable, profitable growth and thus for the future success of Fresenius Medical Care.

We have made tremendous progress in the past year with our transformation program. We exceeded our target of 40 to 70 million euros in cost savings in 2022 and achieved sustainable savings of 131 million euros.

My thanks go to the entire team

Our employees around the world have demonstrated great resilience in difficult times over the past three years and have made significant contributions to moving the transformation forward. Their impressive commitment and engaging team spirit are key to continuing Fresenius Medical Care's success story. I would like to take this opportunity to thank the fantastic team at Fresenius Medical Care.

I would especially like to express my gratitude to our team in Ukraine. Despite the extreme conditions, they are doing their best every day to treat people in our dialysis clinics and provide patients all over the country with our products. Their dedication and courage under these unimaginable conditions are admirable and a sign of true greatness.

Global Sustainability Program successfully completed

Our Global Sustainability Program was also successfully completed by the end of 2022, establishing worldwide sustainability standards and processes for our business. The new global sustainability targets we have set for coming years confirm our ongoing commitment to creating lasting value and improving our economic as well as ecological and social performance. This includes our goal of being climate-neutral in our operations by 2040.

Unlocking value as the leading kidney care company

Looking ahead, our priorities are clear: we want to unlock our full potential by focusing on our core business and improving our margin to return to sustainable profitable growth.

We plan to simplify our governance structure and intend to change our legal form from the current KGaA structure (Kommanditgesellschaft auf Aktien, KGaA) into a German stock corporation (Aktiengesellschaft, AG) and establish a German two-tier board system with a co-determined Supervisory Board and a Management Board. In an extraordinary general meeting to be held in the third quarter, you as our shareholders will get to vote on the proposed change of legal form. If you agree, the entire process is expected to be completed by the end of 2023.

We plan to expand our FME25 transformation program and raise our savings target from 500 to 650 million euros by 2025. We intend to invest up to 650 million euros over the same period.

In addition, we will further drive operational efficiencies. In Care Delivery, for example, we plan to further consolidate our network of clinics in the U.S. In Care Enablement, we will focus on pricing initiatives, productivity measures and a review of our global manufacturing footprint.

At the same time, we will adjust our portfolio to improve profitability. In Care Delivery, this means exiting unsustainable markets and divestitures of non-core businesses. In Care Enablement, we will rationalize our Research & Development programs and evaluate the divestment of non-core products in the portfolio. This will enable focused capital allocation to areas with higher profitable growth in our core business.

For 2023, we forecast revenue growth at a low to mid-single-digit percentage range. We also assume that our operating income will remain flat or decline by up to a high single-digit percentage rate. These forecasts are based on constant currency excluding special items. Even though there will be more headwinds than tailwinds in 2023, we expect to return to net income growth in 2024. By 2025, we target to achieve an improved operating income margin of 10 to 14 percent.

Together with my colleagues on the Management Board, I am convinced that this company is taking the right steps to shape a successful future. Thank you for joining us on this journey. I count on your support as we enter the next stages of our transformation.

Sincerely,

HELEN GIZA
Chief Executive Officer and Chair of the Management Board

MANAGEMENT BOARD

Helen Giza
CEO and Chair
(since December 2022)
Chief Financial Officer
(since November 2019)

Franklin W. Maddux, MD
Global Medical Office
(since January 2020)

Dr. Katarzyna Mazur-Hofsäß
Care Enablement
(since January 2022)
CEO for EMEA
(from September 2018 until December 2021)

William Valle
Care Delivery
(since January 2022)
CEO for North America
(from February 2017 until December 2021)

CAPITAL MARKETS AND SHARES

Fresenius Medical Care's business development and share price performance in 2022 were impacted to a significant extent by the highly uncertain macroeconomic environment with dramatic wage and general inflation, as well as the sustained high costs of the ongoing COVID-19 pandemic.

PRICE DEVELOPMENT OF FRESENIUS MEDICAL CARE SHARES

COVID-19-related excess mortality among patients of Fresenius Medical Care was particularly evident in the first quarter of the reporting year. This led to increased demand for isolation wards and additional shifts for staff working in patient care. While excess mortality declined over the course of the year, infection levels remained high. The accumulation of excess mortality resulted in clinic capacity being increasingly underutilized, leading to a decline in profitability.

Shortly after the Company published its outlook and underlying assumptions for 2022, Russia launched its war on Ukraine, which affected the operation of dialysis centers and patient care in the region. Although the price of Fresenius Medical Care shares rose to above €62 at the beginning of the year, it fell significantly in response to the various negative factors as the year progressed, and was unable to regain its high for the year of €63.56, which was recorded on April 21.

A decision by the U.S. Supreme Court in June 2022 according to which an insurer may exclude payments for dialysis treatment from its scope of coverage also led to considerable reticence among investors. Given the accompanying regulatory uncertainty, the share price further declined.

The deterioration in the macroeconomic environment had a growing impact on Fresenius Medical Care's business development as the year continued. Cost and wage inflation put further pressure on the Company's operating profitability. The general staff shortage in the health care sector required add-on payments for incentives and bonuses for new and existing employees, as well as substantial additional costs for temporary staff. Dialysis clinics in North America in particular were so hard hit by personnel-related bottlenecks that some had to limit the number of new patients they took on.

In addition to the sharp rise in staff costs, Fresenius Medical Care was confronted with higher logistics costs and commodity and energy prices, which had an additional adverse effect on the results of operations. As a consequence, the Company downwardly revised its earnings outlook and the underlying assumptions in July and October 2022.

Fresenius Medical Care's share price performance was impacted by the large number of negative factors as well as rising interest rates, and fell to a low of €26.26 on October 28. The implementation of the Company's strategic goals, such as the further expansion of value-based care management in connection with the InterWell Health transaction and the growing proportion of patients choosing to receive their dialysis treatment at home,

C 1.1 **SHARE PRICE PERFORMANCE, ABSOLUTE, JANUARY 1, 2022 – DECEMBER 31, 2022**
IN €

Source: Bloomberg data

C 1.2 **INDEX AND SHARE PRICE PERFORMANCE**
INDEXED, JANUARY 1, 2022 – DECEMBER 31, 2022 (DECEMBER 31, 2021 = 100), IN%

Source: Bloomberg data, own calculations

was not reflected positively in the share price. Fresenius Medical Care shares closed the year at €30.57. Further information on the share price and index performance can be found in CHARTS 1.1 TO 1.3 AND TABLE 1.8 STARTING ON PAGE 10.

Since 1996 – the year of the Company's IPO – the share price has risen by more than 36%, representing an appreciation of around 2% per annum. With reinvested dividends, this corresponds to an appreciation of around 4% per annum. Fresenius Medical Care's market capitalization amounted to around €9 BN at the end of the year under review.

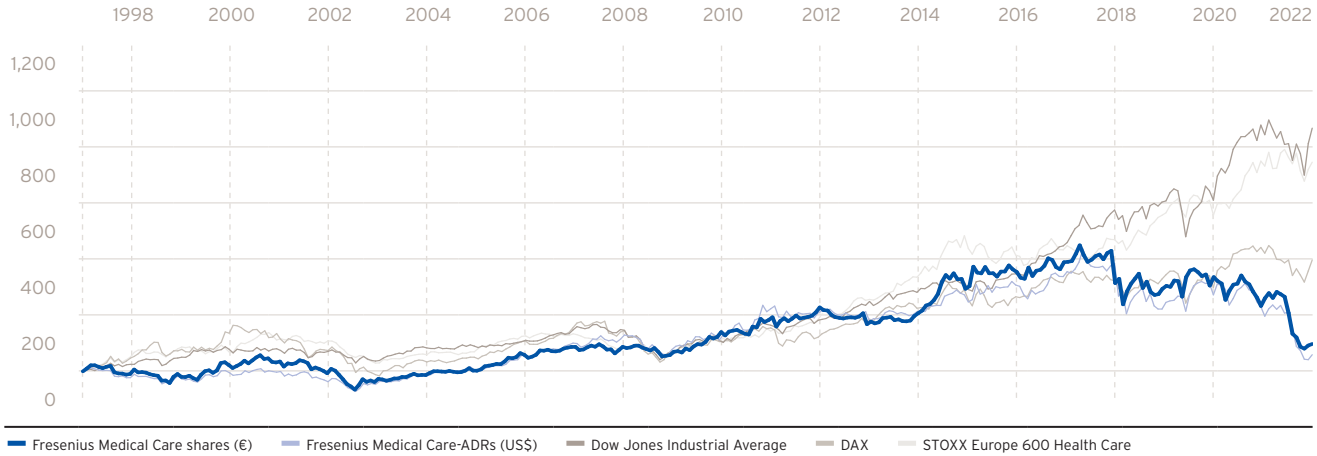
FRESENIUS MEDICAL CARE AMERICAN DEPOSITARY RECEIPTS (ADRS)

Fresenius Medical Care shares are listed on the New York Stock Exchange in the form of American Depositary Receipts (ADRs). The price movement of ADRs is tied to that of Fresenius Medical Care shares, taking into account the development of the euro/U.S. dollar exchange rate. Two ADRs correspond to one share. Based on the number of ADRs and shares traded, ADRs accounted for over half of the of the entire trading volume for 2022. This represents an increase of 17 percentage points compared to 2021. The volume of ADRs in circulation or withdrawn was almost twice as high in 2022. Interest among U.S. investors continued to increase.

DIVIDEND

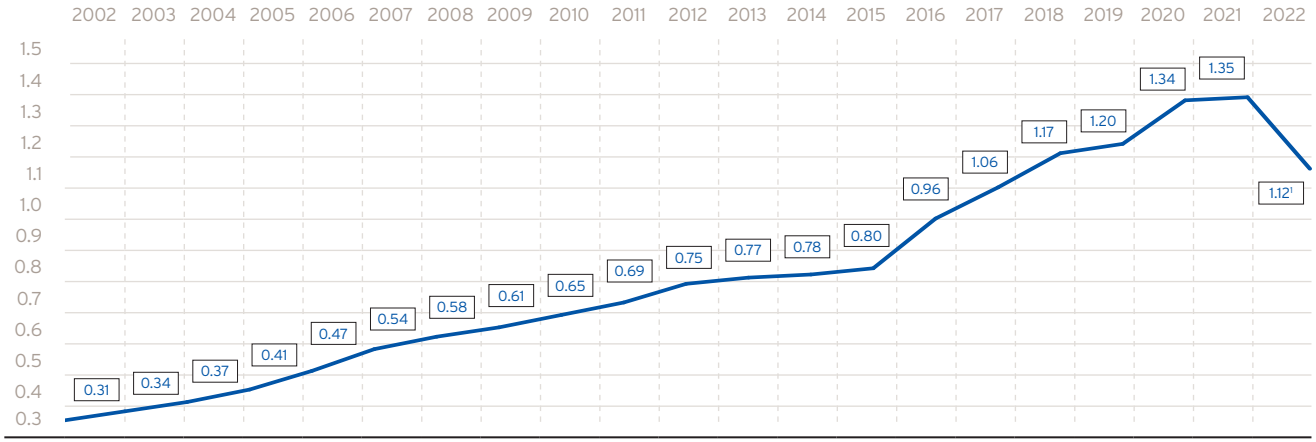
In accordance with the dividend policy, the distribution of dividends is based on the Company's earnings performance. At the virtual Annual General Meeting on May 16, 2023, Fresenius Medical Care Management AG as the General Partner and the

C 1.3 **INDEX AND SHARE PRICE PERFORMANCE IN A 25-YEAR COMPARISON**
WITH DIVIDENDS REINVESTED, INDEXED, JANUARY 1, 1997 – DECEMBER 31, 2022 (DECEMBER 31, 1996 = 100), IN %



Source: Bloomberg data, own calculations

C 1.4 **DEVELOPMENT OF THE DIVIDEND**
IN €



[1] Proposal to be approved by the Annual General Meeting on May 16, 2023.

Supervisory Board will propose a dividend to shareholders of €1.12 per share. This would equate to a reduction of 17% compared with the previous year. The dividend has recorded an annual growth of around 9% since 1997 (SEE CHART 1.4).

With 293.4 M dividend-bearing shares (as at December 31, 2022), the total dividend payout would amount to €328.6 M, while the payout ratio in relation to net income for 2022 would come to around 49% (2021: around 41%). Based on the proposed dividend and the closing share price for 2022, the dividend yield on the shares would be 3.7% (2021: 2.4%). Fresenius Medical Care remains committed to its ambitious goal of creating shareholder return.

SHAREHOLDER STRUCTURE

In our analysis of the shareholder structure as at December 31, 2022, around 95% of the approximately 293 M outstanding Fresenius Medical Care shares were matched with their owners (SEE TABLE 1.5 ON PAGE 13). Accordingly, the largest shareholder, Fresenius SE & Co. KGaA, continues to hold around 94.4 M shares, corresponding to an equity holding of 32%. In addition, 14 institutional investors were identified, each with at least 1% of the capital stock.

According to the most recent analysis, 592 institutional investors own Fresenius Medical Care shares. The largest 20 institutional investors account for approximately 60.5% of the identified free float, i.e., identified shares excluding shares held by Fresenius SE & Co. KGaA (previous year: 57%). As at December 31, 2022, 56% of the institutional free float was held by investors from the U.S. The U.K. accounted for 7.9%. The Company was able to identify 4.5% of the institutional free float in Germany, 3.6% in France and a further 3.8% in Canada as shown in TABLE 1.6 ON PAGE 13.

T 1.5 NUMBER OF IDENTIFIED SHARES AS PER SHAREHOLDER STRUCTURE ANALYSIS
FIGURES ROUNDED IN M

	Number of shares	in %	in % of free float
Number of shares outstanding as at December 31, 2022	293.41	100	-
Identified shares	279.38	95	93
Unidentified shares	14.03	5	7
Shares in free float	199.03	68	-

T 1.6 GEOGRAPHICAL DISTRIBUTION OF INSTITUTIONAL FREE FLOAT
FIGURES ROUNDED IN M

	Dec. 2022		Dec. 2021	
	Number of shares	in %	Number of shares	in %
United States	118.0	66	103.9	58
United Kingdom	15.6	9	23.6	13
Germany	9.0	5	11.9	7
Canada	7.4	4	8.6	5
France	7.2	4	7.3	4
Rest of Europe	14.3	8	17.0	9
Rest of World	7.7	4	7.4	4
REGIONALLY ATTRIBUTABLE SHARES	**179.2**	**100**	**179.9**	**100**

VOTING RIGHTS NOTIFICATIONS

Based on the notifications received, a total of six investors (besides Fresenius SE & Co. KGaA) each held more than 3% of the voting rights in Fresenius Medical Care at the end of 2022.

All voting rights notifications in accordance with sections 33, 38, and 39 of the German Securities Trading Act (WpHG) are published on our website at www.freseniusmedicalcare.com/en/investors/shares/shareholder-structure.

SUSTAINABLE INVESTMENT

Institutional investors are increasingly basing their investment decisions on whether companies act in a sustainable manner. They consult sustainability ratings and rankings to help them assess how companies perform in this area. Fresenius Medical Care continued to improve its performance in this respect by successfully implementing sustainability initiatives in the year under review.

In the sustainability rating published by the renowned rating provider MSCI, Fresenius Medical Care was awarded "A", the third-best score, corresponding to an improvement of one rating class in 2022. The Company has participated in the rating conducted by the non-profit organization CDP since 2008. In 2022, it was again classified in the second-highest category for "Water". This makes Fresenius Medical Care one of the leading health care companies in this area. Furthermore, Fresenius Medical Care was added to the Dow Jones Sustainability World Index (DJSI World) in 2022. The Company was also included in the DJSI Europe for the 13th time, and in the FTSE4Good Index Series for the first time.

More information on Fresenius Medical Care's sustainability activities can be found in the Non-Financial Group Report starting on PAGE 82.

ANALYSTS' ASSESSMENTS OF OUR SHARES

Financial analysts continue to show great interest in Fresenius Medical Care. In 2022, 23 sell-side analysts actively reported on the Company and on Fresenius Medical Care shares. At the end of the year, four of them issued a buy recommendation, 16 issued a hold recommendation, and three issued a sell recommendation. Two brokers resumed coverage of Fresenius Medical Care in 2022, while two ended their coverage.

RATING AND FINANCING

In September 2022, Fresenius Medical Care issued bonds with a total volume of €750 M and a term of five years. The Company also issued promissory note loans with a total volume of €225 M in February 2022. In both cases, the proceeds were used for general business purposes.

Fresenius Medical Care's financing activities in fiscal year 2022 have allowed it to reinforce its strong market reach in a challenging capital market environment and optimize the financing mix and maturity profile of its liabilities, thereby further strengthening its sound financial position.

Fresenius Medical Care is rated investment grade by the three leading rating agencies Standard & Poor's, Moody's, and Fitch. On November 15, 2022, Fitch confirmed Fresenius Medical Care AG & Co. KGaA's credit rating of BBB- and changed its outlook to negative.

An overview can be found in TABLE 5.63 ON PAGE 249.

INVESTOR RELATIONS ACTIVITIES

Fresenius Medical Care's investor relations activities focus on ensuring continuous and transparent information for all capital market participants. The Company's strategy, operational and financial business development and sustainability activities are key elements of its capital market communications. Target groups include shareholders, analysts, and other capital market participants, as well as employees, journalists, and the general public.

In fiscal year 2022, the Investor Relations team held around 1,000 investor meetings to discuss the Company's development. All in all, the Investor Relations team reported on the course of the Company's business at 34 conferences and 14 roadshows. In addition, to provide capital market participants with an insight into medium- and long-term value drivers beyond the current business performance, the Investor Relations team organized a virtual event with members of the Management Board and the management team on the latest trends in the area of home dialysis. The Company also showcased its innovative capability at an investor event on the topic of "Artificial intelligence in the health care market".

In 2022, the Company continued its in-depth dialog in the area of corporate governance. A hybrid roadshow provided specific content for investors and is a key element of Fresenius Medical Care's capital market communications and investor relations activities. Most recently, Dr. Dieter Schenk, Chairman of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA, and Dr. Dorothea Wenzel, member of the Supervisory Board and Lead Independent Director, answered questions on corporate control, the Global Sustainability Program, the remuneration structure and compliance together with experts from various departments at a multi-day roadshow in November 2022.

T 1.7 **KEY SHARE DATA**

Share type	No par value bearer share
Stock exchanges	
Germany	Frankfurt Stock Exchange / Prime Standard
U.S. (ADR)	New York Stock Exchange (NYSE)
Securities identification numbers and ticker symbols	
Deutsche Börse	FME
NYSE (ADR)	FMS
WKN	578 580
ISIN	DE0005785802
CUSIP number (NYSE)	358029106
Reuters	FMEG.DE (Xetra) or FMS.N (NYSE)
Bloomberg	FME GY (Xetra) or FMS US (NYSE)

For holders of debt, the Investor Relations team held a dedicated roadshow in conjunction with the Treasury department with a focus on ratings, financing, and the priorities adopted with regard to the use of funds.

Further information on Fresenius Medical Care's investor relations activities can be found on our website at www.fresenius-medicalcare.com/en/investors.

T 1.8 KEY FIGURES FOR FRESENIUS MEDICAL CARE SHARES

		2022	2021	2020	2019	2018
NUMBER OF SHARES[1]	in M	293.4	293.0	292.88	304.44	306.88
Share prices (Xetra trading)						
High for the year	in €	63.56	70.96	79.00	76.32	93.00
Low for the year	in €	26.26	52.78	56.00	55.58	56.64
Year-end	in €	30.57	57.14	68.20	65.96	56.64
Share prices (ADR NYSE)						
High for the year	in $	34.84	43.32	46.55	42.75	57.51
Low for the year	in $	12.81	29.82	29.21	31.10	31.30
Year-end	in $	16.34	32.46	41.56	36.83	32.39
Market capitalization[2]						
Year-end	in € M	8,970	16,742	19,974	20,081	17,382
Index weighting						
DAX	in %	0.5	0.7	1.5	1.3	1.4
Dividend						
Dividend per share[3]	in €	1.12	1.35	1.34	1.20	1.17
Dividend yield[4]	in %	3.66	2.36	1.96	1.82	2.1
Total dividend payout	in € M	329	396	392	358	359
Earnings per share (EPS)						
Number of shares[5]	in M	293.25	292.94	294.06	302.69	306.54
Earnings per share (EPS)	in €	2.30	3.31	3.96	3.96	6.47

[1] Shares outstanding on December 31 of the respective year.
[2] Based on shares outstanding.
[3] Based on the proposal to be approved by the Annual General Meeting on May 16, 2023.
[4] With reference to the respective year-end.
[5] Weighted average number of shares outstanding.

GROUP MANAGEMENT REPORT

GENERAL INFORMATION ABOUT THIS GROUP MANAGEMENT REPORT

The following discussion of the Group Management Report of Fresenius Medical Care AG & Co. KGaA and its subsidiaries (together referred to as "we", "our", "FMC AG & Co. KGaA", "Fresenius Medical Care", "the Group" or "the Company") was prepared in accordance with sections 315 to 315d of the German Commercial Code and German Accounting Standards No. 20, and should be read in conjunction with our consolidated financial statements in this report. Some of the statements, including those concerning future revenue, costs and capital expenditures, possible changes in our industry as well as the competitive and financial conditions include forward-looking statements. We made these forward-looking statements based on the expectations and beliefs of the Management Board of the Company's General Partner (Management Board) pertaining to future events that may affect us, but which we cannot assure that such events will occur or that the results will be as anticipated. Because these statements involve opportunities, risks and uncertainties, the actual results may differ materially (positive as well as negative) from the results which the forward-looking statements express or imply. The statements cover the content of and are subject to the uncertainties described in the discussions in this report in the chapters "Outlook" and "Risks and opportunities report" as well as in NOTE 2 AND 22 of the notes to the consolidated financial statements.

The non-financial group declaration is not part of the Group Management Report. It is part of a separate chapter of the Annual Report and will be disclosed as separate Non-Financial Group Report together with the Group Management Report.

Rounding adjustments applied to individual numbers and percentages shown in this and other reports may result in these figures differing immaterially from their absolute values. Some figures (including percentages) in this report have been rounded in accordance with commercial rounding conventions. In some instances, such rounded figures and percentages may not add up to 100% or to the totals or subtotals contained in this report. Furthermore, totals and subtotals in tables may differ slightly from unrounded figures contained in this report due to rounding in accordance with commercial rounding conventions. A dash (–) indicates that no data were reported for a specific line item in the relevant financial year or period, while a zero (0) is used when the pertinent figure, after rounding, amounts to zero.

OVERVIEW OF THE GROUP

We provide high-quality health care solutions for patients with renal diseases. Our innovative products and therapies set high standards in dialysis treatment.

BUSINESS MODEL

Operations and company structure

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases based on publicly reported revenue and the number of patients treated. We provide dialysis and related services for individuals with renal diseases as well as other health care services. We also develop, manufacture and distribute a wide variety of health care products, which we sell to customers in around 150 countries as well as using them in our own health care service operations. Our dialysis business is therefore vertically integrated.

We continue to generate most of our revenue with dialysis products and dialysis care services. In our 4,116 proprietary dialysis centers in around 50 countries worldwide, we provide care for over 344,000 dialysis patients. We manage the world's largest network of dialysis centers in terms of the number of people treated to accommodate an ever-rising number of patients. In addition, we operate 42 production sites in around 20 countries. The most important plants for dialyzer production are in St. Wendel (Germany), Ogden, Utah (U.S.), Changshu (China), L'Arbresle (France), and Buzen (Japan). Dialysis machines are manufactured in Schweinfurt (Germany), in Concord, California (U.S.), and in Changshu (China).

Fresenius Medical Care has a decentralized structure and is divided into the regions North America, Europe, Middle East and Africa (EMEA), Asia-Pacific and Latin America. Our operating segments correspond to this regional breakdown (the term "North America Segment" refers to our North America operating segment, the term "EMEA Segment" refers to the Europe, Middle East and Africa operating segment, the term "Asia-Pacific Segment" refers to our Asia-Pacific operating segment, and the term "Latin America Segment" refers to our Latin America operating segment).

As announced on November 2, 2021, we have entered the next phase of our program focusing on the transformation of our global operating model to strengthen profitability and enable execution on our strategy (FME25 Program). Since January 1, 2023, Fresenius Medical Care has been managing its business in the two global operating segments Care Enablement and Care Delivery, adopting a more centralized approach. In Care Enablement, the Company consolidates the previously decentralized health care products business. Within Care Delivery we combine our global health care services business. Our Global Medical Office continues to leverage the vertically integrated approach to optimize clinical outcomes for our patients. General and administrative functions are also globalized using a three pillars model of business partnering, centers of excellence and global shared services.

Fresenius Medical Care's company headquarters is in Bad Homburg v. d. Höhe, Germany. The headquarters in North America, our most important region in terms of revenue, is in Waltham, Massachusetts (U.S.).

CHART 2.1 ON PAGE 19 provides an overview of our most important production sites and headquarters.

Our products and services

Fresenius Medical Care provides dialysis and related services for individuals with renal diseases as well as other health care services. We also develop, manufacture and distribute a wide variety of health care products. Our health care products and health care services for the fiscal year 2022 are shown in CHART 2.2 ON PAGE 20.

Approximately 3.9 M (2021: 3.8 M) patients worldwide regularly underwent dialysis treatment at the end of 2022. Dialysis is a life-saving blood cleansing procedure that substitutes the function of the kidney in case of kidney failure. Healthy kidneys clean the blood of waste products, regulate water levels, and produce important hormones. If the kidneys are irreparably damaged and are therefore no longer able to function adequately over a longer period of time, this is known as chronic kidney failure or end-stage renal disease (ESRD). Many diseases can lead to chronic kidney failure, particularly diabetes, chronic nephritis or high blood pressure. There are currently two treatment options for ESRD: kidney transplant and dialysis.

Our health care products

The health care products we offer in around 150 countries around the world focus on the following therapies:

- Hemodialysis (HD) – HD is by far the most common type of therapy for chronic kidney failure. Fresenius Medical Care provides a wide range of HD products in dialysis centers as well as for use at home. They include machines, dialyzers, bloodline systems, HD solutions and concentrates, water treatment systems, as well as data processing and analysis systems.
- Peritoneal dialysis (PD) – In PD the peritoneum is used as a natural filter. We offer systems and solutions for continuous ambulatory peritoneal dialysis (CAPD) and automated peritoneal dialysis (APD) in dialysis centers as well as for use at home.

C 2.1 **MAJOR LOCATIONS**

North America

- **WALTHAM, U.S.**
  Regional headquarters North America
- **01 OGDEN, U.S.**
  Dialyzers, PD solutions
- **02 CONCORD, U.S.**
  Dialysis machines
- **03 OREGON, U.S.**
  Concentrates
- **04 MONTREAL, CA**
  Concentrates
- **05 IRVING, U.S.**
  Concentrates
- **06 ERIKA DE REYNOSA, MX**
  Bloodlines
- **07 GUADALAJARA, MX**
  Dialysis solutions
- **08 TIJUANA, MX**
  Cycler, concentrates

Latin America

- **RIO DE JANEIRO, BR**
  Regional headquarters Latin America
- **09 BOGOTÁ, CO**
  Dialysis solutions
- **10 JAGUARIÚNA, BR**
  Dialysis solutions
- **11 PILAR, AR**
  Concentrates

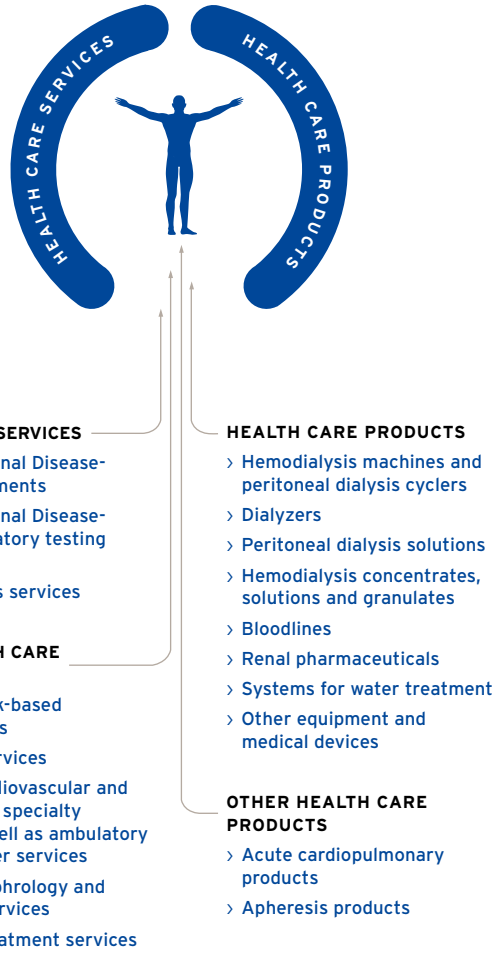
Europe

- **BAD HOMBURG, DE**
  Company headquarters and regional headquarters Europe, Middle East and Africa
- **12 SCHWEINFURT, DE**
  Dialysis machines
- **13 ST. WENDEL, DE**
  Dialyzers, PD solutions
- **14 L'ARBRESLE, FR**
  Dialyzers, concentrates
- **15 PALAZZO PIGNANO, IT**
  Bloodlines
- **16 KREMS, AT**
  Adsorbers
- **17 VRŠAC, RS**
  Dialyzers, bloodlines
- **18 ANTALYA, TR**
  Concentrates

Asia-Pacific

- **HONG KONG, CN**
  Regional headquarters Asia-Pacific
- **19 INUKAI, JP**
  Fibers
- **20 BUZEN, JP**
  Dialyzers, PD bags
- **21 CHANGSHU, CN**
  Dialysis machines, dialyzers, PD bags
- **22 ENSTEK, MY**
  Concentrates, PD bags
- **23 SMITHFIELD, AU**
  Concentrates
- **24 SCORESBY, AU**
  Dialysis chairs, packs

c 2.2 **OUR PRODUCTS AND SERVICES**



› Acute dialysis – In case of a sudden loss of renal function, continuous renal replacement therapy is used in intensive care units. Fresenius Medical Care also provides products for this.

We also offer other health care products including acute cardiopulmonary products and products for apheresis therapy, which involves the removal of excess blood fats or pathogenic antibodies.

Our health care services

Dialysis patients receive life-saving dialysis treatment and other associated services such as laboratory tests in our 4,116 (2021: 4,171) dialysis centers worldwide. Dialysis treatment at our clinics is usually performed three times a week over a period of several hours by trained medical staff. We also provide advice on medical support and training for home dialysis patients in our dialysis centers.

In 2022, we treated most of our patients (60%) (2021: 60%) in the North America Segment, followed by 19% (2021: 19%) in the EMEA Segment, 11% (2021: 11%) in the Latin America Segment and 10% (2021: 10%) in the Asia-Pacific Segment.

Fresenius Medical Care is able to operate its own dialysis clinics in countries where the health care system allows private-sector companies to provide medical services and an appropriate reimbursement system is in place.

In addition to our dialysis treatments, we also provide other health care services which include value and risk-based care programs, pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology and cardiology services and ambulant treatment services.

Our value and risk-based care programs allow for partnerships with payors and the government to reduce the overall cost of care while helping people with kidney disease. We support the entire spectrum of renal care, from chronic kidney disease (CKD) to ESRD, including kidney transplantation, supportive care, and all modalities of dialysis. With our industry expertise, we leverage artificial intelligence, analytics, technological capabilities, and platforms to support early interventions.

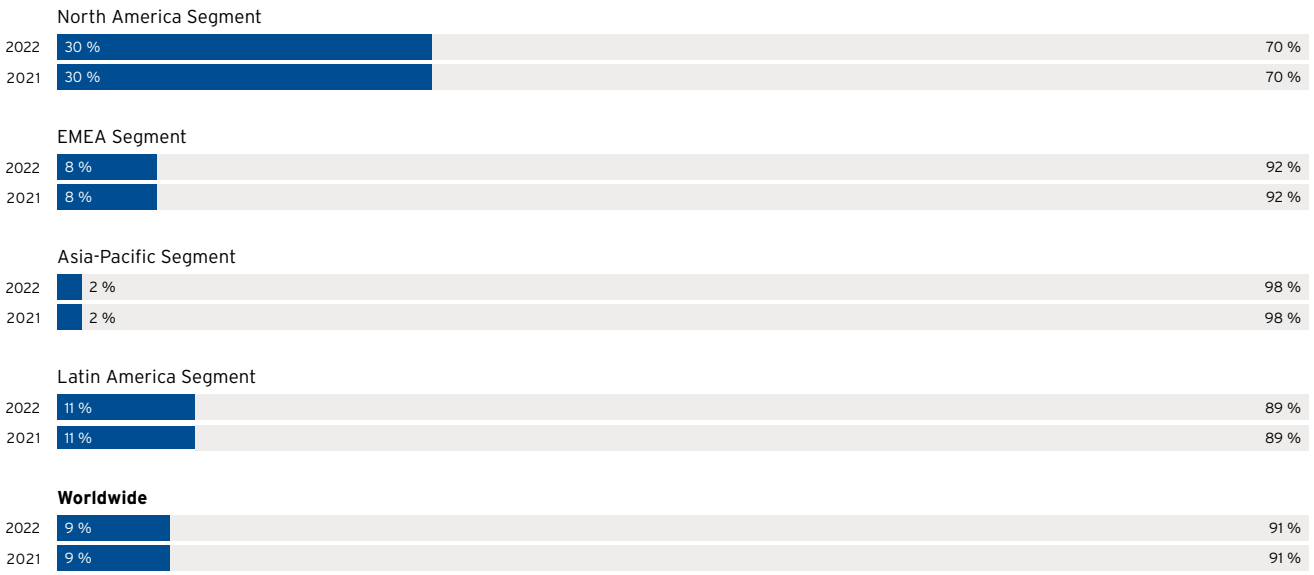
Major markets and competitive position

According to our estimates, the number of dialysis patients worldwide reached around 3.9 M in 2022 (2021: 3.8 M) – 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 people were treated in Fresenius Medical Care's network of dialysis centers (2021: 345,425). More information on the number of patients can be found in CHART 2.3 ON PAGE 21.

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 sales volume of around 390 M units in 2022 (2021: 377 M). Approximately 161 M (around 41%) of these were made by Fresenius Medical Care (2021: 158 M 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),

C 2.3 **PATIENTS TREATED**



Fresenius Medical Care Other providers
Source: Company data and estimates

approximately 42,000, or around 47% (2021: 48,000 or around 51%), 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.

The overall market for dialysis care services in the U.S. is consolidated. Across all market segments, we treat around 38% of all dialysis patients here (2021: 37%). In the U.S., home dialysis is becoming increasingly important. In 2022, about 15% (2021: 15%) of our U.S. dialysis treatments were performed at home. Outside the U.S., 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.

Global Manufacturing and Supply

Our production, distribution, and supply of renal and multi-organ therapy products is managed through a global network of manufacturing sites and distribution centers. In about 150 countries, patients and customers depend on the manufacturing and delivery of a full range of products used in renal treatments as well as heart and lung therapies.

As part of our FME25 Program, the integration of manufacturing and supply into our future segment Care Enablement was started during 2022. The objective of our production strategy is to manufacture high-quality products in the right place at the right time on the best possible terms. We are able to implement this strategy thanks to a network of large production sites, where we make products for sale worldwide, as well as smaller production sites that primarily supply products regionally.

At the end of 2022, 16,916 people (total headcount) were employed in manufacturing and supply (2021: 16,952).

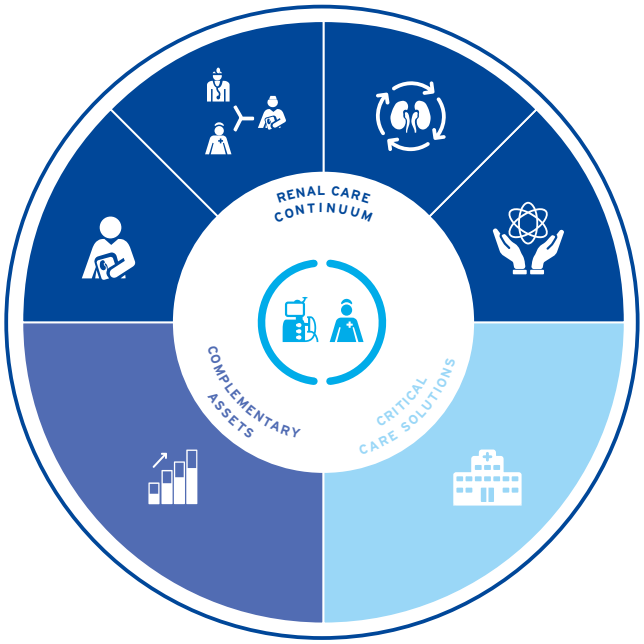
CORPORATE STRATEGY AND OBJECTIVES

"Creating a future worth living. For patients. Worldwide. Every day." This vision guides us in our efforts to give our patients around the world a better life by offering them high-quality products and outstanding health care.

At the same time, we expect to face a multitude of challenges in the coming years: an aging population, a rise in chronic diseases, fragmented care, staff shortages, cost pressure, digitalization and the COVID-19 pandemic, all of which require new approaches and solutions in health care.

Our products and health care services are at the core of our strategy. To implement it successfully, we will concentrate on three key areas: the renal care continuum, critical care solutions, and complementary assets.

C 2.4 **OUR FRESENIUS MEDICAL CARE STRATEGY**



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 (SEE CHART 2.4), we intend to take a further step to bring us closer to our goal of providing health care 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 payors 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 health care sector with the goal of gaining access to new and disruptive technologies and treatment concepts for our core business and complementary assets.

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 around 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 value added while saving costs, enabling us to build an even more solid foundation for our future growth to 2025 and beyond. For further information on the InterWell Health business combination, which supports our business activities, see section "Overall business development – Highlights" in the chapter "Economic Report" and NOTE 3 of the notes to the consolidated financial statements.

Integrating sustainability

For us, sustainability is about being successful in the long term and creating lasting value – economically, ecologically and socially. Our commitment to sustainability is incorporated in our vision and our mission. It is also reflected in our strategy. With our Global Sustainability Program, we have integrated the issue even more closely into our business activities from 2020 to 2022. In this context, we have introduced sustainability as a non-financial performance target for management compensation. Based on the results of the Global Sustainability Program, in 2022, we developed a new set of global sustainability targets for the coming years. The Supervisory Board also decided on new sustainability goals for Management Board compensation in 2023. They are linked to progress of the Company's sustain-

ability targets in the areas of patient satisfaction, employee satisfaction, and sustainable products and services.

For further information, see the separate Non-Financial Group Report and the Compensation Report within the chapter "Corporate Governance" of the Annual Report.

Globalizing our operating model

In 2021, Fresenius Medical Care launched its FME25 Program. Starting in 2022, the Company has been significantly streamlining its operating model to create two global segments – Care Delivery and Care Enablement (which were implemented on January 1, 2023). By doing so, the Company is structuring its operating model along its key value drivers. The new operating model continues Fresenius Medical Care's strategy to globalize and simplify its structure in the course of implementing its growth strategy. The objective is to better capture identified growth opportunities, leverage expertise to accelerate value creation, enhance capital allocation, further exploit the advantages of the Company's vertical integration, increase transparency both internally and externally, reduce the administrative burden in terms of cost and speed, and promote a culture of agility, innovation and accountability.

The new global operating model went live on January 1, 2023. With the new model, we will not only simplify our organization and significantly reduce overhead costs but rigorously optimize our portfolio in both operating segments. While we have made progress with the implementation of the operating model and the savings planned under the FME25 Program, we are working on measures that further support margin improvement.

For further information, see the section "Business Model" in the chapter "Overview of the Group", the section "FME25" in the chapter "Outlook" and NOTE 27 of the notes to the consolidated financial statements.

PERFORMANCE MANAGEMENT SYSTEM

The Management Board oversees our Company by setting strategic and operational targets and measuring various financial key performance indicators used for internal management determined in euro based upon IFRS and other measures, as described below.

The key performance indicators used for internal management are identical in the individual operating segments.

Each operating segment is evaluated based on target figures that reflect the revenue and expenses they control. The effects of certain transactions and income taxes are not included as we believe these items to be outside the operating segments' control. Financing is a corporate function, which the operating segments do not control. Therefore, we do not include interest expense relating to financing as an operating segment measurement. Similarly, we do not allocate certain costs which relate primarily to certain headquarters' overhead charges, including accounting and finance, certain legal and IT costs, global research and development, global manufacturing, quality and supply chain management and costs attributable to the Global Medical Office because we believe that these costs are also not within the control of the individual operating segments.

The following key performance indicators and certain other financial information as well as discussions and analyses set out in this report include measures that are not defined by IFRS (Non-IFRS Measure). We believe this information, along with comparable IFRS financial measurements, is useful to our investors as it provides a basis for assessing our performance, payment obligations related to performance-based compensation, our compliance with covenants and enhanced transparency as well as comparability of our results. Likewise, in this context, presenting our results excluding special items ensures comparability of the figures presented with the Company's financial targets which have been defined excluding special items. The primary key performance indicators are used in the internal management of the Company, including the preparation of the outlook, at Constant Currency excluding special items. In addition, we report secondary financial performance indicators to give the reader of this report a full picture of our results of operations, financial position and net assets. Non-IFRS financial measures should not be viewed or interpreted as a substitute for financial information presented in accordance with IFRS.

Performance indicators at Constant Exchange Rates or Constant Currency (Non-IFRS Measure)

Our presentation of some financial measures used in this report such as changes in revenue, operating income and net income attributable to shareholders of FMC AG & Co. KGaA (or net income) includes the impact of translating local currencies to our reporting currency for financial reporting purposes. We calculate and present these financial measures using both IFRS and at constant exchange rates in our publications to show changes in these metrics and other items without giving effect to period-to-period currency fluctuations. Under IFRS, amounts received in local (non-euro) currency are translated into euro at the average exchange rate for the period presented. Once we translate the local currency for the constant currency, we then calculate the change, as a percentage, of the current period calculated using the prior period exchange rates versus the prior period. This resulting percentage is a Non-IFRS Measure referring to a change as a percentage at constant currency. These currency-adjusted financial measures are identifiable by the designated terms "Constant Exchange Rates" or "Constant Currency".

The primary key performance indicators, with the exception of ROIC (defined below), are presented at Constant Currency excluding special items (defined below) for management purposes. ROIC and each of these indicators presented at Constant Currency are considered non-IFRS measures. For the purposes of management compensation, these metrics are also benchmarked at the underlying exchange rates used in the calculation of our incentive compensation targets.

We believe that the measures at Constant Currency are useful to investors, lenders and other creditors because such information enables them to gauge the impact of currency fluctuations on our revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items from period to period. In addition, under our long-term incentive plans, we measure the attainment of certain pre-determined financial targets for revenue growth and net income growth in Constant Currency. However, we limit our use of Constant Currency period-over-period changes to a measure for the impact of currency fluctuations on the translation of local currency into euro. We do not evaluate our results and performance without considering both:

1. period-over-period changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items prepared in accordance with IFRS and

2. Constant Currency changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items.

We caution the readers of this report not to consider these measures in isolation, but to review them in conjunction with changes in revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items prepared in accordance with IFRS. We present the growth rate derived from non-IFRS measures next to the growth rate derived from IFRS measures such as revenue, operating income, net income attributable to shareholders of FMC AG & Co. KGaA and other items. As the reconciliation is inherent in the disclosure included within section "Results of operations, financial position and net assets" below in the chapter "Economic Report", we believe that a separate reconciliation would not provide any additional benefit.

Performance indicators excluding special items

The primary key performance indicators are used in the management of the Company, including the preparation of the outlook, at Constant Currency excluding special items. Therefore, management believes that there are special items which should also be excluded from primary key performance indicators at Constant Currency in external reporting to enhance transparency and comparability (Special Items). Special Items are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. In the presentation of the expected development of our business in our outlook, Special Items are therefore excluded. Presenting our results excluding Special Items ensures comparability of the figures presented with the Company's financial targets which have been defined excluding Special Items.

In 2021, we identified the costs related to the FME25 Program and in 2022, we identified the costs related to the FME25 Program, the Hyperinflation in Turkiye, the Humacyte Investment Remeasurement and the Net Gain Related to InterWell Health in the North America Segment as well as the Impacts Related to the War in Ukraine (defined below) as Special Items which, when excluded from the results disclosed, may provide a reader with further useful information in assessing our performance against the financial targets. These results at Constant Currency excluding Special Items are presented as part of the comparison of the actual business results with the outlook and in our outlook, together with reconciliations of the performance indicators for our Consolidated financial statements prepared in accordance with IFRS to the performance indicators at Constant Currency excluding Special Items. These results at Constant Currency excluding Special Items should only be viewed as a supplement to our results disclosed in accordance with IFRS.

For further information see section "Overall business development – Comparison of actual business results with the outlook" in the chapter "Economic Report" and section "Key performance indicators development of Fresenius Medical Care in 2023" in the chapter "Outlook".

Financial performance indicators

Primary key performance indicators

Revenue and revenue growth

We use revenue and revenue growth as key performance indicators, as we believe that the key to continue growing our revenue is to attract new patients and increase the number of treatments performed each year. The number of treatments performed each year is therefore an indicator of both the absolute amount of revenue as well as continued revenue growth. For further information regarding revenue recognition and measurement, refer to NOTE 1 K of the notes to the consolidated financial statements.

Revenue and revenue growth are used at Constant Exchange Rates excluding Special Items for management purposes.

Operating income

Operating income is the most appropriate measure for evaluating the profitability of the operating segments and therefore is also a key performance indicator.

Operating income is used at Constant Exchange Rates excluding Special Items for management purposes.

Net income and net income growth

As net income represents the profitability of our business after all costs including operating costs, interest income and expense, taxes and the impacts of noncontrolling interests in our subsidiaries, this metric shows our profit for the period after taking into account all aspects of our business. On a consolidated level, we also use percentage growth in net income (net income attributable to shareholders of FMC AG & Co. KGaA).

Net income and net income growth are used at Constant Exchange Rates excluding Special Items for management purposes.

Return on invested capital (ROIC) (Non-IFRS Measure)

ROIC is the ratio of operating income after tax (net operating profit after tax or NOPAT) of the last 12 months to the average invested capital of the last five quarter closing dates, including adjustments for acquisitions and divestitures made during the year with a purchase price above a €50 M threshold, consistent with the respective adjustments made in the determination of adjusted EBITDA below (see "Net leverage ratio (Non-IFRS Measure)"). ROIC expresses how efficiently we allocate the capital under our control or how well we employ our capital with regard to investment projects.

TABLES 2.6 TO 2.11 STARTING ON PAGE 26 show the reconciliation of average invested capital to total assets, which we believe to be the most directly comparable IFRS financial measure, and how ROIC is calculated.

TABLE 2.5 provides an overview of our primary key performance indicators:

T 2.5 **PRIMARY KEY PERFORMANCE INDICATORS**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

	Results 2022		Results 2021
	As reported (in accordance with IFRS, except for ROIC)	At Constant Currency excl. Special Items, except for ROIC[2]	As reported (in accordance with IFRS, except for ROIC)
Revenue	19,398	17,985	17,619
Revenue growth in %	10	2	(1)
Operating income	1,512	1,673	1,852
Net income[1]	673	842	969
Net income growth in %[1]	(31)	(17)	(17)
ROIC in %	3.3	3.9	4.9

[1] Net income attributable to shareholders of FMC AG & Co. KGaA.
[2] Performance indicators used for management purposes, for further information on Constant Currency and Special Items, see above in this section.

The results at Constant Currency excluding Special Items should only be viewed as a supplement to our results disclosed in accordance with IFRS and are used for management purposes. Presenting our results at Constant Currency excluding Special Items also ensures comparability of the figures presented with the Company's financial targets which have been defined excluding Special Items.

For a reconciliation of the results prepared in accordance with IFRS to the results at Constant Currency excluding Special Items see section "Overall business development – Comparison of actual business results with the outlook" in the chapter "Economic Report".

Secondary financial performance indicators

Operating income margin

Operating income margin represents the ratio of operating income to revenue. We believe operating income margin shows the profitability of each of our operating segments and our company on a consolidated basis.

Basic earnings per share growth

Percentage growth in basic earnings per share at Constant Currency (Non-IFRS Measure) is a key performance indicator to evaluate our profitability. This indicator helps to manage our overall performance. Basic earnings per share is calculated by dividing net income attributable to shareholders by the weighted-average number of outstanding shares over the course of the year.

T 2.6 **RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, UNADJUSTED)**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2022	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Dec. 31, 2021
Total assets	35,754	38,406	36,070	34,724	34,367
Plus: Cumulative goodwill amortization and impairment loss	645	699	665	641	612
Minus: Cash and cash equivalents	(1,274)	(1,114)	(1,025)	(1,173)	(1,482)
Minus: Loans to related parties	(1)	(3)	(1)	(4)	(15)
Minus: Deferred tax assets	(313)	(328)	(310)	(299)	(315)
Minus: Accounts payable to unrelated parties	(813)	(828)	(837)	(790)	(736)
Minus: Accounts payable to related parties	(118)	(81)	(102)	(70)	(121)
Minus: Provisions and other current liabilities[1]	(3,008)	(3,488)	(3,222)	(3,188)	(3,319)
Minus: Income tax liabilities	(171)	(242)	(207)	(194)	(174)
Invested capital	**30,701**	**33,021**	**31,031**	**29,647**	**28,817**
Average invested capital as of December 31, 2022	**30,643**				
Operating income	1,512				
Income tax expense[2]	(487)				
NOPAT	1,025				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[2] Adjusted for noncontrolling partnership interests.

T 2.7 **ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2022	Dec. 31, 2022	Sept. 30, 2022[3]	June 30, 2022[3]	March 31, 2022[3]	Dec. 31, 2021[3]
Total assets	–	–	576	539	528
Minus: Cash and cash equivalents	–	–	(55)	(52)	(51)
Minus: Accounts payable to unrelated parties	–	–	(9)	(8)	(8)
Minus: Provisions and other current liabilities[1]	–	–	(4)	(4)	(3)
Invested capital	**–**	**–**	**508**	**475**	**466**
Adjustment to average invested capital as of December 31, 2022	**290**				
Adjustment to operating income[3]	(25)				
Adjustment to income tax expense[3]	8				
Adjustment to NOPAT	(17)				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[3] Including adjustments for acquisitions and divestitures made during the reporting period with a purchase price above a €50 M threshold.

T 2.8 RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE)
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2022	Dec. 31, 2022	Sept. 30, 2022[3]	June 30, 2022[3]	March 31, 2022[3]	Dec. 31, 2021[3]
Total assets	35,754	38,406	36,646	35,263	34,895
Plus: Cumulative goodwill amortization and impairment loss	645	699	665	641	612
Minus: Cash and cash equivalents	(1,274)	(1,114)	(1,080)	(1,225)	(1,533)
Minus: Loans to related parties	(1)	(3)	(1)	(4)	(15)
Minus: Deferred tax assets	(313)	(328)	(310)	(299)	(315)
Minus: Accounts payable to unrelated parties	(813)	(828)	(846)	(798)	(744)
Minus: Accounts payable to related parties	(118)	(81)	(102)	(70)	(121)
Minus: Provisions and other current liabilities[1]	(3,008)	(3,488)	(3,226)	(3,192)	(3,322)
Minus: Income tax liabilities	(171)	(242)	(207)	(194)	(174)
Invested capital	**30,701**	**33,021**	**31,539**	**30,122**	**29,283**
Average invested capital as of December 31, 2022	**30,933**				
Operating income[3]	1,487				
Income tax expense[2, 3]	(479)				
NOPAT	1,008				
ROIC in %	**3.3**				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[2] Adjusted for noncontrolling partnership interests.
[3] Including adjustments for acquisitions and divestitures made during the reporting period with a purchase price above a €50 M threshold.

T 2.9 RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE, UNADJUSTED)
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020
Total assets	34,367	33,831	32,987	33,159	31,689
Plus: Cumulative goodwill amortization and impairment loss	612	604	602	598	583
Minus: Cash and cash equivalents	(1,482)	(1,562)	(1,408)	(1,073)	(1,082)
Minus: Loans to related parties	(15)	(4)	(6)	(1)	(1)
Minus: Deferred tax assets	(315)	(374)	(359)	(333)	(351)
Minus: Accounts payable to unrelated parties	(736)	(706)	(685)	(635)	(732)
Minus: Accounts payable to related parties	(121)	(94)	(102)	(105)	(95)
Minus: Provisions and other current liabilities[1]	(3,319)	(3,516)	(3,528)	(3,436)	(3,180)
Minus: Income tax liabilities	(174)	(224)	(218)	(232)	(197)
Invested capital	**28,817**	**27,955**	**27,283**	**27,942**	**26,634**
Average invested capital as of December 31, 2021	**27,725**				
Operating income	1,852				
Income tax expense[2]	(490)				
NOPAT	1,362				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[2] Adjusted for noncontrolling partnership interests.

T 2.10 ADJUSTMENTS TO AVERAGE INVESTED CAPITAL AND ROIC
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021[3]	June 30, 2021[3]	March 31, 2021[3]	Dec. 31, 2020[3]
Total assets	–	115	186	189	291
Minus: Cash and cash equivalents	–	–	–	–	(3)
Minus: Provisions and other current liabilities[1]	–	–	–	–	(6)
Invested capital	**–**	**115**	**186**	**189**	**282**
Adjustment to average invested capital as of December 31, 2021	**154**				
Adjustment to operating income[3]	12				
Adjustment to income tax expense[3]	(3)				
Adjustment to NOPAT	9				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[3] Including adjustments for acquisitions and divestitures made during the reporting period with a purchase price above a €50 M threshold.

T 2.11 RECONCILIATION OF AVERAGE INVESTED CAPITAL AND ROIC (NON-IFRS MEASURE)
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

2021	Dec. 31, 2021	Sept. 30, 2021[3]	June 30, 2021[3]	March 31, 2021[3]	Dec. 31, 2020[3]
Total assets	34,367	33,946	33,173	33,348	31,980
Plus: Cumulative goodwill amortization and impairment loss	612	604	602	598	583
Minus: Cash and cash equivalents	(1,482)	(1,562)	(1,408)	(1,073)	(1,085)
Minus: Loans to related parties	(15)	(4)	(6)	(1)	(1)
Minus: Deferred tax assets	(315)	(374)	(359)	(333)	(351)
Minus: Accounts payable to unrelated parties	(736)	(706)	(685)	(635)	(732)
Minus: Accounts payable to related parties	(121)	(94)	(102)	(105)	(95)
Minus: Provisions and other current liabilities[1]	(3,319)	(3,516)	(3,528)	(3,436)	(3,186)
Minus: Income tax liabilities	(174)	(224)	(218)	(232)	(197)
Invested capital	**28,817**	**28,070**	**27,469**	**28,131**	**26,916**
Average invested capital as of December 31, 2021	**27,879**				
Operating income[3]	1,864				
Income tax expense[2, 3]	(493)				
NOPAT	1,371				
ROIC in %	**4.9**				

[1] Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.
[2] Adjusted for noncontrolling partnership interests.
[3] Including adjustments for acquisitions and divestitures made during the reporting period with a purchase price above a €50 M threshold.

Net cash provided by (used in) operating activities in % of revenue

Our consolidated statement of cash flows indicates how we generated and used cash and cash equivalents. In conjunction with our other primary financial statements, it provides information that helps us evaluate changes to our net assets and our financial structure (including liquidity and solvency). Net cash provided by (used in) operating activities is applied to assess whether a business can internally generate the cash required to make the necessary replacement and expansion of investments. This indicator is impacted by the profitability of our business and the development of working capital, mainly receivables. Net cash provided by (used in) operating activities in percent of revenue shows the percentage of our revenue that is available in terms of financial resources. This measure is an indicator of our operating financial strength.

Free cash flow in % of revenue (Non-IFRS Measure)

Free cash flow (which we define as net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments) refers to the cash flow we have at our disposal, including cash flows that may be restricted for other uses. This indicator shows the percentage of revenue available for acquisitions and investments, dividends to shareholders, reducing debt financing or for repurchasing shares.

For a reconciliation of cash flow performance indicators for 2022 and 2021 which reconciles free cash flow and free cash flow in percent of revenue to Net cash provided by (used in) operating activities and Net cash provided by (used in) operating activities in percent of revenue, see section "Results of operations, financial position and net assets – Financial position – Sources of Liquidity" in the chapter "Economic Report".

Capital expenditures, acquisitions and investments

We manage our investments using a detailed coordination and evaluation process. The Management Board sets our complete investment budget as well as the investment targets. Before realizing specific investment projects or acquisitions, our internal Acquisition & Investment Committee examines the individual projects and measures considering the expected return on investment and potential yield. Investment projects are evaluated using common methods such as net present value, internal interest rate methods and payback periods. We utilize this evaluation methodology to ensure that we only make and implement investments and acquisitions that increase shareholder value. Capital expenditures for property, plant and equipment and capitalized development costs is an indicator used for internal management. It influences the capital invested for replacement and expansion.

Net leverage ratio (Non-IFRS Measure)

The net leverage ratio is a performance indicator used for capital management. To determine the net leverage ratio, debt and lease liabilities less cash and cash equivalents (net debt) is compared to adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted for:

- the effects of acquisitions and divestitures made during the year with a purchase price above a €50 M threshold as defined in our Syndicated Credit Facility (SEE NOTE 14 of the notes to the consolidated financial statements),
- non-cash charges,
- impairment loss, and
- Special Items, including:
  - costs related to our FME25 Program,
  - the impact from applying hyperinflationary accounting under IAS 29, Financial Reporting in Hyperinflationary Economies (IAS 29), in Turkiye (Hyperinflation in Turkiye),
  - the impact from the remeasurement of our investment in Humacyte, Inc. (Humacyte Investment Remeasurement),
  - the net gain related to the InterWell Health business combination, including the remeasurement gain of our investment, prior to the transaction, in InterWell Health LLC, the impairment of certain long-lived assets belonging to Acumen Physician Solutions, LLC which was transferred to InterWell Health as part of the transaction and certain transaction-related costs (Net Gain Related to InterWell Health) (for further information regarding the InterWell Health business combination, see "Overall business development – Highlights" in chapter "Economic report" and NOTE 3 of the notes to the consolidated financial statements), and
  - bad debt expense in Russia and Ukraine and the impairment of a production plant and associated machines resulting from economic sanctions imposed on Russia, which negatively impacted our supply chain to the country, as a result of the Ukraine War (Impacts Related to the War in Ukraine). Although to date the Ukraine War has had minimal impact on our impairment testing of goodwill in the EMEA Segment, as we continue to treat patients and provide health care products to our clinics in those countries, receive reimbursements and generate cash flows, it has had an impact on the valuation of certain assets and receivables as a result of the ongoing hostilities.

The ratio is an indicator of the length of time the Company needs to service the net debt out of its own resources. We believe that the net leverage ratio provides alternative information that management believes to be useful in assessing our ability to meet our payment obligations in addition to considering the absolute amount of our debt. We have a strong market position in a growing, global and mainly non-cyclical market. Furthermore, most of our customers have a high credit rating as the dialysis industry is characterized by stable and sustained

cash flows. We believe this enables us to work with a reasonable proportion of debt.

For our self-set target range and a reconciliation of the net leverage ratio as of December 31, 2022 and 2021, see section "Results of operations, financial position and net assets – Financial position – Financing strategy" in the chapter "Economic Report".

Changes to the internal management system

In 2023, the internal management system will be updated due to the way in which the Management Board will manage and represent the Company, in line with the FME25 Program, in the future.

Based on these changes, net income, net income growth and ROIC will no longer be used as primary key performance indicators for internal management from January 1, 2023. Net income, net income growth and ROIC will continue to be included as secondary financial performance indicators.

Primary key performance indicators for internal management from 2023 onwards are as follows:

› revenue,
› revenue growth, and
› operating income.

RESEARCH AND DEVELOPMENT

Developing innovative products and continuously improving our therapies are intrinsic elements of our strategy. Our worldwide research and development (R&D) activities, which will be managed in the new Care Enablement segment (CE) starting in 2023 (in 2022 by Global Research and Development division (GRD)), allow us to develop products and therapies efficiently and to systematically promote the exchange of knowledge and technology between regions.

Global research and development strategy

Health care systems face major financial challenges. We therefore aim to direct our research and development activities toward developing innovative products and therapies that not only meet high quality standards and improve clinical outcomes, but are also affordable. As an operator of proprietary dialysis clinics and a provider of products for treating patients at home, we believe that these aims are entirely compatible. In addition, we are in a strong position to provide life-saving therapies and treatments to patients suffering from acute kidney failure due to COVID-19.

Our research and development strategy contributes to our corporate strategy, which aims to provide health care for chronically and critically ill patients across the renal care continuum, in critical settings and by acquiring and developing complementary assets. Furthermore, our research and development strategy is globally orientated, enabling us to respond even better to the worldwide rise in demand for high-quality yet cost-efficient treatment and therapy methods. In doing so, we also take regional market conditions into account and offer a differentiated product range across all three key areas of our corporate strategy (see section "Corporate strategy and objectives").

In the future, we intend to deliver innovative, competitive products even more efficiently. As part of our organizational realignment, we have therefore started to consolidate our previously decentralized health care products business, including research and development, in the Care Enablement segment beginning on January 1, 2023. The products business will be organized along the three treatment modalities that we serve: In-center, Home and Critical Care.

Alongside our research and development activities, we collaborate with external partners with the aim of expanding our comprehensive innovation and technology network. These partners include numerous academic institutions, such as research institutes at prestigious universities in the U.S. Another partner is the Renal Research Institute in New York. This subsidiary of Fresenius Medical Care North America is a renowned institution in the field of clinical research into all aspects of chronic kidney failure. Together, we are working on fundamental issues relating to renal therapies. In addition, Fresenius Medical Care Ventures collaborates with start-ups and early-stage companies with the objective of promoting an open culture of innovation and enabling access to the latest technologies.

Innovations in 2022

Our aim is to continuously improve our patients' quality of life and the outcomes of their treatment as well as to ensure our growth in the medium to long term. To this end, we are working on new products that are close to market launch, and have an extensive portfolio of innovation projects. These focus on technologies in our core business as well as related areas of strategic interest.

Home dialysis

For many people with chronic kidney failure, peritoneal dialysis is the preferred treatment modality and the gentlest option during the first years of renal replacement therapy. Our aim for this form of treatment is to make the therapy systems more accessible, more intelligent, and more connected.

One example of this is the digital therapy platform Kinexus that will support every APD cycler in our portfolio in the future,

which gives physicians and nursing staff constant online access to treatment data and enables them to program individual prescriptions remotely. This further improves treatment outcomes and boosts the productivity of on-duty nursing staff. The Kinexus platform is already available with the Liberty® Select cycler, a peritoneal dialysis machine already in use in the U.S. market, which received FDA clearance in November 2022 for remote therapy programming. This digital innovation is intended to reduce the number of hospitalizations, cases of technical failure and discontinuations of treatment. It also extends the average amount of time spent in peritoneal dialysis, which is generally beneficial for patients. Ultimately, Kinexus will serve as enabling technology for future innovations.

SILENCIA, a new APD cycler utilizing an extremely simple, ultra-quiet and highly reliable gravity-based mechanism for fluid control, allows high quality automated peritoneal dialysis to be carried out at very low costs. Positive results in terms of stability and functionality of the system have already been attained for treatments in South America. Roll-out in Asia, the Middle East and North Africa is already planned.

With the NxStage VersiHD touchscreen cycler and the NxStage System One, we continue to lead the global market in home hemodialysis products. We launched additional innovations for this application area with the latest release of the Nx2me Connected Health platform incorporating in-app videoconference with virtual sessions, and the NxSTEPS HHD digital training platform.

In fiscal year 2022, we launched the "China CAPD" app (CAPD = continuous ambulatory peritoneal dialysis) in the Chinese market. The app is designed to help peritoneal dialysis patients enter therapy data and vital signs, order consumables and track order progress and delivery themselves. The China CAPD app enables medical professionals to gain an improved overview of therapy outcomes, document home visits and provide targeted training content for their patients.

In-center dialysis

Our research and development activities within in-center dialysis reflect Fresenius Medical Care's corporate strategy. We are focused on developing products that are sustainable and meet the requirements of an increasingly digitalized world with a growing population of patients suffering from chronic kidney failure. To enable these patients to use the range of treatments they need, we rely on a differentiated product range.

As part of these strategic considerations, we are also investing in providing dialysis systems suitable for the Chinese market in order to meet the local requirements and benefit from increased growth potential. The 4008A hemodialysis system is a dialysis machine developed specifically for use in growth markets and is manufactured at our Chinese plant in Changshu. For these markets in particular, the digitalization of data exchange is of great importance. For this reason we continued to work intensively on developing digitally connected 4008A dialysis machines and making them available in 2022. This work was particularly focused on data exchange via quick response (QR) codes and tablet computers as well as connection to cloud-based applications.

The U.S. Food and Drug Administration (FDA) has approved the 2008-series hemodialysis machines with silicon tubing which includes platinum catalysts. The platinum catalyst tubing eliminates detectable non-dioxin-like (NDL) polychlorinated biphenyl acids (PCBAs) in machines in this series and thus addresses the concerns raised by the FDA in May 2022.

Other focal points in the development of software for use within in-center dialysis were the connection of patients, physicians and nursing staff, the individualization of patient treatment and the automation of processes in clinics.

Along with digitalization of our range of services, another top priority of our work in 2022 was to make our products and the associated therapy processes more sustainable overall and gentler for patients. Our FX CorAL dialyzer, which has been used successfully in a growing number of markets worldwide since 2021, is aimed at achieving a further reduction in the side effects of dialysis treatment and thus improving therapy for our patients. In developing the FX CorAL, the focus was on enhancing performance while improving patient compatibility, both important factors in patient-centered dialysis. The FX CorAL dialyzer is based on the innovative Helixone® hydro membrane, which forms a hydrolayer on the inner membrane surface.

Critical care

Continuous kidney replacement therapy (CKRT), in which the blood is purified by means of special solutions and filters, is a proven and effective treatment option for patients with acute kidney damage. The natural functions of the kidney are imitated and continuous monitoring of body fluid balance is enabled.

Along with a wide range of therapies for effective treatment of acute kidney failure, multiFiltratePRO, a highly innovative platform for CKRT, provides the function of therapeutic plasma exchange, the combination with sorbents to combat specific pathogens and the use of blood-gas exchangers for extracorporeal carbon dioxide removal to prevent acute lung failure. The launch of multiFiltratePRO software version 6 in July 2022, enables CKRT in infants and babies. Consequently, top-quality critical-care therapy with multiFiltratePRO is available to a new target group with major treatment potential. The therapy system has become more widespread during 2022 and is now available for global use in 28 languages.

Another leading CKRT platform, the NxStage System One, is available in the U.S. Its "speed swap" function, launched in 2022, enables filter replacement during therapy without changing the treatment set. This new option makes the therapy system more attractive for day-to-day use by the clinic staff.

The icor technology has been enhanced for our extracorporeal membrane oxygenation (ECMO) systems, in particular for Xenios, and has been granted limited market approval. icor is a pulsatile ECMO therapy, in which blood flow is not constant, but triggered via electrocardiogram, based on the imitated heartbeat of the patient. This procedure is designed to ease the pressure on the left ventricle and enable treatment that is much gentler on the human body.

Digitalization in health care

Digitalization of processes in health care is mainly focused on connecting patients, physicians and nursing staff and improving nursing documentation at the point of care. The aim is to achieve better treatment results and significant reductions in treatment costs for our patients as well as an improvement in our own cost base.

Connected patient care will make it possible to coordinate treatments individually and detect warning signs as well as causes of kidney disease at an early stage. To this end, using the world's largest database for clinical data in the field of advanced kidney disease, we are developing modules based on artificial intelligence and machine learning in order to assist physicians and nursing staff with their duties.

Additionally, Frenova Renal Research, our clinical research arm, has started signing up patients in the U.S. who are willing to provide their genetic data for scientific purposes so that researchers can better understand kidney disease and develop innovative therapies.

Since 2021, patients have been benefiting from a virtual reality (VR) tool, stay•safe MyTraining VR, to support their patient training in preparation for continuous ambulatory peritoneal dialysis (CAPD). With stay•safe MyTraining VR, patients can perform virtual dialysis treatment to learn about key aspects of the dialysis process. This innovative training approach earned stay•safe MyTraining VR a nomination for the final round of the 2022 VR Award in the "VR Healthcare of the Year" category. The VR training tool is already available in Germany, France and the Netherlands, with other countries around the world set to follow in 2023.

Research in the field of regenerative medicine

We have further expanded our collaboration with the U.S. pharmaceutical company Humacyte, Inc. (Humacyte), a developer and manufacturer of universally implantable biotechnologically produced human tissue. The Humacyte Human Acellular Vessel (HAV) is a regenerative vascular system used for various vascular applications, including vascular trauma repair, arteriovenous access for hemodialysis, and peripheral arterial disease. Our investment in Humacyte is currently centered on the most advanced clinical program, with market launch having occurred in under two years.

Having received approval for "humanitarian purposes" from the Ukrainian authorities, Humacyte has successfully started to deliver its universally implantable HAVs for vascular repair and vascular grafts to a growing number of Ukrainian hospitals. Humacyte's technology provides an urgently required process of treating traumatic blood vessel injuries in a war zone, thus saving lives.

Research and development resources

In fiscal year 2022, Fresenius Medical Care spent a total of around €229 M on research and development (2021: €221 M), corresponding to around 6% (2021: 6%) of our health care product revenue. At the end of 2022, our patent portfolio comprised some 10,086 property rights in approximately 1,599 patent families, i.e. groups of patents linked to the same invention. Our research and development work in fiscal year 2022 produced around 53 additional patent families. Our broad portfolio of patents shall provide us with a wide range of treatment options in this highly competitive field in the future.

At December 31, 2022, 1,235 employees (total headcount) worked for Fresenius Medical Care in research and development worldwide (December 31, 2021: 1,236). They come from various backgrounds: Employees with medical, business and technical qualifications work alongside software specialists in interdisciplinary teams. More than 780 employees – the majority of our research and development staff – are based in Europe. Most research and development activities are carried out at our facilities in Schweinfurt and Bad Homburg v. d. Höhe (Germany). Other development sites are in St. Wendel (Germany), Bucharest (Romania), Palazzo Pignano (Italy) and Krems (Austria). In the U.S., the Company maintains centers of excellence for the development of devices in Concord, California, and for dialyzers and other disposable products in Ogden, Utah. Development activities in Shanghai and Changshu (China) are focused on the growing demand for cost-effective dialysis systems in Asia and emerging markets. The Global Research and Development organization coordinates collaboration and technology exchange among the various sites. Carrying out research and development responsibly is an intrinsic element of our innovative culture. More information is shown in TABLE 2.12 ON PAGE 33.

T 2.12 **RESEARCH AND DEVELOPMENT**

	2022	2021	2020
Research and development expenditures in € M	229	221	194
Number of patents[1]	10,086	10,048	11,223
Employees[1, 2]	1,235	1,236	1,262

[1] As of December 31, for the respective period presented.
[2] Total headcount.

EMPLOYEES

Fresenius Medical Care owes its business success to the commitment of its employees. At a functional level, our human resources management is organized globally to ensure a uniform strategic approach in line with the overarching corporate objectives.

At December 31, 2022, Fresenius Medical Care employed a total of 128,044 members of staff (total headcount) in 71 countries worldwide. Our workforce therefore decreased by 2% year-on-year, or by 2,207 employees in absolute terms. For further information on the movement in employees see section "Results of operations, financial position and net assets" in the chapter "Economic Report".

TABLE 2.13 shows the breakdown of employees by operating segment as well as by products and services.

Staff costs at Fresenius Medical Care increased to €7,939 M in 2022 (2021: €6,962 M), corresponding to 41% (2021: 40%) of revenue. Average staff costs per employee (annual average based on total headcount) amounted to €61,194 (2021: €53,020).

More information about our employees can be found in the Non-Financial Group Report. For more information on diversity, see the chapter "Corporate Governance" in the Annual Report.

T 2.13 **EMPLOYEES BY OPERATING SEGMENT**
TOTAL HEADCOUNT

	December 31, 2022	December 31, 2021	Change	Share in %
NORTH AMERICA SEGMENT	**61,973**	**62,536**	**(563)**	**48**
Health care services	57,504	57,574		
Health care products	4,469	4,962		
EMEA SEGMENT	**21,537**	**22,222**	**(685)**	**17**
Health care services	17,855	18,499		
Health care products	3,682	3,723		
ASIA-PACIFIC SEGMENT	**14,043**	**13,850**	**193**	**11**
Health care services	11,678	11,492		
Health care products	2,365	2,358		
LATIN AMERICA SEGMENT	**10,951**	**12,210**	**(1,259)**	**9**
Health care services	9,758	10,920		
Health care products	1,193	1,290		
Corporate[1]	19,540	19,433	107	15
TOTAL COMPANY	**128,044**	**130,251**	**(2,207)**	**100**

[1] Including the divisions Global Manufacturing, Quality and Supply, Global Research and Development as well as Global Medical Office.

QUALITY MANAGEMENT

At Fresenius Medical Care, we have a clear focus: we want to offer high-quality and reliable products and therapies to ensure the best possible medical care for our patients and customers. We operate production facilities worldwide to meet the demand for our dialysis products and other health care products.

Quality management at our production sites

Over the last several years, Global Manufacturing, Quality and Supply (GMQS) has introduced a stable infrastructure with efficient processes and systems. All production sites follow the Lean Manufacturing approach which, in our North America Segment and nine of twelve plants in our EMEA Segment, includes the "Lean Six Sigma" management system. The focus of Lean Manufacturing and Six Sigma is on the continuous improvement of manufacturing processes to achieve a low

defect rate resulting in improved product quality, while reducing manufacturing times. We have successfully harmonized all local Quality Management Systems (QMS) in all manufacturing and development sites of our EMEA Segment, Latin America Segment and Asia-Pacific Segment under one Consolidated QMS (CQMS). Every medical device plant within these segments has a local QMS directed by CQMS that is certified either to ISO 13485:2016 and/or ISO 9001:2015 under Medical Device Single Audit Program (MDSAP). The QMS of each site is reviewed through periodic corporate and local management review and internal audits.

Quality management in our dialysis clinics

Our clinics work in conformance with the generally accepted quality standards of the industry, particularly the U.S. Kidney Disease Outcomes Quality Initiative (KDOQI) guidelines, the European Renal Best Practice standard, and increasingly the Kidney Disease: Improving Global Outcomes (KDIGO), an industry initiative for global clinical practice guidelines. Clinical data management systems are used to routinely collect certain medical parameters, which we evaluate in anonymized form in compliance with these guidelines.

More information about our quality management including our quality data can be found in the separate Non-Financial Group Report.

Quality-based reimbursement systems

We participate in quality-based reimbursement models, which we describe in the section "Macroeconomic and sector-specific environment – Sector-specific environment – Health care and reimbursement systems vary from country to country" in the chapter "Economic Report".

SUSTAINABILITY MANAGEMENT

Operating on a global scale means having global responsibility. Fresenius Medical Care is aware of this responsibility.

Over the past years, we have continuously stepped up our sustainability activities. We have established a Global Sustainability Program to further drive the integration of sustainability into our business.

Acting in a responsible and sustainable manner is a fundamental component of our strategy; it is the basis for our future as a globally operating company in the health care industry.

Further information can be found in the separate Non-Financial Group Report starting on PAGE 82.

ECONOMIC REPORT

The dialysis market is a sustainable growth market with steadily rising demand for products and services to treat patients with chronic kidney disease.

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Macroeconomic environment

Dependency on economic cycles and other macroeconomic factors

Our business is exposed to economic cycles only to a relatively small extent. This sets us apart from manufacturers of consumer goods, for instance, whose products are subject to more cyclical demand.

Our business is impacted more by government remuneration systems and reimbursement rates. Dialysis is a vital medical service, which is why it is usually paid for by the responsible health care system.

Overall, the rapid global spread of the COVID-19 pandemic resulted in a material deterioration of the conditions for the global economy and greatly reduced economic growth. The conditions also changed for our business in.

In addition, the war in Ukraine and the inflationary environment, among other factors, are leading to a currently highly uncertain macroeconomic environment that is strongly impacting our business development by driving wage and general cost inflation in all reporting segments. Besides, we continue to face an unprecedented labor market situation in the U.S., resulting in staff shortages, high turnover rates and meaningfully higher costs. The impacts of our focused efforts to improve North American Health Care Services operations are delayed against the Company's previous assumptions. The challenging macroeconomic inflationary environment persists, resulting in higher logistics costs as well as raw material and energy prices.

For further information see section "Overall business development – Highlights" in this chapter.

Exchange rate developments

As Fresenius Medical Care has a worldwide presence, the results of its operations are significantly impacted by exchange rate developments. Movements in the U.S. dollar and the euro are especially crucial as we generate a major part of our revenues in the U.S.. The global exchange rate development in fiscal year 2022 was characterized by a strong deterioration of the euro against the U.S. dollar. On average over the course of the year, the euro traded weaker against the U.S. dollar compared to fiscal year 2021.

In addition, Fresenius Medical Care's operating results are influenced by changes in the exchange rate between the euro and other local currencies. This is partly due to intra-Group sales from large production sites in the euro zone to Group companies with different functional currencies, but also because the euro is the currency we use for financial reporting. Regarding intra-Group sales, individual subsidiaries are exposed to fluctuations in the exchange rate between the invoicing currencies and the currencies in which they conduct their local operations. Fresenius Medical Care reduces transaction risks, i.e. risks from foreign currency exposures or exchange rate fluctuations, through a global network of production facilities, which is geared toward demand in the Company's dialysis product business, as well as through foreign exchange derivatives. As the production facilities are often based in the markets they serve, costs are incurred in the same currency in which revenue is generated. The risk of exchange rate fluctuations is relatively low for health care services because they are provided locally and are therefore invoiced in the respective currency.

Sector-specific environment

Chronic kidney failure (end-stage kidney disease, ESKD) is a global disease. The number of patients requiring renal replacement therapy is increasing worldwide: At the end of 2022, approximately 4.8 M patients (2021: 4.7 M) underwent dialysis treatment or received a donor organ.

Further information can be found in TABLE 2.14 ON PAGE 36.

For many years now, the number of donated organs worldwide has been significantly lower than the number of patients on transplant waiting lists. Despite extensive efforts by regional initiatives to increase awareness of kidney donation and the willingness to donate, the share of patients worldwide receiving kidney transplantation compared with other treatment methods has remained relatively unchanged over the past ten years.

The prevalence of chronic kidney failure varies between regions. There are several reasons for this:

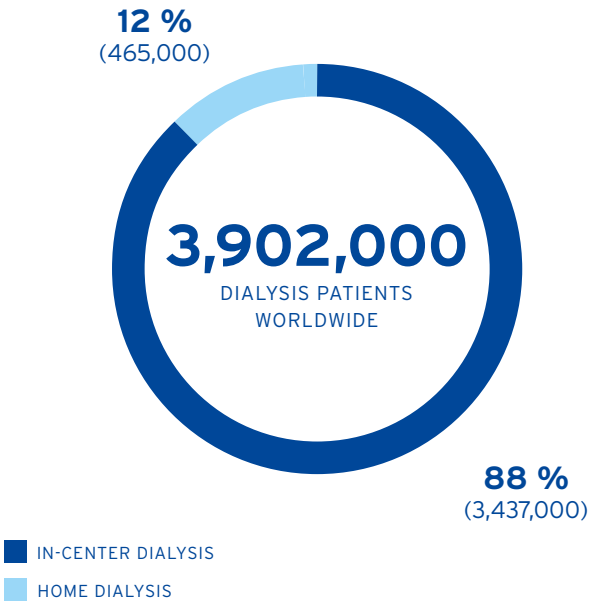
- The countries differ demographically, as age structures in the population vary worldwide.
- The prevalence of risk factors for kidney disease, such as diabetes and high blood pressure, varies widely.
- The genetic predisposition for kidney disease also differs significantly around the world.
- Access to dialysis remains restricted in many countries, meaning that many patients suffering from chronic kidney failure are not treated and therefore do not appear in prevalence statistics.
- Cultural factors, such as nutrition, play a role.

T 2.14 **PATIENTS WITH CHRONIC KIDNEY FAILURE (ESKD)**

	2022	Share in %	2021	Share in %
Patients with chronic kidney failure	**4,824,000**	**100**	**4,681,000**	**100**
of which patients with transplants	922,000	19	908,000	19
Of which dialysis patients	**3,902,000**	**81**	**3,773,000**	**81**
In-center hemodialysis	3,437,000	71	3,320,000	71
Peritoneal dialysis	439,000	9	428,000	9
Home hemodialysis	26,000	1	25,000	1

Source: Company information and estimates.

C 2.15 **IN-CENTER VS. HOME DIALYSIS**



The number of dialysis patients rose worldwide by around 3% in 2022 (2021: 2%).

Comparison of dialysis treatment methods

In 2022, most dialysis patients were treated in one of more than 49,000 dialysis centers worldwide (2021: 48,000), with an average of approximately 80 patients per center (2021: 80). However, this figure varies considerably from country to country.

Hemodialysis is by far the most common form of therapy for chronic kidney failure. A total of 88% of dialysis patients were treated in this way at a dialysis center in 2022 (2021: 88%). Home hemodialysis is an alternative to treatment at a dialysis center. A total of 1% of all patients are currently treated in this way (2021: 1%). In the year under review, 11% of all dialysis patients were treated with peritoneal dialysis, usually at home (2021: 11%). As a result, 12% of the dialysis patients were treated with home dialysis (2021: 12%). In 2022, about 15% (2021: 15%) of all dialysis patients in the U.S. were treated with home dialysis.

CHART 2.15 shows a comparison of in-center and home dialysis.

For Acute Renal Failure (ARF), the predominant treatment method is continuous renal replacement therapy (CRRT). Over 50% or 1,000,000 acute patients were treated with this method in 2022 (2021: 50% or 1,100,000). It is expected, that by 2030 the number of patients requiring continuous renal replacement therapy to treat acute renal failure will increase in the next decade to more than 1,5 million per year. In this field, Fresenius Medical Care is well positioned with a market share of approximately 32% (2021: 32%).

Volume of the dialysis market

According to our estimates, the volume of the global dialysis market decreased to around €82 BN in 2022 (2021: €81 BN). We expect the following approximate breakdown for this market volume: around €15 BN (2021: €15 BN) for dialysis products and approximately €67 BN (2021: €66 BN) for dialysis services (including dialysis drugs).

Other health care services

Chronic conditions such as diabetes and cardiovascular diseases are becoming increasingly common and are responsible for approximately two out of three deaths worldwide. In many countries, a large proportion of health care spending goes toward treating chronic diseases. To counteract the resultant increase in cost pressure, more and more health care systems, such as that in our largest market, the U.S., are starting to promote coordinated, holistic care rather than reimbursing individual services.

Due to the large number of different services offered in the area of Other Health Care Services, we cannot provide a meaningful estimate of the market volume. We currently offer medical services in Other Health Care Services primarily in the North America and Asia-Pacific Segments and have adapted our services in this area to these markets. The extent to which

we roll out our Other Health Care Services outside the U.S. may vary in individual countries and regions depending on the respective reimbursement system and market environment.

Our customers are mostly health insurers and companies

Fresenius Medical Care's most important customers are state-owned or public health insurers, private health insurers, and companies.

Health care and reimbursement systems vary from country to country

As renal replacement therapy is a life-saving medical service, patients often do not have to pay for dialysis themselves. Instead, the costs are borne by the responsible health care system. The reimbursement systems for dialysis treatment – in other words, the structures used by health care systems to regulate reimbursement for dialysis services – differ from country to country and sometimes even within countries. The business activities of dialysis service providers and the reimbursement of dialysis therapy are affected by various factors including regional conditions, the treatment method, regulatory issues, and the type of provider (public or private).

We can only influence the reimbursement of our services to a limited extent. The environment for reimbursement and the conditions for prescribing ancillary services significantly influence our business.

The reimbursement system in the U.S.

In the U.S., our biggest market, many of our patients are insured by the governmental health authority, the so-called Centers for Medicare and Medicaid (CMS). CMS determines the reimbursement rates for its beneficiaries (Medicare patients). In fiscal year 2022, around 26% (2021: 27%) of our total revenue was attributable to reimbursements by CMS.

On October 31, 2022, CMS issued a final rule for the reimbursement rate for chronic kidney failure treatments for calendar year (CY) 2023. It sets this rate annually as part of its prospective payment system (PPS), known as the ESRD PPS rate. The final base rate per treatment for CY 2023 is $265.57, up 3.0% on the CY 2022 base rate of $257.90. This increase is based on a market basket increase of 3.1%, partially offset by a multifactor productivity adjustment of 0.1% that is mandated by the Affordable Care Act (ACA). As of 2023, CMS is raising the wage index floor from 0.5 to 0.6 as well as establishing a permanent policy to apply a 5% cap on decreases in the ESRD PPS wage indexing. CMS is also updating its calculation model to account for historical trends in spending as well as to better reflect the introduction of new and innovative products under the transitional add-on payment adjustment for new and innovative equipment and supplies (TPNIES) and ESRD PPS transitional drug add-on payment adjustment (TDAPA) policies. CMS estimates that, on average, large dialysis organizations will receive a 3.0% increase in payments in CY 2023 compared to CY 2022 under this final rule. The Acute Kidney Injury payment rate for CY 2023 is equal to the CY 2023 ESRD PPS base rate.

Any significant reduction in Medicare reimbursement rates could have a material adverse effect on our health care services business. As demand for dialysis products is affected by Medicare reimbursement rates, this could have consequences for the development of our product business. To the extent that inflation, for example in the form of higher costs for personnel and disposables, is not fully compensated by an increase in reimbursement rates, our business and results of operations may also be adversely affected.

In Marietta Memorial Hospital Employee Health Benefit Plan vs. DaVita Inc., the Supreme Court ruled against DaVita, Inc. in favor of a self-funded employer-sponsored health plan that provided only out-of-network dialysis reimbursements to individuals with ESKD. While the Medicare Secondary Payer statute has long been interpreted as requiring private plans to provide for a 30-month coordination period for individuals diagnosed with ESKD (with Medicare serving as the secondary payer), the decision creates the potential that other plans may follow suit in limiting the dialysis benefits offered. While we do not expect this to significantly impact our business in 2023, but in the absence of legislative action, the ruling could have implications in 2024 and beyond. In July and August 2022, the Restore Protections for Dialysis Patients Act was introduced in both the House and Senate. If passed, it would restore the Medicare Secondary Payer Act's original intent requiring the 30-month coordination period be available to individuals diagnosed with ESKD.

More information can be found in the section "Results of operations, financial position and net assets" and in the chapter "Report on risks and opportunities".

In the U.S., reimbursement by private insurers and so-called managed care organizations is higher than reimbursement by government institutions. At the same time, payments from private insurers constitute a substantial portion of our profits, meaning our business is directly influenced by changes in the share of reimbursements by private insurers in North America. In fiscal year 2022, 43% of the Group's health care services revenue was related to private insurers in the North America Segment (2021: 40%).

Transitional add-on payments for new drugs and devices in the U.S.

Under the ESRD PPS drug designation process, CMS provides payment using a TDAPA for new renal dialysis drugs and biologicals with the exception of drugs that are available only in oral forms. For drug and biologicals that fit into an existing

ESRD PPS functional category, CMS will pay for the drug using the TDAPA for a transitional period of two years. At the end of this time, CMS will not update the base rate to reflect the cost and utilization of the new drug. For new drugs and biologicals that do not fit into an existing functional category, CMS will pay for the drug using the TDAPA for a period of at least two years to allow for sufficient cost and utilization data to be gathered. After this transitional period has expired, CMS will update the base rate to reflect the inclusion of the new drug or biological. In CY 2023, CMS will continue to provide a TDAPA for the drug difelikefalin (trade name "Korsuva") at the rate of the average sales price. CMS has indicated that Korsuva will fall into the existing anti-pruritic functional category.

Quality-based reimbursement

The health care debate in some countries is currently focused on establishing reimbursement structures based on treatment quality (pay for performance). This transfers more responsibility to the medical service provider. The goal of reimbursement models of this kind is to maintain a high quality of care combined with lower overall costs for the health care system.

The reimbursement system in the U.S. is also an example of a model based on qualitative criteria. For example, CMS defines quality standards for dialysis centers as part of its quality improvement program (QIP). Failure to reach these standards can lead to a reduction in annual reimbursements of up to 2%.

In the CY 2023 final rule, CMS adopted a special scoring and payment policy for performance year (PY) 2023 of the ESRD QIP to address the issues in the scoring system caused by the impact of the COVID-19 Public Health Emergency on QIP data, including the use of pre-pandemic data from CY 2019 as the baseline period for the PY 2023 ESRD QIP and for subsequent years and confirmed a pause on certain measures for scoring and payment adjustment purposes.

Value-based care programs with private payors

We have entered into value and risk-based care programs with private payors to provide care to commercial and Medicare Advantage ESRD and CKD patients. Under these payment arrangements, our financial performance is based on our ability to manage a defined scope of medical costs within certain parameters for clinical outcomes.

New reimbursement models

In 2019, the then U.S. President signed an Executive Order (EO) on advancing kidney health. Among other things, the EO directs the Department of Health and Human Services (HHS) to develop new Medicare reimbursement models that enable diagnosis and treatment earlier in the course of kidney disease and support the expansion of home dialysis as well as promoting kidney transplants. One of these, the ESRD Treatment Choices (ETC) model, is mandatory and creates financial incentives for home dialysis treatments and kidney transplants. Running from January 2021 until June 2027, the ETC model consists of two partial reimbursement programs: For a period of three years, home dialysis treatment claims will receive an upward adjustment. CY 2023 marks the end of the adjustment period and home dialysis claims will receive an additional 1% upward adjustment. In addition, the model includes a performance-based reimbursement adjustment that is dependent on home dialysis and kidney transplant waitlist rates for facilities included in the model. The performance-based reimbursement adjustments could be negative or positive and will increase over the course of the model. Reimbursement adjustments in the first payment year were between -5% and +4% and will increase to between -10% and +8% in the final year. Performance based payment adjustments started in July 2022 and run for six and a half years. Participants in the model are selected at random. At December 31, 2022, a total of 988 U.S. dialysis clinics were involved in the model, approximately 35% of these belong to Fresenius Medical Care.

The Executive Order also announced voluntary Medicare reimbursement models aimed at providing financial incentives for health care providers in the area of chronic kidney disease and transplantation. Our applications for the voluntary Comprehensive Kidney Care Contracting (CKCC) model were accepted in June 2020. This model allows health care providers to assume various amounts of financial risk by forming so-called Kidney Care Entities (KCE). Of the 29 accepted applications, 28 KCEs have elected to participate in the implementation period, which started on October 15, 2020 on a no-risk basis. We began participation in the first performance year of the CKCC model on January 1, 2022, at which time each participating entity starts to assume financial risk. Of the 28 KCEs participating in the implementation period, we moved forward with 20 of the KCEs during the first Performance Year. Once implemented, the CKCC model is expected to run through 2026. We are presently unable to predict the effects on our business of the ETC payment model and the voluntary payment models.

Changes related to the Affordable Care Act

The delivery of health care services and products is highly regulated in most of the countries in which we operate. Proposals for legislative reforms in these countries are often introduced to improve access to care, address quality of care issues and manage costs of the health care system.

In 2017, the then Trump administration discontinued making cost-sharing reduction (CSR) reimbursements to insurers in the U.S., arguing that the Congress had failed to appropriate funding for them. These subsidies reduce deductibles, coinsurance and co-payments for individuals and families at or below 250% of the federal poverty level. Under the law insurers are still mandated to provide lower out-of-pocket costs for low-income individuals; as a result, ending CSR payments has caused many insurers to increase premiums in the individual insurance market to offset the loss of the federal support.

On January 28, 2021, President Biden issued an Executive Order on Strengthening Medicaid and the Affordable Care Act, which directs the Secretaries of the Departments of Health and Human Services, Treasury and Labor to review and examine policies or practices. Further efforts to repeal or revise the Affordable Care Act may affect the project's future prospects in ways which we currently cannot quantify or predict.

U.S. legislative action and ballot initiatives

Further U.S. legislation or regulations may be enacted in the future through legislative and public referendum processes, which could substantially modify the amounts paid for services and products offered by us and our subsidiaries and mandate new or alternative operating models and payment models. Ballot initiatives that are successfully introduced at the state level in the U.S. require the vote of state citizens to directly adopt or reject proposed new legislation. These ballot initiatives require a material expenditure of resources by us to participate in public discourse regarding the proposed new legislation underlying the initiatives, which if passed, could further regulate multiple aspects of our operations including, for instance, clinic staffing requirements, state inspection requirements and profit margins on commercial business. It is also possible that statutes may be adopted, or regulations may be promulgated in the future that impose additional eligibility requirements for participation in the federal and state health care programs. Such new legislation or regulations could have positive or adverse effects, possibly material, on our businesses and results of operations.

COVID-19 relief measures

In some countries, we have received COVID-19-related relief measures, for instance in the U.S., the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) has been passed to mitigate certain adverse financial impacts of the COVID-19 pandemic, including in the health care sector. Additional funding under the CARES Act and other COVID-19 relief provides some financial support to our business in the U.S. This includes suspension of the 2% Medicare payment sequestration reduction from May 1, 2020 through March 31, 2022 (a 1% reduction became effective from April 1 to June 30, 2022 and the full 2% sequester resumed on July 1, 2022), and also accelerated and advance payments of Medicare reimbursement and grants to cover expenses and mitigate the loss of revenues due to the COVID-19 pandemic. In 2022, we received U.S. Department of Health and Human Services funding (Provider Relief Fund Phase 4) available for health care providers affected by the COVID-19 pandemic. However, these measures may not fully offset any lost revenues and increased costs we may incur. For further information see the consolidated financials within "Results of operations, financial position and net assets" and NOTE 4 H of the notes to the consolidated financial statements.

Potential changes impacting our private payors in the U.S.

The operation of charitable assistance programs such as that offered by the American Kidney Fund (AKF) is receiving increased attention by CMS and state insurance regulators and legislators. The result may be a regulatory framework that differs from the current framework or that varies from state to state. Even in the absence of actions by CMS or state regulators and legislatures to restrict the access that patients currently have to premium assistance programs, insurers are likely to continue efforts to thwart charitable premium assistance by premium assistance programs to our patients. If successful in a material area or scope of our U.S. operations, these efforts would have a material adverse impact on our business and operating results.

OVERALL BUSINESS DEVELOPMENT

Highlights

Impact of the COVID-19 pandemic

The COVID-19 pandemic resulted in an increased mortality of our patients in 2020, 2021 and 2022, but was in line with the Company's expectations for the full year. Fresenius Medical Care carefully observes and assesses the development of infection rates.

To be able to continue caring for our patients with chronic kidney disease and maintain an adequate workforce, we implemented a number of measures, both operational and financial, to protect our employees and patients through expanded personal protective equipment protocols and expenses related to surge capacity for patients suspected or confirmed to have COVID-19.

Also in 2022, governments in various regions in which we operate have provided economic assistance programs to address the consequences of the pandemic on companies and support healthcare providers and patients.

We experienced a loss of revenue due to the pandemic in certain parts of our business. Overall, COVID-19 resulted in a negative impact to net income attributable to shareholders of FMC AG & Co. KGaA in 2022, primarily driven by excess mortality rates among our patients.

For more information see the consolidated financials within "Results of operations, financial position and net assets" and NOTE 4 H of the notes to the consolidated financial statements.

Impacts Related to the War in Ukraine

The Ukraine War is affecting Fresenius Medical Cares' dialysis operations and patient care in the country itself, but also caused higher bad debt expenses for Russia and Ukraine and the impairment of a production plant as well as associated machines recorded in the fourth quarter of 2022 resulting from economic sanctions imposed on Russia. The direct adverse effect of the Ukraine War resulted in a negative impact to net income attributable to shareholders of FMC AG & Co. KGaA in the amount of €47 M in 2022 and is treated as a Special Item. We will continue to monitor closely the potential effects of the war as well as inflation.

Hyperinflation in Turkiye

Starting April 1, 2022, we apply IAS 29, Financial Reporting in Hyperinflationary Economies, in our Turkish subsidiaries due to inflation in this country. The Hyperinflation in Turkiye resulted in a negative impact to net income attributable to shareholders of FMC AG & Co. KGaA in the amount of around €5 M in 2022 and is treated as a Special Item.

Staff shortages and high turnover in dialysis clinics in the U.S.

We continue to face an unprecedented labor market situation in the U.S., resulting in staff shortages, high turnover rates and meaningfully higher costs. This has impacted growth in U.S. Dialysis Services as well as in downstream assets and consequently affected operational leverage in both. Earnings effects were partially mitigated by income attributable to a consent agreement on certain pharmaceuticals in the third quarter of 2022.

Inflation and higher energy prices as well as logistic and raw material costs

The challenging macroeconomic inflationary environment persists, resulting in higher logistics costs as well as raw material costs and energy prices. Due to this situation not easing, it is assumed to further significantly impact the earnings development, in particular in Health Care Products, for 2023. For further information see chapter "Outlook".

InterWell Health business combination

On August 24, 2022, we announced that we closed the InterWell Health business combination. We created the premier value-based kidney care provider in the U.S. by completing the business combination including InterWell Health, Fresenius Health Partners and Cricket Health. Hereby, we aim to significantly improve the care of patients with chronic kidney disease and further expand our leading position in value-based care. The Net Gain Related to InterWell Health resulted in a positive impact to net income attributable to shareholders of FMC AG & Co. KGaA in the amount of €37 M in 2022, and is treated as a Special Item. For further information, SEE NOTE 3 of the notes to the consolidated financial statements and section "Opportunities management" in the chapter "Risk and opportunities report".

FME25 Program

Since January 1, 2023, the Company conducts its business in two global operating segments, Care Enablement and Care Delivery, and will begin reporting under the new model in the first quarter of 2023. Prior to January 1, 2023, discrete financial information was not provided to the chief operating decision maker on the basis of the new structure and the necessary system and reporting changes to effect the new structure were not in place. For further information SEE NOTE 27 of the notes to the consolidated financial statements.

Overall, the costs related to the FME25 Program resulted in a negative impact to net income attributable to shareholders of FMC AG & Co. KGaA in the amount of €149 M in 2022 and are treated as Special Item.

We expect that every Euro invested in the FME25 Program will sustainably reduce annual costs and improve the operating result by the same amount by 2025. The Company is well on track with its FME25 Program. We exceeded the program's 2022 target of savings to contribute €40 M to €70 M to operating income with savings of €131 M. Fresenius Medical Care is also working on measures that further support margin improvement.

Humacyte Investment Remeasurement

The Humacyte Investment Remeasurement resulted in a negative impact to net income attributable to shareholders of FMC AG & Co. KGaA in the amount of €76 M in 2022 and is treated as a Special Item.

Financing

On February 14, 2022, we issued €25 M and €200 M tranches of Schuldschein loans with maturities of 5 and 7 years, respectively, at variable interest rates. The proceeds were used for general corporate purposes including refinancing of existing liabilities.

On June 8, 2022, we amended the Syndicated Credit Facility to extend the term by one year and replace LIBOR with the Term Secured Overnight Financing Rate.

On September 20, 2022, we issued bonds with an aggregate principal amount of €750 M under the European Medium-Term Notes Program with a maturity of 5 years and a coupon rate of 3.875%. The proceeds have been used for general corporate purposes, including the refinancing of outstanding indebtedness.

Changes in Management Board

Helen Giza, so far member of the Management Board and responsible for finance, was appointed Chief Executive Officer of Fresenius Medical Care, effective December 6, 2022. She had entered a new five-year contract and had assumed the position of Deputy Chief Executive Officer of Fresenius Medical Care before, in addition to her position as Chief Financial Officer. Therefore, Helen Giza replaced Dr. Carla Kriwet, who previously succeeded Rice Powell as chair of the Management Board, effective October 1, 2022. Mr. Powell stepped down from his position on September 30, 2022, after 10 years of heading the Company, continued as a member of the Management Board until December 31, 2022 and subsequently retired. Helen Giza is also a member of the management board of Fresenius Management SE. She will continue to serve as Chief Financial Officer until a successor is appointed for this position.

Additionally, Michael Sen became the Chief Executive Officer of Fresenius SE and chair of the supervisory board of the General Partner as of October 1, 2022, succeeding Stephan Sturm in both positions. Sara Hennicken became the Chief Financial Officer of Fresenius SE and a member of the supervisory board of the General Partner as of September 1, 2022, succeeding Ms. Rachel Empey in both positions.

Comparison of actual business results with the outlook

Our business environment in 2022 was impacted by a challenging macroeconomic environment, staff shortages, inflationary cost increases and supply chain constraints. Thus it has developed partly different as expected. The COVID-19 pandemic continued to impact our business development in 2022. The COVID-19-related excess mortality was in line with our expectations.

The unprecedented U.S. labor market challenges materially worsened in the second quarter of 2022. This resulted in meaningfully higher than assumed wage inflation, surcharges, retention payments and additional costs for contract labor to contain the increasing staff shortages. Despite these additional investments in labor, including application of monies received from the U.S. government's Provider Relief Fund, staff shortages and turnover rates have continued to increase. Our growth was affected by the number of clinics with constrained ability to accept new patients for treatment. The already existing challenging macroeconomic environment has further significantly deteriorated and non-wage cost inflation accelerated. This has been exacerbated by the ongoing war in Ukraine and its global economic impact, resulting in higher logistics costs, raw material and energy prices as well as further supply chain disruptions. As a consequence, we cut our financial targets for the fiscal year in the second quarter of 2022. In addition, we withdrawed the 2025 targets.

In the third quarter of 2022 the business development continued to be strongly impacted by a highly uncertain inflationary macroeconomic environment, driving wage and general cost inflation in all operating segments. The impacts of efforts to improve the North American health care services operations were delayed against our previous assumptions. As a matter of caution, we cut further our earnings guidance in the third quarter of 2022.

Our outlook, as adjusted in the course of the fiscal year 2022, was met.

Our 2022 outlook was based on the outlined assumptions in chapter "Outlook" in the interim management report of the interim consolidated financial statements at June 30, 2022 and September 30, 2022 as well as in the Group Management Report of the Annual Report 2021 and excluded Special Items. Special Items include further costs related to the FME25 Program, the Net Gain Related to InterWell Health, the Humacyte Investment Remeasurement in the North America Segment, the Hyperinflation in Turkiye and the Impacts Related to the War in Ukraine and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. We have adjusted the actual results for 2022 accordingly to make them comparable with the outlook. The Special Item FME25 Program mainly affects the North America Segment, the EMEA Segment and Corporate. The costs related to the FME25 Program mainly include severance payments and related personnel expense, the impairment of fixed, intangible and right-of-use assets and consulting expenses. The Net Gain Related to InterWell Health includes the remeasurement gain of our investment, prior to the transaction, in InterWell Health LLC, the impairment of certain long-lived assets belonging to Acumen Physician Solutions, LLC which was transferred to InterWell Health as part of the transaction and certain transaction-related costs. The Impacts Related to the War in Ukraine include bad debt expense in Russia and Ukraine and the impairment of a production plant and associated machines resulting from economic sanctions imposed on Russia, which negatively impacted our supply chain to the country.

The growth rates were based on the results in 2021 excluding the costs related to the FME25 Program.

A reconciliation of the results for 2022 and 2021 to the respective results for 2022 and 2021 excluding Special Items can be found at the end of this section. The outlook for fiscal year 2022 was based on Constant Currency.

We expected revenue growth at a low-to-mid-single-digit percentage rate at Constant Currency at the beginning of the year. In the second quarter of 2022 we have adjusted the growth forecast for revenue at Constant Currency to the low end of the previously guided target range. We generated revenue of €18.0 BN in 2022 at Constant Currency (2021: €17.6 BN), resulting in an increase of 2%, which is within the range of our expectations. We therefore met our revised outlook.

The Latin America Segment, the EMEA Segment and the Asia-Pacific Segment in particular contributed to the expansion of our business. Further details on the development of revenue can be found in the section "Results of operation, financial position and net assets".

We expected operating income excluding Special Items to increase at a low-to-mid-single-digit percentage rate at Constant Currency for the fiscal year 2022. In the second quarter of 2022 we have cut this forecast to a decline at around a mid-teens percentage rate and in the third quarter of 2022 to a decline at a mid-teens to high-teens percentage rate. Operating income excluding Special Items in 2022 was €1.7 BN at Constant Currency (2021: €1.9 BN), a decrease of 13%. This is slightly better than our adjusted outlook.

At the beginning of the year, we set a target range for net income growth excluding Special Items at a low-to-mid-single-digit percentage rate at Constant Currency. We have cut this target in the second quarter of 2022 to a decline at around a high-teens percentage rate and in the third quarter of 2022 to a decline at a high-teens to mid-twenties percentage rate. Net income excluding Special Items for the fiscal year 2022 decreased to €0.8 BN at Constant Currency (2021: €1.0 BN). This 17% decrease at Constant Currency is at the lower end of the range of our adjusted expectations.

ROIC excluding Special Items was at 3.9%. This was in line with our expectation, which was lowered in the third quarter of 2022 to around 4.0%. The initially planned value of at least 5.0% was lowered in the second quarter of 2022 to at least 4.0%.

TABLE 2.16 shows the actual results and our outlook for the fiscal year 2022.

TABLE 2.17 ON PAGE 43 provides a reconciliation of the results for 2022 and 2021 to the respective results for 2022 and 2021 excluding Special Items as well as a reconciliation of the currency translation effects on the results for 2022 at Constant Currency.

In 2022, ROIC or ROIC excluding Special Items were 3.3% and 3.9%, respectively. In the calculation of adjusted ROIC, the average invested capital was adjusted by €153 M and the NOPAT by €207 M.

In 2021, ROIC was 4.9%, or ROIC excluding the costs related to the FME25 Program was 5.1%, respectively. In the calculation of adjusted ROIC, the average invested capital was adjusted by €7 M and the NOPAT by €46 M. See the reconciliation to the calculation of ROIC in the section "Performance management system – Return on invested capital (Non-IFRS Measure)" in the chapter "Overview of the Group".

T 2.16 **RESULTS AND OUTLOOK FOR 2022**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

	Results 2022	Results 2022	Revised Outlook 2022	Outlook 2022 (as reported)
	As reported	Excl. Special Items (at Constant Currency, except for ROIC)[1, 2, 3]		
Revenue	19,398	17,985	growth: low-single-digit percentage rate	growth: low-to-mid-single-digit percentage rate
Revenue growth at Constant Currency in %	2	2	growth: low-single-digit percentage rate	growth: low-to-mid-single-digit percentage rate
Operating income	1,512	1,673	decline: mid-teens to high-teens percentage rate	growth: low-to-mid-single-digit percentage rate
Net income[4]	673	842	decline: high-teens to mid-twenties percentage rate	growth: low-to-mid-single-digit percentage rate
Net income growth at Constant Currency in %[4]	(37)	(17)	decline: high-teens to mid-twenties percentage rate	growth: low-to-mid-single-digit percentage rate
ROIC in %	3.3	3.9	around 4.0%	≥ 5.0%

[1] The outlook for 2022 was adjusted in the second and third quarter of 2022 and therefore it was based on the outlined assumptions in chapter "Outlook" in the interim management report of the interim consolidated financial statements at 30. June 2022 and September 30, 2022 as well as in the Group Management Report of the Annual Report 2021 and excluded Special Items. Special Items include further costs related to the FME25 Program, the Net Gain Related to InterWell Health, the Humacyte Investment Remeasurement, the Hyperinflation in Turkiye and the Impacts Related to the War in Ukraine and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. The growth rates were based on the results in 2021 excluding the costs related to the FME25 Program.
[2] The results for 2022 have been adjusted for Special Items in order to make business performance comparable with the outlook for 2022. A reconciliation of the results for 2022 and 2021 to the results for 2022 and 2021 excluding Special Items as a basis for the 2022 targets can be found in the following table.
[3] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system".
[4] Net income attributable to shareholders of FMC AG & Co. KGaA.

T 2.17 **OPERATING PERFORMANCE EXCLUDING SPECIAL ITEMS**
IN € M

		Special Items							
	Results 2022	FME25 Program	Net Gain Related to InterWell Health	Humacyte Investment Remeasurement	Ukraine War	Hyper-inflation in Turkiye	Results 2022 excl. Special Items	Currency translation effects	Results 2022 excl. Special Items at Constant Currency
Revenue	19,398	–	–	–	–	–	19,398	(1,413)	17,985
Operating income	1,512	204	(56)	103	49	5	1,817	(144)	1,673
Net income[1]	673	149	(37)	76	47	5	913	(71)	842

	Results 2021	FME25 Program	Results 2021 excl. Special Items
Revenue	17,619	–	17,619
Operating income	1,852	63	1,915
Net income[1]	969	49	1,018

[1] Net income attributable to shareholders of FMC AG & Co. KGaA.
[2] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system".

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

The following sections summarize our results of operations, financial position and net assets as well as key performance indicators by reporting segment, as well as Corporate, for the periods indicated. We prepared the information consistent with the manner in which management internally disaggregates financial information to assist in making operating decisions and evaluating management performance.

We have seen unprecedented challenges in the labor market, in particular in the U.S., resulting in staff shortages, high turnover rates and meaningfully higher costs, including higher costs due to an increased reliance on contracted labor. These challenges continue to impact our growth, specifically in U.S. health care services where labor constraints have affected our ability to increase treatment volumes. These impacts, combined with the current uncertainty in the macroeconomic environment, driving inflationary cost increases and supply chain constraints, have had a materially adverse effect on our results of operations during 2022. The accumulation of excess mortality due to COVID-19, macroeconomic inflationary pressure and labor stabilization issues are expected to continue into 2023 and their negative effects will be exacerbated by the cessation of government funding related to the COVID-19 pandemic. The labor market, in particular in the U.S., continues to present a challenge to our operations, both in relation to the availability and costs of personnel. We expect our products business to continue to be impacted by the aforementioned supply chain and increased material cost challenges in 2023. Opportunities to include cost inflation in our pricing are currently limited in the short-term due to a large share of our contracts containing fixed prices. Additionally, we intend to accelerate and extend our FME25 Program to further optimize processes along our new operating segments, in place as of January 1, 2023. We have increased the savings target for the FME25 Program from €500 M to €650 M by 2025 and we now expect to invest up to €650 M in the same period.

Results of operations

T 2.18 **SEGMENT DATA (INCLUDING CORPORATE)**
IN € M

	2022	2021
Total revenue		
North America Segment	13,550	12,088
EMEA Segment	2,851	2,765
Asia-Pacific Segment	2,152	2,010
Latin America Segment	797	703
Corporate	48	53
TOTAL	**19,398**	**17,619**
Operating income		
North America Segment	1,476	1,644
EMEA Segment	256	309
Asia-Pacific Segment	340	350
Latin America Segment	24	12
Corporate	(584)	(463)
TOTAL	**1,512**	**1,852**
Interest income	68	73
Interest expense	(360)	(353)
Income tax expense	(325)	(353)
NET INCOME	**895**	**1,219**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(222)**	**(250)**
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA	**673**	**969**

Revenue and operating income generated in countries outside the eurozone are subject to currency fluctuations. The table below summarizes the development of the euro against the U.S. dollar, as well as the revenue and the operating income generated in U.S. dollars, as a percentage of the consolidated results for the years ended December 31, 2022 and 2021.

T 2.19 **CURRENCY DEVELOPMENT AND PORTION OF TOTAL REVENUE AND OPERATING INCOME**

	2022	2021
Currency development of euro against the U.S. dollar	positive impact	negative impact
Percentage of revenue generated in U.S. dollars	70	69
Percentage of operating income generated in U.S. dollars	98	89

Consolidated financial statements

An overview of the performance indicators for the consolidated financial statements you will find in TABLE 2.20 ON PAGE 45.

Health care services revenue increased by 11% as compared to the year ended December 31, 2021 (+2% at Constant Exchange Rates), driven by a positive impact from foreign currency translation (+9%), an increase in organic growth (+1%), despite impacts from excess mortality rates among patients due to COVID-19 in certain of our operating segments which are further described in the discussions of our segments below, and contributions from acquisitions (+1%). For additional information regarding COVID-19 Related Impacts, SEE NOTE 4 H of the notes to the consolidated financial statements.

Dialysis treatments decreased by 1% as a result of negative Same Market Treatment Growth (–1%) and the effect of closed or sold clinics (–1%), partially offset by contributions from acquisitions (+ 1%). Excess mortality rates among our patients due to COVID-19 contributed significantly to the decreases in treatments and Same Market Treatment Growth.

At December 31, 2022, we owned or operated 4,116 dialysis clinics compared to 4,171 dialysis clinics at December 31, 2021. During the year ended December 31, 2022, we acquired 11 dialysis clinics, opened 41 dialysis clinics and combined or closed 107 clinics. The number of patients treated in dialysis clinics that we own or operate decreased slightly to 344,687 as of December 31, 2022 (December 31, 2021: 345,425). Excess mortality rates among patients due to COVID-19 also significantly impacted the number of patients we treated.

Health care product revenue increased by 6% (+2% at Constant Exchange Rates), driven by a positive impact from foreign currency translation as well as higher sales of in-center disposables and renal pharmaceuticals, partially offset by lower sales of machines for chronic treatment (including the effect of a temporary pause in shipping of new dialysis machines in the U.S.) and acute cardiopulmonary products.

Gross profit increased by 5% (–3% at Constant Exchange Rates), primarily driven by a positive impact from foreign currency translation effects (North America Segment, Latin America Segment and Asia-Pacific Segment), government relief funding available for health care providers affected by the COVID-19 pandemic, which offset certain eligible costs, (North America Segment), higher average reimbursement rates (North America Segment, EMEA Segment and Latin America Segment), increased treatment volumes (including growth from acquisitions) as normalized for COVID-19 (mainly in the North America Segment and the Asia-Pacific Segment), a favorable impact from foreign currency transaction effects (mainly in the Asia-Pacific Segment and the EMEA Segment), net savings related to the FME25 Program (North America Segment, Corporate and Asia-Pacific Segment)

T 2.20 **PERFORMANCE INDICATORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

			Change in %		
	2022	2021	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	19,398	17,619	10	8	2
Health care services	15,418	13,876	11	9	2
Health care products	3,980	3,743	6	4	2
Number of dialysis treatments	52,310,131	52,871,887	(1)		
Same Market Treatment Growth[2]	(1.4)	(1.9)			
Gross profit in € M	5,310	5,077	5	8	(3)
Gross profit as a % of revenue	27.4	28.8			
Selling, general and administrative costs in € M	3,784	3,096	22	8	14
Selling, general and administrative costs as a % of revenue	19.5	17.6			
Operating income in € M	1,512	1,852	(18)	7	(25)
Operating income margin	7.8	10.5			
Net income attributable to shareholders of FMC AG & Co. KGaA in € M	673	969	(31)	6	(37)
Basic earnings per share in €	2.30	3.31	(31)	6	(37)

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system".
[2] Same market treatment growth represents growth, in percent, in treatments, adjusted for certain reconciling items including (but not limited to) treatments from acquisitions, closed or sold clinics and differences in dialysis days (Same Market Treatment Growth).

and a positive impact from a partial reversal of an accrual related to a revenue recognition adjustment for accounts receivable in legal dispute (North America Segment), partially offset by higher personnel expense and inflationary and supply chain cost increases across all regions as well as an unfavorable impact from excess mortality rates among our patients due to COVID-19 (mainly in the North America Segment) and higher implicit price concessions (North America Segment).

Selling, general and administrative (SG&A) expense increased by 22% (+14% at Constant Exchange Rates), primarily driven by a negative impact from foreign currency translation (North America Segment, Corporate and the Asia-Pacific Segment), costs related to the InterWell Health business combination in the North America Segment (InterWell Health Costs) (SEE NOTE 3 of the notes to the consolidated financial statements), costs associated with the FME25 Program, net of savings, (mainly in Corporate, the EMEA Segment and the North America Segment), an unfavorable impact from the remeasurement of investments (primarily driven by the Humacyte Investment Remeasurement in the North America Segment), higher expense related to legal provisions (mainly in the North America Segment and Corporate), and inflationary and supply chain cost increases as well as higher personnel expense across all regions, partially offset by increased income attributable to a consent agreement on certain pharmaceuticals in the North America Segment.

Research and development expenses increased by 4% to €229 M from €221 M. The increase was largely driven by higher amortization of capitalized development costs, research and development activities at NxStage and a negative impact from foreign currency translation, partially offset by lower costs for in-center and critical care program development.

Income from equity method investees decreased by 28% to €67 M from €92 M. The decrease was primarily driven by lower earnings from Vifor Fresenius Medical Care Renal Pharma Ltd. (VFMCRP).

We recorded a remeasurement gain of our prior at-equity investment in InterWell Health LLC in the amount of €148 M (December 31, 2021: €0). For further information regarding the InterWell Health business combination, see section "Overall business development – Highlights" in this chapter and "Performance management system – Net leverage ratio (Non-IFRS Measure)" in the chapter "Overview of the Group", as well as NOTE 3 of the notes to the consolidated financial statements included in this report.

Operating income decreased by 18% (–25% at Constant Exchange Rates), largely driven by the combined effects of the items discussed within gross profit, SG&A expense and the InterWell Health remeasurement gain as well as a positive impact from foreign currency translation. As noted above, we have seen unprecedented challenges in the labor market, in particular in the U.S., which continue to impact growth and, when combined with the current uncertainty in the macroeconomic environment, have had a materially adverse effect on our results of operations in 2022.

Net interest expense increased by 4% to €292 M from €280 M, primarily due to a negative impact from foreign currency translation and unfavorable effects from foreign currency swaps, partially offset by refinancing activities (including the issuance of bonds in prior periods at lower interest rates and the repayment of term loans).

Income tax expense decreased by 8% to €325 M from €353 M. The effective tax rate increased to 26.7% from 22.4% for the same period of 2021 largely driven by an increase in the proportionate share of non-deductible expenses as compared to taxable income and higher tax provisions related to tax law changes. Non-tax deductible expenses also increased due to impairment loss (including Impacts Related to the War in Ukraine) and the InterWell Health business combination.

Net income attributable to noncontrolling interests decreased by 12% to €222 M from €250 M due to lower earnings in entities in which we have less than 100% ownership, a favorable prior year effect from amounts received in 2021 under the U.S. HHS Provider Relief Fund Phase 4 relief funding and a negative impact from foreign currency translation.

Net income attributable to shareholders of FMC AG & Co. KGaA decreased by 31% (–37% at Constant Exchange Rates) as a result of the combined effects of the items discussed above, partially offset by a positive impact from foreign currency translation.

Basic earnings per share decreased by 31% (–37% at Constant Exchange Rates), primarily due to the decrease in net income attributable to shareholders of FMC AG & Co. KGaA described above. The average weighted number of shares outstanding for the period increased to 293.2 M in 2022 (2021: 292.9 M) due to the exercise of stock options.

We employed 128,044 people (total headcount) as of December 31, 2022 (December 31, 2021: 130,251). This 2% decrease was largely due to a prior year increase in production staff due to COVID-19, challenges faced in certain regional labor markets and a reduction in clinical staff as a result of a decrease in patients in certain regions.

The following discussions pertain to our operating and reportable segments and the measures we use to manage these segments.

North America Segment

An overview of the performance indicators for the North America segment can be found in TABLE 2.21.

Revenue

Health care services revenue increased by 13% (remained relatively stable at Constant Exchange Rates), driven by a positive impact from foreign currency translation (+13%) and contributions from acquisitions (+1%), partially offset by a decrease in organic growth (–1%) resulting from the effects of excess mortality rates among patients due to COVID-19.

Dialysis treatments decreased by 2% largely due to negative Same Market Treatment Growth (–2%). As of December 31, 2022, 208,310 patients, a slight decrease from the prior year (December 31, 2021: 209,291) were treated in the 2,683 dialysis clinics (December 31, 2021: 2,695) that we own or operate in the North America Segment. Excess mortality rates among patients due to COVID-19 contributed significantly to the decreases in treatments, Same Market Treatment Growth and patients we treated.

Health care product revenue increased by 8% (–4% at Constant Exchange Rates), driven by a positive impact from foreign currency translation, partially offset by lower sales of machines for chronic treatment (including the effect of a temporary pause in shipping of new dialysis machines in the U.S.), products for acute care treatments, in-center disposables and peritoneal dialysis products.

Operating income

Operating income decreased by 10% (–20% at Constant Exchange Rates), primarily related to higher personnel expense, inflationary and supply chain cost increases, and an unfavorable impact from excess mortality rates among our patients due to COVID-19, partially offset by government relief funding available for health care providers affected by the COVID-19 pandemic, which offset certain eligible costs, a positive impact from foreign currency translation and the Net Gain Related to InterWell Health. As noted above, we have seen unprecedented challenges in the labor market, in particular in the U.S., which continue to impact growth and, when combined with the current uncertainty in the macroeconomic environment, have had a materially adverse effect on our results of operations in 2022.

T 2.21 **PERFORMANCE INDICATORS FOR THE NORTH AMERICA SEGMENT**

			Change in %		
	2022	2021	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	13,550	12,088	12	12	0
Health care services	12,400	11,020	13	13	0
Health care products	1,150	1,068	8	12	(4)
Number of dialysis treatments	31,788,799	32,334,280	(2)		
Same Market Treatment Growth	(2.3)	(2.5)			
Operating income in € M	1,476	1,644	(10)	10	(20)
Operating income margin	10.9	13.6			

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system".

EMEA Segment

An overview of the performance indicators for the EMEA segment can be found in TABLE 2.22.

Revenue

Health care services revenue increased by 6% (+6% at Constant Exchange Rates), driven by an increase in organic growth, including the effects of hyperinflation, (+6%) and contributions from acquisitions (+1%), partially offset by the effect of closed or sold clinics (–1%).

Dialysis treatments increased by 1% mainly due to contributions from acquisitions in the region (+1%). As of December 31, 2022, 66,063 patients, an increase of 1% (December 31, 2021: 65,599), were treated at the 795 dialysis clinics (December 31, 2021: 821) that we own or operate in the EMEA Segment.

Health care product revenue increased by 1% (+3% at Constant Exchange Rates), primarily due to higher sales of in-center disposables, renal pharmaceuticals and peritoneal dialysis products (each of which includes the effects of hyperinflation), partially offset by a negative impact from foreign currency translation as well as lower sales of acute cardiopulmonary products and machines for chronic treatment (including the effects of hyperinflation).

Operating income

Operating income decreased by 17% (–16% at Constant Exchange Rates), mainly due to inflationary cost increases (including the effects of hyperinflation) which were mitigated by reimbursement rate increases, and Impacts Related to the War in Ukraine, partially offset by favorable foreign currency transaction effects.

Asia-Pacific Segment

An overview of the performance indicators for the Asia-Pacific segment can be found in TABLE 2.23.

Revenue

Health care services revenue increased by 4% (+4% at Constant Exchange Rates), driven by an increase in organic growth (+3%) and contributions from acquisitions (+1%).

Dialysis treatments increased by 2% mainly due to Same Market Treatment Growth (+2%) and contributions from acquisitions in the region (+1%), partially offset by the effect of closed or sold clinics (–1%). As of December 31, 2022, 34,001 patients, an increase of 1% (December 31, 2021: 33,760) were treated at the 395 dialysis clinics (December 31, 2021: 405) that we own or operate in the Asia-Pacific Segment.

Health care product revenue increased by 10% (+4% at Constant Exchange Rates), mainly due to a positive impact from

T 2.22 PERFORMANCE INDICATORS FOR THE EMEA SEGMENT

			Change in %		
	2022	2021	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	2,851	2,765	3	(2)	5
Health care services	1,456	1,379	6	0	6
Health care products	1,395	1,386	1	(2)	3
Number of dialysis treatments	9,941,735	9,885,319	1		
Same Market Treatment Growth	0.2	(3.2)			
Operating income in € M	256	309	(17)	(1)	(16)
Operating income margin	9.0	11.2			

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system".

T 2.23 PERFORMANCE INDICATORS FOR THE ASIA-PACIFIC SEGMENT

			Change in %		
	2022	2021	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	2,152	2,010	7	3	4
Health care services	981	942	4	0	4
Health care products	1,171	1,068	10	6	4
Number of dialysis treatments	4,844,563	4,766,472	2		
Same Market Treatment Growth	2.3	4.8			
Operating income in € M	340	350	(3)	0	(3)
Operating income margin	15.8	17.4			

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system".

foreign currency translation as well as higher sales of in-center disposables, products for acute care treatments and acute cardiopulmonary products.

Operating income

Operating income decreased by 3% (–3% at Constant Exchange Rates), primarily due to inflationary cost increases, costs related to a legal dispute and higher bad debt expense, partially offset by favorable foreign currency transaction effects and business growth in certain business lines.

Latin America Segment

An overview of the performance indicators for the Latin America segment can be found in TABLE 2.24.

Revenue

Health care services revenue increased by 11% (+31% at Constant Exchange Rates), driven by an increase in organic growth, including hyperinflationary effects, (+32%), partially offset by a negative impact from foreign currency translation (–20%) and the effect of closed or sold clinics (–1%).

Dialysis treatments decreased by 3% mainly due to the effect of closed or sold clinics (–2%) and negative Same Market Treatment Growth (–1%). As of December 31, 2022, 36,313 patients, a decrease of 1% (December 31, 2021: 36,775) were treated at the 243 dialysis clinics (December 31, 2021: 250) that we own or operate in the Latin America Segment.

Health care product revenue increased by 20% (+14% at Constant Exchange Rates), primarily due to higher sales of machines for chronic treatment (including the effects of hyperinflation), a positive impact from foreign currency translation and higher sales of in-center disposables (including the effects of hyperinflation).

T 2.24 **PERFORMANCE INDICATORS FOR THE LATIN AMERICA SEGMENT**

			Change in %		
	2022	2021	As reported	Currency translation effects	Constant Currency[1]
Revenue in € M	797	703	13	(13)	26
Health care services	553	499	11	(20)	31
Health care products	244	204	20	6	14
Number of dialysis treatments	5,735,034	5,885,816	(3)		
Same Market Treatment Growth	(1.4)	(1.1)			
Operating income in € M	24	12	99	48	51
Operating income margin	3.0	1.7			

[1] For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system".

Operating income

Operating income increased by 99% (+51% at Constant Exchange Rates), primarily due to a positive impact from foreign currency translation, lower bad debt expense and reimbursement rate increases, which mitigated inflationary cost increases in the region, partially offset by unfavorable foreign currency transaction effects.

Financial position

Our investment and financing strategy did not change substantially in the past fiscal year as our business model, which is based on stable and high cash flows, allows for a reasonable proportion of debt. We regard our refinancing options as being very stable and flexible. During the past fiscal year, the focus of our investing activities was on our health care services business.

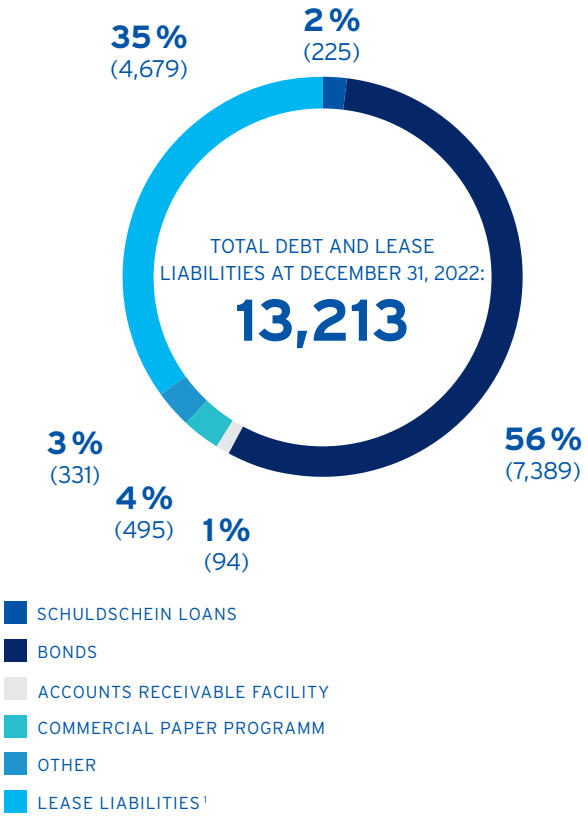
Financing strategy

Our financing strategy aims at ensuring financial flexibility, managing financial risks and optimizing our financing cost. We ensure our financial flexibility through maintaining sufficient liquidity. Our refinancing risks are limited due to our balanced maturity profile, which is characterized by a wide range of maturities of up to 2031. Corporate bonds in euro and U.S. dollar form the basis of our mid- and long-term financing instruments. Corporate bonds in euro are issued under our €10 BN debt issuance program. For short-term financing we use our €1.5 BN commercial paper program, Accounts Receivable Facility in U.S. dollar and bilateral credit lines. The €2 BN Syndicated Credit Facility, signed in July 2021, serves as a backup facility and was undrawn at December 31, 2022.

CHART 2.25 ON PAGE 49 summarizes our main financing debt mix as of December 31, 2022.

In our long-term capital management, we focus primarily on the net leverage ratio, a non-IFRS measure (see section "Performance management system" in the chapter "Overview of the Group"). Our self-set target for the net leverage ratio is 3.0 – 3.5x, which management considers appropriate for the Company. TABLE 2.26 ON PAGE 49 shows the reconciliation of net debt and adjusted EBITDA and the calculation of the net leverage ratio as of December 31, 2022 and 2021.

C 2.25 **FINANCING MIX**
IN € M



[1] Includes lease liabilities with related and unrelated parties

T 2.26 **RECONCILIATION OF ADJUSTED EBITDA AND NET LEVERAGE RATIO TO THE MOST DIRECTLY COMPARABLE IFRS FINANCIAL MEASURE**
IN € M, EXCEPT FOR NET LEVERAGE RATIO

	December 31, 2022	December 31, 2021
Debt and lease liabilities[1]	13,213	13,320
Minus: Cash and cash equivalents	(1,274)	(1,482)
NET DEBT	**11,939**	**11,838**
Net income	895	1,219
Income tax expense	325	353
Interest income	(68)	(73)
Interest expense	360	353
Depreciation and amortization	1,718	1,586
Adjustments[2]	320	125
ADJUSTED EBITDA	**3,550**	**3,563**
NET LEVERAGE RATIO	**3.4**	**3.3**

[1] Debt includes the following balance sheet line items: short-term debt, current portion of long-term debt and long-term debt, less current portion.
[2] Acquisitions and divestitures made for the last twelve months with a purchase price above a €50 M threshold as defined in the Syndicated Credit Facility (2022: -€22 M; 2021: €13 M), non-cash charges, primarily related to pension expense (2022: €54 M; 2021: €49 M), impairment loss (2022: €120 M; 2021: €38 M) and special items, including costs related to the FME25 Program (2022: €155 M; 2021: €25 M), Net Gain Related to InterWell Health (2022: -€114 M), Humacyte Investment Remeasurement (2022: €103 M), Hyperinflation in Turkiye (2022: €5 M) and the Impacts Related to the War in Ukraine (2022: €19 M).

The key financial risks we are exposed to include foreign exchange risk and interest rate risk. To manage these risks, we enter into various hedging transactions that have been authorized by the Management Board. Counterparty risks are managed via internal credit limits, taking into account the external credit ratings of the respective hedging counterparty. We do not use financial instruments for trading or other speculative purposes (for liquidity and financing risks, see the section "Other risks" in the chapter "Risks and opportunities report" as well as NOTE 23 of the notes to the consolidated financial statements).

Fresenius SE, under a service agreement, conducts treasury services for us under the control of a single centralized department. We have established guidelines for risk management procedures and controls which govern the use of financial instruments. These guidelines include a clear segregation of duties with regards to execution on the one hand and administration, accounting and controlling on the other.

We also utilize Fresenius SE's cash management system as well as an unsecured loan agreement with Fresenius SE (SEE NOTE 13 of the notes to the consolidated financial statements).

For information on our credit ratings, SEE NOTE 18 of the notes to the consolidated financial statements. A rating is not a recommendation to buy, sell or hold securities of the Company, and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Effect of off-balance-sheet financing instruments on our financial position, assets and liabilities

We are not involved in off-balance-sheet transactions that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources.

Sources of liquidity

Our primary sources of liquidity are typically cash provided by operating activities, cash provided by short-term debt, pro-

ceeds from the issuance of long-term debt and divestitures. We require this capital primarily to finance working capital needs, fund acquisitions, operate clinics, develop free-standing renal dialysis clinics and other health care facilities, purchase equipment for existing or new renal dialysis clinics and production sites, repay debt and pay dividends (see "Net cash provided by (used in) investing activities" and "Net cash provided by (used in) financing activities" below) and to satisfy put option obligations to holders of minority interests in our majority-owned subsidiaries.

As of December 31, 2022, our available borrowing capacity under unutilized credit facilities amounted to approximately €3.1 BN, including €2.0 BN under the Syndicated Credit Facility, which we maintain as a backup for general corporate purposes. On June 8, 2022, we amended and extended the Syndicated Credit Facility to extend the term by one year and replace U.S. dollar-LIBOR as the reference rate with the Term Secured Overnight Financing Rate. Also in June 2022, we replaced our unsecured loan agreement with Fresenius SE with a new uncommitted revolving facility with Fresenius SE under which we may request and receive one or more short-term advances from Fresenius SE as lender, up to an aggregate amount of €600,000. The uncommitted revolving facility is unsecured, does not have a termination date and is effective beginning August 1, 2022.

At December 31, 2022, we had cash and cash equivalents of €1,274 M (December 31, 2021: €1,482 M).

Free cash flow (Net cash provided by (used in) operating activities, after capital expenditures, before acquisitions and investments) is a Non-IFRS Measure and is reconciled to net cash provided by (used in) operating activities, the most directly comparable IFRS measure (see the section "Performance management system" in the chapter "Overview of the Group").

TABLE 2.27 shows the cash flow performance indicators for 2022 and 2021 and reconciles free cash flow and free cash flow in percent of revenue to Net cash provided by (used in) operating activities and Net cash provided by (used in) operating activities in percent of revenue, respectively:

T 2.27 **CASH FLOW MEASURES**
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

	2022	2021
Revenue	**19,398**	**17,619**
Net cash provided by (used in) operating activities	**2,167**	**2,489**
Capital expenditures	(724)	(854)
Proceeds from sale of property, plant and equipment	37	25
Capital expenditures, net	**(687)**	**(829)**
Free cash flow	**1,480**	**1,660**
Net cash provided by (used in) operating activities in % of revenue	**11.2**	**14.1**
Free cash flow in % of revenue	**7.6**	**9.4**

Net cash provided by (used in) operating activities

During 2022, net cash provided by operating activities was €2,167 M (2021: €2,489 M). Net cash provided by operating activities accounted for 11% of revenue in 2022 (2021: 14%). Net cash provided by (used in) operating activities is impacted by the profitability of our business, the development of our working capital, principally inventories, receivables and cash outflows that occur due to a number of specific items as discussed below. The decrease in net cash provided by operating activities in 2022 was mainly driven by a decrease in net income and a reduction in cash flow due to an increase in certain working capital items, partially offset by impacts from COVID-19-related government relief funding in the United States.

The profitability of our business depends significantly on reimbursement rates for our services. Approximately 79% of our revenue is generated by providing health care services, a major portion of which is reimbursed by either public health care organizations or private insurers. In 2022, approximately 26% of our consolidated revenue was attributable to reimbursements from U.S. federal health care benefit programs, such as Medicare and Medicaid. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide as well as the scope of Medicare coverage. A decrease in reimbursement rates or the scope of coverage could have a material adverse effect on our business, financial position and results of operations and thus on our capacity to generate cash flow. See "Macroeconomic and sector-specific environment," above. During 2022, our profitability has also been adversely affected by the global economic impact of the ongoing Ukraine War and increased headwinds from labor market, in particular in the U.S., and global inflation (SEE NOTE 1 of the notes to the consolidated financial statements). We have seen unprecedented challenges in the labor market, in particular in the U.S., resulting in staff shortages, high turnover rates and meaningfully higher costs, including higher costs due to an increased reliance on contracted labor. These challenges continue to impact our growth, specifically in U.S. health care services where labor constraints have affected our ability to increase treatment volumes. These impacts, combined with the current uncertainty in the macroeconomic environment, driving inflationary cost increases and supply chain constraints, have had a materially adverse effect on our results of operations during 2022.

In recent years, the stability of reimbursement in the U.S. has been affected by (i) the implementation of the ESRD PPS in January 2011, (ii) across-the-board spending cuts in payments

to Medicare providers by the U.S. federal government, commonly referred to as "U.S. Sequestration" (temporarily suspended from May 1, 2020 through March 31, 2022 – a 1% reduction became effective from April 1 to June 30, 2022 and the full 2% sequester resumed on July 1, 2022), and (iii) the phased reduction to the ESRD PPS rate to account for the decline in utilization of certain drugs and biologicals associated with dialysis pursuant to the American Taxpayer Relief Act of 2012, as subsequently modified under the Protecting Access to Medicare Act of 2014.

We intend to continue to address our current cash and financing requirements using net cash provided by operating activities, issuances under our commercial paper program (SEE NOTE 13 of the notes to the consolidated financial statements) as well as from the use of our Accounts Receivable Facility, bilateral credit lines and our uncommitted revolving credit facility with Fresenius SE. The Syndicated Credit Facility is also available for backup financing needs. In addition, to finance acquisitions or meet other needs, we expect to utilize long-term financing arrangements, such as the issuance of bonds (see "Net cash provided by (used in) financing activities," below).

Net cash provided by (used in) operating activities depends on the collection of accounts receivable. Commercial customers and government institutions generally have different payment cycles. Lengthening their payment cycles could have a material adverse effect on our capacity to generate cash flow. In addition, we could face difficulties enforcing and collecting accounts receivable under the legal systems of and due to the economic conditions in some countries. Accounts receivable balances, net of expected credit losses, represented Days Sales Outstanding (DSO) of 68 days at December 31, 2022, an increase as compared to 62 days at December 31, 2021.

DSO by segment is calculated by dividing the respective segment's accounts and other receivables from unrelated parties less contract liabilities, converted to euro using the average exchange rate for the period presented, less any sales or value-added tax included in the receivables, by the average daily sales for the last twelve months of that segment, converted to euro using the average exchange rate for the period. Receivables and revenues are adjusted for amounts related to acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold, consistent with the respective adjustments in the determination of adjusted EBITDA (see section "Performance management system" in the chapter "Overview of the Group").

The development of DSO by reporting segment is shown in TABLE 2.28 ON PAGE 52.

Due to the fact that a large portion of our reimbursement is provided by public health care organizations and private insurers, we expect that most of our accounts receivable will be collectible.

For information regarding litigation exposure as well as ongoing and future tax audits, SEE NOTE 22 of the notes to the consolidated financial statements.

Net cash provided by (used in) investing activities

Net cash used in investing activities was €735 M for 2022 (2021: €1,196 M). TABLE 2.29 ON PAGE 52 shows a breakdown of our investing activities for 2022 and 2021.

The majority of our capital expenditures were used for maintaining existing clinics and centers, equipping new clinics and centers, capitalization of machines provided to our customers, capitalization of certain development costs and IT implementation costs. Capital expenditures accounted for approximately 4% of total revenue in 2022 (2021: 5%).

Investments in 2022 were primarily comprised of purchases of debt securities and equity investments. In 2022, we received €118M from divestitures. These divestitures were mainly related to the divestment of equity investments and debt securities. Acquisitions in 2022 relate primarily to the purchase of dialysis clinics and other health care facilities. Additionally, purchases of intangible assets in 2022 related primarily to emission rights certificates.

Investments in 2021 were primarily comprised of purchases of debt securities and equity investments. In 2021, we received €197 M from divestitures. These divestitures were mainly related to the divestment of debt securities. Acquisitions in 2021 relate primarily to the purchase of dialysis clinics.

In 2023, we anticipate capital expenditures around €0,9 BN and expect to limit acquisition and investment spending, while focusing on the organic growth of our business.

Net cash provided by (used in) financing activities

Net cash used in financing activities was €1,617 M in 2022 (2021: €1,024 M).

In 2022, cash was mainly used in the repayment of short-term debt (including borrowings under our commercial paper program and short-term debt from related parties), the repayment of lease liabilities (including lease liabilities from related parties), the repayment of long-term debt (including the repayment at maturity of bonds in an aggregate principal amount of $700 M (€533 M as of the date of issuance) on January 31, 2022), the payment of dividends and distributions to noncontrolling interests, partially offset by proceeds from long-term debt (including proceeds from the issuance of bonds in an aggregate principal amount of €750 M on September 20, 2022, and the issuance of Schuldschein loans of €225 M in February

T 2.28 DEVELOPMENT OF DAYS SALES OUTSTANDING
IN DAYS

	December 31, 2022	December 31, 2021	Increase / decrease primarily driven by:
North America Segment	56	44	CMS's recoupment of advanced payments received in 2020 under the Medicare Accelerated and Advance Payment Program
EMEA Segment	86	88	Impacts Related to the War in Ukraine as well as bad debt expense in certain other countries
Asia-Pacific Segment	102	103	Improvement of payment collections in the region
Latin America Segment	109	130	Improvement of payment collections in the region
FMC AG & CO. KGAA AVERAGE DAYS SALES OUTSTANDING	**68**	**62**	

T 2.29 CASH FLOWS RELATING TO INVESTING ACTIVITIES
IN € M

	Capital expenditures, net, including capitalized development costs		Acquisitions, investments, purchases of intangible assets and investments in debt securities[1]		Proceeds from divestitures and the sale of debt securities	
	2022	2021	2022	2021	2022	2021
North America Segment	345	399	72	476	76	197
EMEA Segment	97	106	15	28	1	–
Asia-Pacific Segment	36	46	22	7	29	–
Latin America Segment	27	34	15	17	2	–
Corporate	182	244	41	35	10	–
TOTAL	**687**	**829**	**165**	**563**	**118**	**197**

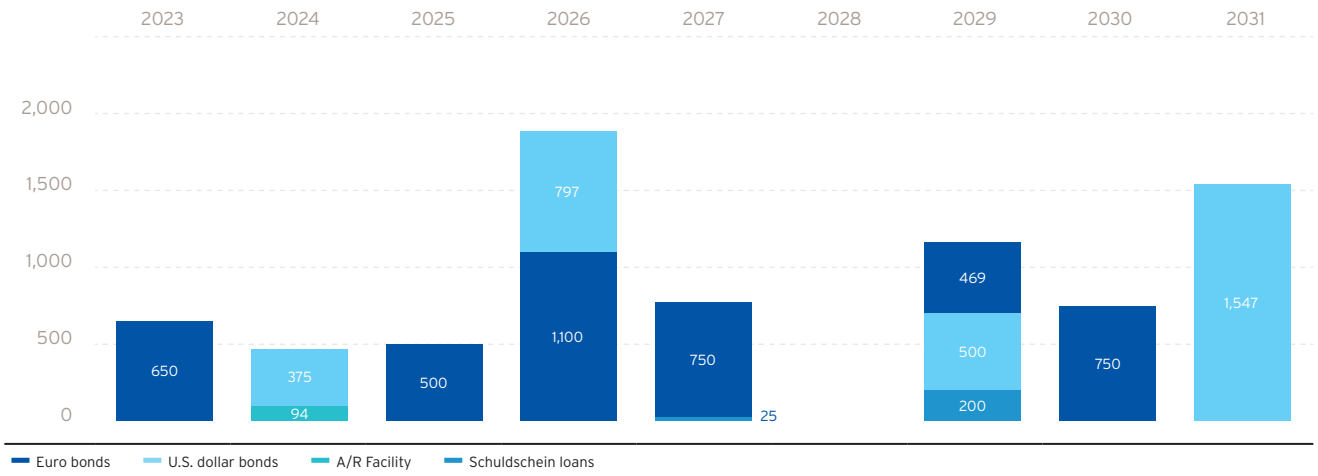
[1] Acquisitions in the North America Segment are net of cash acquired in the InterWell Health business combination. SEE NOTE 3 included in this report.

2022) and proceeds from short-term debt (including borrowings under our commercial paper program and short-term debt from related parties). SEE NOTE 14 of the notes to the consolidated financial statements.

In 2021, cash was mainly used in the repayment of short-term debt from unrelated parties, repayment of long-term debt (including the repayment at maturity of bonds in an aggregate principal amount of $650 M (€473 M as of the date of issuance) and €300 M, as well as the early repayment of the U.S. dollar term loan 2017/2022 in the amount of $1,050 M (€860 M as of the date of repayment) and the euro term loan 2017/2022 in the amount of €245 M, both under the Amended 2012 Credit Agreement), the repayment of lease liabilities (including lease liabilities from related parties), payment of dividends and distributions to noncontrolling interests, partially offset by proceeds from short-term debt (including borrowings under our commercial paper program) and proceeds from long-term debt (including proceeds from the issuance of bonds in an aggregate principal amount of $1,500 M (€1,227 M)).

On May 17, 2022, we paid a dividend of €1.35 per share for 2021 (€1.34 per share for 2020 paid in 2021). The total dividend payment was €396 M in 2022 (2021: €392 M).

C 2.30 MATURITY STRUCTURE OF OUR SIGNIFICANT LONG-TERM FINANCING INSTRUMENTS (BASED ON NOMINAL AMOUNTS OUTSTANDING)
IN € M



T 2.31 AVAILABLE SOURCES OF LIQUIDITY
IN € M

		Expiration per period of			
	Total	Less than 1 year	1–3 years	3–5 years	Over 5 years
Accounts Receivable Facility[1]	738	–	738	–	–
Syndicated Credit Facility	2,000	–	–	2,000	–
Other unused lines of credit	1,107	1,107	–	–	–
	3,845	**1,107**	**738**	**2,000**	**–**

[1] Subject to availability of sufficient accounts receivable that meet funding criteria. At December 31, 2022, the Company had letters of credit outstanding in the amount of $13 M (€12 M), which reduces the availability under the Accounts Receivable Facility to the amount shown in this table.

CHART 2.30 summarizes our significant long-term financing instruments as well as their maturity structure at December 31, 2022.

For a description of our short-term debt, long-term sources of liquidity and contractual cash flows (including interest) resulting from recognized financial liabilities and derivative financial instruments recorded in the consolidated balance sheets, SEE NOTES 13, 14 AND 23 of the notes to the consolidated financial statements.

TABLE 2.31 summarizes our available sources of liquidity at December 31, 2022.

An additional source of liquidity is our commercial paper program, under which up to €1,500 M of short-term notes can be issued on a flexible and continuous basis. As of December 31, 2022, we utilized €497 M and as of December 31, 2021, we utilized €715 M of the commercial paper program.

At December 31, 2022, we had short-term debt from unrelated parties (excluding the current portion of long-term debt) and short-term debt from related parties in the total amount of €669 M.

For information regarding our Syndicated Credit Facility, bonds and the Accounts Receivable Facility, SEE NOTE 14 of the notes to the consolidated financial statements. For information regarding other contractual commitments, SEE NOTE 21 of the notes to the consolidated financial statements.

Although current and future economic conditions could adversely affect our business and our profitability, we believe that we are well positioned to continue to operate our business while meeting our financial obligations as they come due, and to resume growing our business as macroeconomic conditions improve and headwinds subside. Because of the non-discretionary nature of the health care services we provide, the need for health care products utilized to provide such services and the availability of government reimbursement for a substantial portion of our health care services, our business is generally not cyclical. A substantial portion of our accounts receivable is generated by governmental payors. While payment and collection practices vary significantly between countries and even between agencies within one country, government payors usually represent low to moderate credit risk. However, limited or expensive access to capital could make it more difficult for our customers to do business with us, or to do business generally, which could adversely affect our business by causing our customers to reduce or delay their purchases of our health care products (see section "Results of operations" above). If the conditions in the capital markets worsen, this could increase our financing costs and limit our financial flexibility.

At our Annual General Meeting scheduled to be held on May 16, 2023, our General Partner and our Supervisory Board will propose to the shareholders a dividend of €1.12 per share for 2022, payable in 2023 (for 2021 paid in 2022: €1.35). The total expected dividend payment is approximately €329 M compared to dividends of €396 M for 2021 paid in 2022.

Our principal financing needs in 2023 relate to the repayment of bonds at maturity in November 2023. The dividend payment in May 2023, anticipated capital expenditures and, to a lesser extent, exercises of put options as well as further acquisition payments are expected to be covered by our cash flow, including the use of existing credit facilities and, if required, additional debt financing. We have sufficient flexibility to meet our financing needs in 2023.

Net assets

Our total consolidated assets as of December 31, 2022, amounted to €35,754 M, an increase of €1,387 M (4%) over the prior year. In addition to a 4% positive impact resulting from foreign currency translation, total assets summing up to €34,448 remained relatively stable (2021: €34,367 M).

Non-current assets increased by €1,151 M (4%) to €27,551 M and represented 77% of total assets (2021: 77%). This increase includes a positive effect from foreign currency translation of 4%. Increases in goodwill, primarily from the InterWell Health business combination, were mostly offset by decreases in right-of-use assets, mainly due to cancelled or not renewed contracts, property, plant and equipment as well as investments in non-consolidated affiliates, mainly due to the Humacyte Investment Remeasurement.

Current assets increased by 3% to €8,203 M, including a positive effect from foreign currency translation of 2%. The increase in Inventories, particularly due to higher stock levels of pharmaceuticals used in our health care services business, and trade accounts and other receivables from unrelated parties, mainly due to revenue growth, slower payment collections and a shift to reimbursement programs which have longer payment cycles, were partially offset by a decrease in cash and cash equivalents due to decreased securities and time deposits.

Total liabilities amounted to €20,305 M at December 31, 2022 and decreased slightly by €83 M from €20,388 M in 2021. Including a positive effect from foreign currency translation of 4%, this decrease was primarily the result of lower short-term debt, provisions and other current liabilities, lease liabilities from unrelated parties, (including the current portion) and pension liabilities. Other current liabilities decreased primarily due to CMS's recoupment of advanced payments received in 2020 under the Medicare Accelerated and Advance Payment Program, which are recorded as contract liabilities. The decrease in lease liabilities from unrelated parties was mainly due to cancelled or not renewed contracts and the decrease in pension liabilities was mainly attributable to adjustments to the discount rate. This was partially offset by increases in provisions and other non-current liabilities, including an increase in put option liabilities from the InterWell Health business combination, and long-term debt (including the current portion of long-term debt).

Current liabilities accounted for €1,363 M of our debt (2021: €1,924 M), a decrease of €561 M (29%), including a positive effect from foreign currency translation of 1%. The decrease was due to repayment of bonds denominated in U.S. dollar and short-term debt (including borrowings under our commercial paper program). It was partially offset by the reclassification of bonds denominated in euro to the current portion of long-term debt, as these will mature in 2023.

Long-term debt increased to €7,171 M from €6,647 M in the prior year, an increase of €524 M (8%), including a positive effect from foreign currency translation of 3%. Furthermore, the increase in long-term debt was mainly a result of the issuance of bonds under our Debt Issuance Program in an aggregate principal amount of €750 M and the issuance of Schuldschein loans of €225 M in total. It was partially offset by the reclassification of bonds denominated in euro to the current portion of long-term debt.

Shareholders' equity increased by 11% to €15,449 M. The increase was driven by a positive effect from foreign currency translation of 5% and net income as well as an increase in addi-

tional paid in capital, related to noncontrolling interests from the InterWell Health business combination, an actuarial gain recognized in other comprehensive income (loss), mainly attributable to adjustments to the discount rate for pension liabilities, and the net effect from noncontrolling interests due to changes in the consolidation group. It was partially offset by changes in fair value of put option liabilities recognized in other comprehensive income (loss) as well as dividend payments and distributions to noncontrolling interests. The equity to assets ratio increased to 43% at December 31, 2022 from 41% at December 31, 2021, primarily driven by an increase in equity and a decrease in short-term debt.

At Group level, ROIC decreased to 3.3% at December 31, 2022 from 4.9% at December 31, 2021, driven by lower operating income and increased average invested capital. Goodwill, included in the item "Invested capital", has a significant impact on the calculation of ROIC. The weighted average cost of capital (WACC), including weighted risk premiums for country risks, was 7.1%.

For supplementary information on capital management and our capital structure, SEE NOTE 18 of the notes to the consolidated financial statements.

Management's general assessment

We continue to operate in a challenging and highly volatile macroeconomic and operational environment. As expected, inflationary developments persisted and weighed on our earnings. Open positions in our dialysis clinics were reduced but remained at an elevated level, impacting both costs and growth in Health Care Services. We continue to face an unprecedented labor market situation in the U.S., resulting in staff shortages, high turnover rates and meaningfully higher costs. This has impacted growth in U.S. Dialysis Services as well as in downstream assets and consequently affected operational leverage in both.

On the upside, in 2022, we received U.S. Department of Health and Human Services funding (Provider Relief Fund Phase 4) available for health care providers affected by the COVID-19 pandemic. While the FME25 new operating model and savings provide an important foundation, there is also a clear urgency to turnaround our operational performance with bold interventions. These measures will also include a culture of performance and accountability.

SUBSEQUENT EVENTS

Refer to NOTE 27 of the notes to the consolidated financial statements.

OUTLOOK

The outlook describes how Fresenius Medical Care expects to perform in fiscal year 2023. These statements take into account all events known at the time the financial statements were prepared which could affect the development of our business in 2023.

BUSINESS POLICY

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases based on publicly reported revenue and the number of patients treated. We aim to further expand this position in the years ahead. Our products and health care services are at the core of our strategy. During our transition year 2022 we have gradually started to introduce the new operating model with two future global segments, Care Enablement and Care Delivery. The new global operating model went live on January 1, 2023. To take it to the next level until 2025, we will concentrate on three key areas: the renal care continuum, critical care solutions, and complementary assets. Aspects of the renal care continuum include new renal care models, value-based care, chronic kidney disease and transplantation, and future innovations. Over the next few years, we will use our competence in the critical care business to address a variety of health challenges and continue to leverage our core competencies through partnerships, investments, and acquisitions. This approach constitutes our commitment to long-term sustainable development and growth.

SECTOR-SPECIFIC ENVIRONMENT – DIALYSIS MARKET

The Company 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 to have 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 U.S., 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 partly to be considerably higher. We expect patient numbers to continue growing in the coming years – see the following table:

T 2.32 **EXPECTED GROWTH IN PATIENT NUMBERS**

	Growth 2023
North America Segment	~1%
EMEA Segment	~3%
Asia-Pacific Segment	~6%
Latin America Segment	~3%
WORLDWIDE	**~4%**

Source: Internal estimates.

Our growth strategy is based on an in-depth analysis of the major trends affecting Fresenius Medical Care:

- Demographic factors: Demographic factors are one of the main reasons for the continued growth of dialysis markets. As average life expectancy rises worldwide, the share of older people in the population is also growing. However, kidney function deteriorates with age. Therefore, demographic change is an important indicator for the future number of dialysis patients, which is expected to increase from around 3.9 M worldwide in 2022 to over 5.7 M in 2030.
- Increase in lifestyle diseases: Diseases such as high blood pressure and diabetes are on the rise around the world. They can cause damage to the entire organism and also often impair kidney function in the long-term.
- Improved access to medical care: Thanks to ongoing efforts to establish and expand balanced and sustainable health care systems in many countries around the globe, a growing number of patients are gaining access to suitable dialysis treatments for the first time. We expect this trend to continue and drive demand for high-quality products and treatments.
- Changes in the health care industry: The health care industry is constantly changing. We believe that demand for the holistic care of chronic patients will continue to rise. In future, the focus when treating kidney patients will no longer be simply on offering individual dialysis products or services, but also on combining all fields of application related to dialysis and coordinating them more effectively.

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 BN 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 BN to €84 BN by 2023.

In addition, the reimbursement and ancillary services utilization environment significantly influences our business. In the U.S., our biggest sales 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 U.S. influences our business.

KEY PERFORMANCE INDICATORS DEVELOPMENT OF FRESENIUS MEDICAL CARE IN 2023

Fresenius Medical Care's outlook for 2023 is at Constant Exchange Rates and excludes Special Items. Special items include further costs related to the FME25 Program and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. These targets are based on the following assumptions:

- Significant headwind from inflationary cost environment of €200 M to €240 M.
- Labor cost headwind of €140 M to €180 M.
- No additional government support assumed.
- U.S. dialysis treatment growth of -1% to +1%.
- Sustainable FME25 savings of €250 M to €300 M.
- Remeasurement effects on the fair value of investments are expected to be volatile but neutral on a full year basis.

The growth rates are based on the results in 2022 excluding Special Items, such as the costs related to the FME25 Program, the Net Gain Related to InterWell Health, the Humacyte Investment Remeasurement, the Hyperinflation in Turkiye and the Impacts Related to the War in Ukraine. In 2022, operating income was supported by €277 M of Provider Relief Funding. There is no additional governmental support assumed for 2023. To provide a comparable basis for the 2023 outlook, the prior year basis was adjusted accordingly for the Provider Relief Funding. For a reconciliation of the results 2022 to the adjusted results 2022 as a basis for the targets 2023, SEE TABLE 2.34 at the end of this chapter.

Revenue and revenue growth

We expect revenue to increase at a low to mid-single digit percentage rate at Constant Exchange Rates in 2023.

Operating income

We expect operating income to remain flat or decline up to at a high-single digit percentage rate at Constant Exchange Rates in 2023. The positive development of operating income in Care Delivery is affected by a negative development in Care Enablement. This development is based on operating income in 2022 excluding Special Items. Additionally, operating income was adjusted for the Provider Relief Funding.

Dividend

Regarding our dividend policy, we will propose a dividend that is aligned with our earnings development at Constant Exchange Rates, while focusing on the continuity of historical payments.

The expected developments might be influenced by developments described in the risks and opportunities report. 2023 is expected to be a transition year towards earnings growth recovery in 2024.

Our outlook for the financial year 2023 is summarized in TABLE 2.33.

FME25: TRANSFORMING GLOBAL OPERATING MODEL TO STRENGTHEN PROFITABILITY

As part of the FME25 Program launched in 2021, we have announced on November 2, 2021, a new operating model that will be launched in 2023. The objective is to better capture identified growth opportunities, thereby generating additional value, enhance capital allocation, further exploit the advantages of the Company's vertical integration, increase transparency both internally and externally, reduce the administrative burden in terms of cost and speed, and promote a culture of agility, innovation and accountability. Since January 1, 2023, we conduct our business in two global segments – Care Delivery and Care Enablement – along the relevant future value drivers taking a more centralized approach.

T 2.33 OUTLOOK PRIMARY KEY PERFORMANCE INDICATORS 2023

	Results 2022	Outlook 2023 (at Constant Currency)
Revenue[1]	€19,398 M	low to mid-single digit percentage rate growth
Operating income[1]	€1,540 M	flat to high-single digit percentage rate decline

[1] Outlook 2023 is based on the assumptions outlined above and excludes Special Items. Special items include further costs related to the FME25 Program and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. The growth rates are based on the results in 2022 excluding the costs related to the FME25 Program, the Net Gain Related to InterWell Health, the Humacyte Investment Remeasurement, the Hyperinflation in Turkiye and the Impacts Related to the War in Ukraine. Additionally, the results in 2022 were adjusted for the Provider Relief Funding. For a reconciliation of results 2022 to the adjusted results 2022 as a basis for targets 2023, see the following table. For further information on Constant Currency, see section "Performance management system" in the chapter "Overview of the Group".

T 2.34 **RECONCILIATION OF RESULTS 2022 TO THE ADJUSTED RESULTS 2022 AS A BASIS FOR TARGETS 2023**
IN € M

		Special Items						
	Results 2022	FME25 Program	Net Gain Related to InterWell Health	Humacyte Investment Remeasurement	Ukraine War	Hyper-inflation in Turkiye	Provider Relief Funding	Adjusted results 2022
Revenue	19,398	–	–	–	–	–	–	19,398
Operating income	1,512	204	(56)	103	49	5	(277)	1,540

We increased the savings target for our FME25 Program from €500 M to €650 M by 2025 and now expect to invest up to €650 M in the same period.

The Company is well on track with its FME25 Program. We exceeded the program's target of savings to contribute €40 M to €70 M to operating income for 2022 with savings of €131 M. Fresenius Medical Care is also working on measures that further support margin improvement.

By 2025 we target to achieve an improved operating income margin excluding Special Items of 10% to 14%.

MANAGEMENT'S GENERAL ASSESSMENT

Our clear focus in the coming years will be on improved operational performance and our transformation efforts. This will involve even bolder steps to both further simplify and focus the way we manage our business to drive sustainable profitable growth recovery. This will be achieved through a simplified and efficient governance structure, faster execution on operational efficiencies within the two new global segments, and further streamlining of our processes and portfolio. All of this supports our mission to provide the best possible care for our patients around the globe. 2022 has shown, that we operate in a very challenging environment. While we expect more headwinds than tailwinds, and no governmental support for 2023, our transformation efforts and sharpened focus will enable us to accelerate the execution of our strategic initiatives and to return to earnings growth in 2024.

RISKS AND OPPORTUNITIES REPORT

As a company with global operations, we are naturally exposed to risks associated with our business activities. Ultimately, we can leverage opportunities for our business only if we are willing to take certain risks. Based on our many years of experience and our extensive knowledge of the markets, we are able to identify and assess risks and opportunities for our business.

RISK AND OPPORTUNITY MANAGEMENT

We see risk management as the ongoing task of determining, analyzing and evaluating the spectrum of actual and potential risks arising from our business operations in our environment and, where possible, taking pre-emptive and corrective measures. Our risk management system provides us with a basis for these activities. It enables management to identify risks that could jeopardize our growth or going concern and to take steps to minimize any negative impact. Accordingly, it is an important component of our management and governance.

In addition, we ensure our long-term success by actively managing opportunities. The aim here is to identify and assess opportunities as early as possible and initiate appropriate measures so that opportunities can be turned into business success for Fresenius Medical Care. Long-term and mid-term opportunities are taken into account in our strategy and budget planning. We exploit opportunities that can be implemented at short notice as part of ongoing business operations, provided this is meaningful and in line with our business targets.

MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Risk management system

The main objective of the risk management system is to identify potential risks as early as possible to assess their impact on business activities and enable us, where necessary, to take appropriate countermeasures. Due to constantly changing external as well as internal requirements and conditions, our risk management system is continuously evolving. In the past fiscal year, preparations were made to adjust our risk management approach to the new global operating model. This adjustment was complemented by the definition of a more robust process to integrate risks that could cause adverse impacts on ESG (Environmental, Social & Governance) aspects.

The organizational structure of our risk management as well as the previously described processes are shown in CHART 2.35 ON PAGE 60.

The structure of the internal risk management system is based on the internationally recognized framework for company-wide risk management, the "Enterprise Risk Management – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Opportunities are not covered by the implemented risk management system.

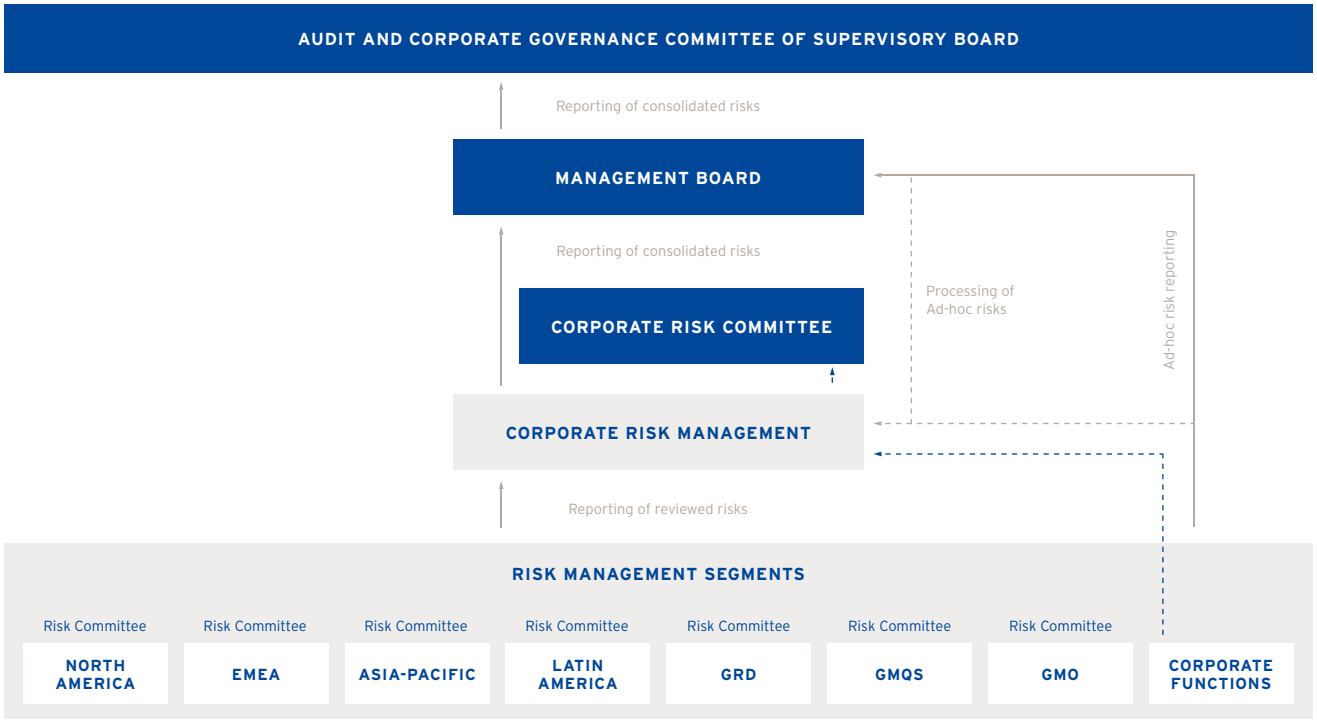
As part of the risk management system, regional risk coordinators, utilizing risk management software, assume the task of coordinating risk management activities within our operating segments, in particular for risk identification and assessment with individual risk owners by means of, among other things, workshops, interviews and queries. These activities relate to existing and potential emerging short-term as well as mid-term risks. Semi-annually, identified risk information is processed by the risk coordinators, reviewed by the respective corporate functions and discussed in regional/functional risk committees. Subsequently, the central risk management function gathers the risks and risk responses from regions and functions, analyses and discusses them in the corporate risk committee and communicates the compiled results to the Management Board. The analysis of the risk environment also includes determining the degree of a potential threat to the company's going concern by aggregating all risks with the aid of a software-supported risk simulation.

The Management Board and central risk management are promptly informed of new risks that are estimated to be high or develop into high risks in order to ensure appropriate responses (Information regarding the classification of risks as high, medium and low can be derived from the risk matrix depicted in the section "Risks" in this chapter). The effectiveness of the risk management system is monitored by the Audit and Corporate Governance Committee of the Supervisory Board.

In addition to risk reporting, standard reporting to management is an important tool for managing and controlling risks, as well as for taking preventive measures in a timely manner. Therefore, our Management Board is informed on a monthly basis about the industry situation, our operating and non-operating business, and the outcome of analyses of our earnings and financial position, as well as of the assets position on a quarterly basis.

The Global Internal Audit department is regularly informed about the results of the risk management system. This department determines risk focus areas and audits a selected number

C 2.35 **RISK REPORTING**



of our departments, subsidiaries and information technology (IT) applications worldwide each year. Determined risk focus areas are audited across all business segments. The department works according to the internationally accepted standards of the Institute of Internal Auditors, which was confirmed by a quality assessment in 2022. The next quality assessment is planned for 2027. The scope of internal auditing is widespread and involves, among other activities, periodic assessment of the effectiveness of controls (including legal compliance controls) over business processes, IT security, the reliability of financial reporting and compliance with accounting regulations and internal policies. Since 2021, Global Internal Audit is also conducting third-party audits of selected sales intermediaries in order to give assurance that business transactions with Fresenius Medical Care products are in accordance with applicable compliance standards. Our locations and units to be audited are determined annually on the basis of a selection model taking various risks into consideration. This annual audit plan is reviewed and approved by the Management Board and the Audit and Corporate Governance Committee of the Supervisory Board. All audit reports with material observations are presented to the Management Board. The Global Internal Audit department is also responsible for monitoring the implementation of measures mitigating identified deficiencies. The Management Board is informed about the mitigation status on a quarterly basis. The Audit and Corporate Governance Committee of the Supervisory Board is also informed of the audit results. Due to COVID-19, the Global Internal Audit department suspended on-site audits from March 2020 onwards and conducted all audits remotely. In 2022, a total of 26 audits and 24 sales intermediary audits were carried out. Risk focus areas were compliance and cybersecurity.

Nevertheless, it is important to note that a functioning and adequate risk management system cannot guarantee that all risks are fully identified and controlled.

Internal control system[1]

Our internal control system aims on mitigating risks within various business processes by efficient and effective control mechanisms to ensure that business processes are reliable and that the related objectives are being met. The scope of our internal control system is not only limited to financial reporting processes to ensure that also compliance-related risks and operational business risks are being addressed by appropriate internal controls.

Our internal control system is oriented on the requirements of the internationally recognized "Internal Control – Integrated Framework (2013)" that has been published by COSO. The internal control system is divided into five components: control environment, risk assessment, control activities, information and communication, as well as the monitoring of the internal control system. Each of these components is regularly documented and assessed.

[1] The disclosures in this paragraph are so-called non-management report disclosures. Therefore, these are unaudited.

The ultimate responsibility for the implementation of an adequate and effective internal control system lies with the Management Board of Fresenius Medical Care. The Management Board has instructed several functions within Fresenius Medical Care to take care of the implementation of an internal control system within their area of responsibility and to apply a global internal control governance for the respective internal controls. Monitoring and reporting mechanisms exist to provide updates regarding the status of the internal control system towards the Management Board as well as the Audit and Corporate Governance Committee of the Supervisory Board. On top of that internal controls are also subject to audit activities by the Global Internal Audit department, which communicates audit results to the respective audit subjects (for example country organizations, global functions) and to the Management Board of Fresenius Medical Care.

Depending on the risks within the business processes and the underlying process design, controls vary in terms of their design and control requirements. Control issues identified via control testing activities may also require adaptions of the underlying controls. Controls within finance and finance related processes look different from compliance controls or controls within operational business processes. However, a sufficient risk mitigation is always the primary focus for all our controls that we have across our organization. Typical control types (non exhaustive listing is provided here) that are in use within Fresenius Medical Care are related to preventive approvals of business transactions, detective management reviews, organizational control measures (for example segregation of duties), IT related control procedures (for example system back-ups or user access review) or quality/safety checks within operational business processes (for example within our production facilities or our clinics). Besides the before mentioned control activities, Fresenius Medical Care currently has internal controls in place with respect to certain sustainability-related objectives, for instance those for the measurement of the target achievement of the Management Board members with respect to their short-term incentive compensation. In the reporting year these controls referred to quality criteria defined in the methodology of the Global Sustainability Program, including requirements for data provider and data validator roles, final review and external assessment.

Our internal control system is subject to constant change and improvement to reflect changes within our organization, our business processes and also the external environment that we are operating in.

Similar to our risk management system there are inherent limitations to our internal control system, meaning that there is no absolute guarantee that all risks within the various business processes are 100% effectively mitigated and that respective objectives will be fully met.

Fresenius Medical Care has implemented several monitoring and reporting mechanisms to update the Management Board and the Audit and Corporate Governance Committee of the Supervisory Board about the status of its risk management system and internal control system. Based on this the Management Board has no indication that the risk management system and internal control system were not appropriate or not effective as of December 31, 2022.

Internal control system over financial reporting

Our internal control system over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with IFRS as issued by the IASB and endorsed by the EU Commission. Our internal reporting process is designed for the reliable recording, processing and control of financial data and key figures. Figures and data are compared and discussed regularly on a monthly and quarterly basis with the previous year's values, budget targets and the latest projections. In addition, the Management Board and the departments responsible for preparing the consolidated financial statements discuss all parameters, assumptions and estimates that substantially affect the externally reported consolidated and segment results. The Audit and Corporate Governance Committee of the Supervisory Board also reviews current quarterly results and compares them with budgets and projections.

The internal control system contains guidelines and instructions designed for the appropriate and accurate recording and presentation of Company transactions.

Further control mechanisms aimed at achieving reliable financial reporting and correct recording of transactions within the accounting and the consolidation process include automated and manual reconciliations, as well as the separation of certain personnel functions to prevent potential conflicts of interest. Furthermore, several preventive approval steps as well as detective plausibility checks are in place in various core finance and finance-related processes to ensure correct financial reporting. All process owners identify and assess the risks of their respective processes in terms of the implications for accounting and financial reporting. These process owners also determine that corresponding controls are in place to minimize these risks. Changes to accounting standards are discussed on an ongoing basis and considered in the preparation of the financial statements. Employees responsible for financial reporting are provided with regular training regarding changes in accounting standards. The consolidation is performed by a central department. The basis for the consolidation is derived from reporting packages and sub-group consolidated financial statements prepared and submitted by local group entities. The preparation of reporting packages and sub-group consolidated financial statements is performed according to central requirements and guidelines.

As we are also listed on the New York Stock Exchange, it is required to adhere to the requirements of the U.S. Sarbanes-Oxley Act (SOX). Section 404 of this federal law stipulates that management of companies listed in the U.S. are responsible for implementing and adhering to an effective internal control system to produce reliable financial reporting. A yearly scoping takes place to determine entities, processes and controls which are subject to SOX requirements. The design and operating effectiveness of the internal control system over financial reporting are routinely tested and considered in regular internal audits. Control testing results are being regularly discussed with the respective stakeholders and remediation of control deficiencies is monitored. These criteria are also included in the annual audit by our independent registered public accounting firm. A quarterly certification process has been implemented as a formal accountability and responsibility mechanism for countries, regions, shared services centers as well as corporate entities which aims at the accuracy of financial reporting and the associated disclosure controls and procedures.

Our review of the internal control system over financial reporting complies with a specific SEC guideline (Guidance Regarding Management's Report on Internal Control Over Financial Reporting) and is conducted with software support. Initially, regional internal control teams coordinate the assessment of the controls in each region, after which the results are consolidated for the whole Group. Based upon this assessment, management evaluates the effectiveness of the internal control system for the current fiscal year. External advisers are consulted as needed. A corporate steering committee meets several times a year to review regulatory developments and changes of relevant internal control requirements, to discuss possible control deficiencies, and derive further measures. In addition, in its meetings, the Audit and Corporate Governance Committee of the Supervisory Board is informed regularly of the results of management's assessment.

As of December 31, 2022, management assessed our internal control system over financial reporting and determined that our internal control over financial reporting is effective.

Internal control systems over financial reporting are subject to inherent limitations, irrespective of how carefully these systems are designed. As a result, there is no absolute assurance that financial reporting objectives can be met, nor that misstatements will always be prevented or detected.

Compliance Management System[2]

We have a global compliance program that consists of key pillars of prevention, detection and correction to ensure we operate our business in accordance with the law and internal guidelines.

We prevent compliance violations through written policies and procedures, engagement of compliance officers across our organization and oversight committees, and ongoing compliance trainings. We detect compliance issues through open lines of communication, investigations, as well as ongoing monitoring and reviews. We ensure appropriate corrective action, when necessary, through disciplinary committees.

Compliance controls, such as third-party due diligence, vendor and customer transaction monitoring as well as invoice reviews are key to preventing and detecting compliance issues and are embedded throughout our organization.

All employees follow a Code of Ethics and Business Conduct that covers key areas including patient care, product and service quality, anti-corruption and anti-bribery, health and safety, data privacy, supplier conduct, and human rights. Our compliance program has systems and processes in place to continually monitor and evaluate compliance risks, identify non-compliance risks early, and mitigate and correct breaches. Each business routinely conducts risks assessments to create transparency and work plans to ensure continued compliance. The results of the compliance risk assessments are also reflected in our enterprise risk management system.

Oversight of our compliance program is monitored and key findings are reviewed by our Management Board and the Audit and Corporate Governance Committee of the Supervisory Board. In addition, senior leaders participate in Global Compliance Oversight Committee meetings, dedicated to reviewing the effectiveness of the compliance program.

We are continuously adapting and aiming to improve our compliance program and processes.

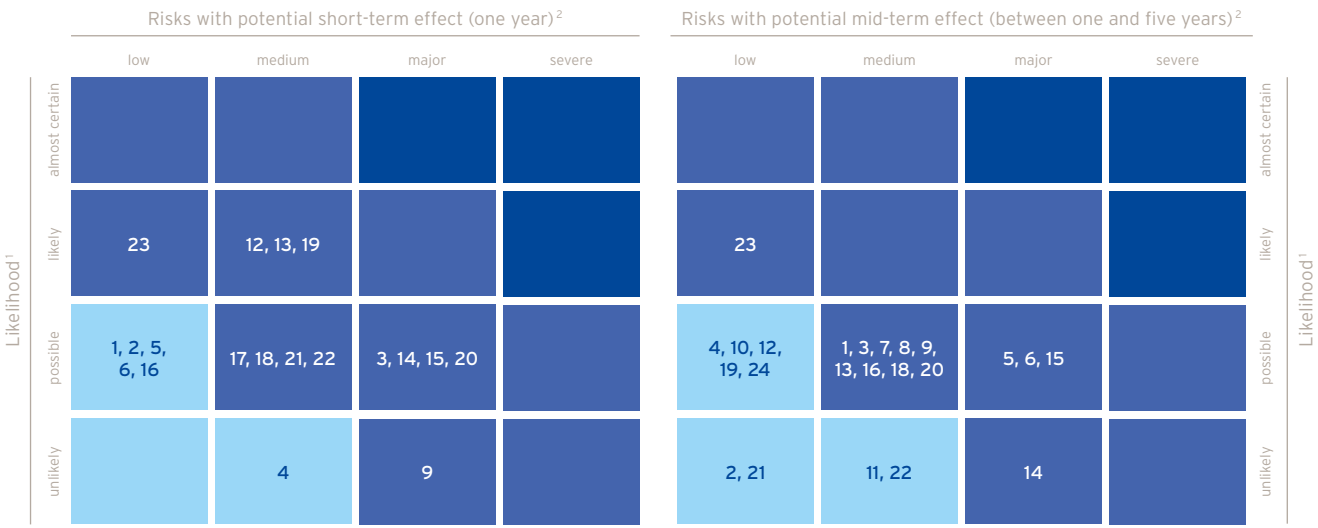
Risks

The following section describes significant risks which could have an impact on our business operations. In the course of the risk assessment an estimation of the risks takes place regarding the likelihood of occurrence and the potential impact in the respective assessment period, allowing a prioritization of the risks into the classifications low, medium and high. Besides quantitative factors, qualitative factors are also applied when assessing the potential impact of a risk. For the identification of strategic developments, besides the short-term consideration (one year), risks can also be assessed in terms of a mid-term effect within five years.

The scales for classification of potential impact and likelihood as well as the localization of the risks within the risk matrix are depicted in CHART 2.36 ON PAGE 63.

[2] The disclosures in this paragraph are so-called non-management report disclosures. Therefore, these are unaudited.

C 2.36 RISKS WITH POTENTIAL SHORT-TERM EFFECT (ONE YEAR) AND MID-TERM EFFECT (BETWEEN ONE AND FIVE YEARS)



RISK AREA

1	Regulatory environment	**13**	Personnel
2	Quality	**14**	Corruption and Fraud
3	U.S. federal health care programs	**15**	Information systems and business processes
4	Composition of our customer base	**16**	Liquidity and financing
5	Reimbursement by private insurers	**17**	Currencies and interests
6	Health care reforms	**18**	Litigation and potential exposures
7	Growth	**19**	Taxes
8	Competitors	**20**	Global operations
9	Research and development	**21**	Unpredictable events
10	Intellectual Property	**22**	Global economic conditions and disruptions in financial markets
11	Referral practices	**23**	COVID-19
12	Procurement	**24**	ESG requirements

low risk medium risk high risk

¹ Likelihood: **unlikely:** 0 to 10 %, **possible:** > 10 to 50 %, **likely:** > 50 to 90 %, **almost certain:** > 90 to 100 %.
² Potential impact: **low:** small negative impact, **medium:** moderate negative impact, **major:** significant negative impact, **severe:** material negative impact.

The adjacent depicted risk areas as well as mitigating measures within these areas are described in the following section.

Sector-specific risks

Regulatory environment, product quality

Our operations in both health care services business and products business are subject to extensive governmental regulation in virtually every country in which we operate. We are also subject to other laws of general applicability, including anti-trust laws. The applicable regulations, which differ from country to country, cover areas that include:

- the quality, safety and efficacy of medical and pharmaceutical products and supplies;
- regulatory approvals and oversight of clinical and certain non-clinical research and development activities;
- product approvals and regulatory approvals for new products or product improvements;
- the operation and licensure of manufacturing facilities, laboratories, dialysis clinics, ambulatory surgery centers and other health care facilities;
- audits and reviews by enforcement authorities, including the Food and Drug Administration (FDA), for compliance with applicable drug regulations;
- product labeling, advertising and other promotion;
- accurate reporting and billing for government and third-party reimbursement including accurate and complete medical records to support such billing;
- the discounting of reimbursed drug and medical device products and the reporting of drug prices to government authorities;
- limits on our ability to make acquisitions or certain investments and the terms of those transactions;

- the collection, dissemination, access, use, security and privacy of protected health information and other protected data;
- compliance with due diligence, warranty obligations and product liability rules; and
- compensation of medical directors and other financial arrangements with physicians and other referral sources.

In addition to the risks from non-compliance with the regulatory environment, as a manufacturing company we face the risk that products, as a result of unsuitable product designs or issues in the production process, do not fulfill our standards of quality and could lead to the possibility of not achieving expected treatment results which may result in product recalls that might lead to significant adverse financial results or reputational damage.

If we fail to comply with one or more of these laws or regulations or incur a quality incident, this may give rise to a number of adverse legal and financial consequences. These include, in particular, loss or suspension of governmental certifications, loss or suspension of licenses under the laws of governmental authority from which we generate substantial revenues, monetary and administrative penalties, recall actions and claims for damages, statutory or regulatory shipping holds, increased costs for compliance with government orders, complete or partial exclusion from government reimbursement programs, refunds of payments received from government payors and government health care program beneficiaries due to any failures to meet applicable requirements or complete or partial curtailment of our authority to conduct business. In the end, these types of risks may no longer be insurable. Including the considerable costs of legal defense, all the consequences mentioned above could have a material adverse effect on our business, results of operations and financial condition.

A number of the health care businesses in the U.S., that the Company operates, is owned or managed by entities in which one or more hospitals, physicians or physician practice groups hold an interest. We also have arrangements with physician practices to collaborate on our value and risk-based care programs with public and private payors. While the Company has structured its arrangements with physicians to comply with many of the criteria for safe harbor protection and waivers under the federal and state Anti-Kickback Statutes as well as other state fraud and abuse laws, its arrangements do not always satisfy all elements of such safe harbor. If one or more of our arrangements, including value and risk-based care programs, were found to be in violation of the Anti-Kickback Statute, the Stark Law or analogous state laws, or other similar laws worldwide, we could be required to restructure or terminate them. We also could be required to repay to Medicare, Medicaid as well as other federal health care program amounts pursuant to any prohibited referrals, and we could be subject to monetary penalties and exclusion from federal and state health care programs. Imposition of any of these penalties could have a material adverse impact on our business, results of operations and financial condition.

Compliance programs implemented in the regions reduce the risk of legal violations by providing general and specific rules of conduct and procedures as well as regular training of the employees according to the relevant specifications. To ensure that our products and services comply with the quality requirements, we implemented quality management systems in the different regions. The employees have access to procedures and work instructions to ensure that the applicable quality requirements are met. In addition, we conduct internal reviews of the production sites and clinics to monitor compliance with quality standards of our products and services. Regulatory initiatives and changes are closely monitored in order to quickly adapt to new regulations.

U.S. federal health care programs

As stated in the report in section "Macroeconomic and sector-specific environment" in the chapter "Economic Report", our dialysis clinics in the US participate in the QIP within the ESRD PPS. Payment reductions of up to 2% of Medicare reimbursements can be made if the quality standards of the QIP are not met in the clinics. Should we fail to meet the QIP's minimum requirements to a greater extent, this could have a material adverse effect on our business, financial condition and results of operations.

Through our value and risk-based care programs, we assume the risk of both medical and administrative costs for certain patients in return for fixed periodic payments or potential reimbursement based on our achievement against set benchmark targets from governmental and commercial insurers. We currently participate in the CKCC model as well as in remuneration agreements with insurers. (Details and detailed descriptions of the above mentioned and other programs in which we participate can be found in the report in section "Macroeconomic and sector-specific environment" in the chapter "Economic Report").

The profitability in our value and risk-based care programs is dependent in part upon our ability to negotiate favorable financial terms, to manage a patient's care, to collaborate with our payor partners, to coordinate with other health care providers, to accurately document patients' health conditions for risk adjustment, and to find cost efficient, medically appropriate sites of service for our patients. Any failure to do so would limit our ability to improve the quality of patient care and health outcomes and to reduce medically unnecessary costs, which could lead to poorer performance under value and risk-based care programs.

The reserves that we establish in connection with the operation of our value and risk-based care programs as well as estimations of the amount of revenues from health care services that we recognize in a reporting period are based upon assumptions and judgments concerning a number of factors which are subject to uncertainties. Those factors include trends in health care costs, expenses, patient hospitalization rates, the complicated billing and collection process, complex and changing laws and regulations subject to interpretation, determination of primary and secondary insurance coverage and other factors. Additionally, collections, refunds and payor retractions may continue to occur for up to three years or longer after services are provided. To the extent the actual claims experience is less favorable than estimated based on our underlying assumptions, the timing and amount of our recognition of revenues as well as future earnings could be adversely affected or incurred losses could increase.

CMS relied on authority granted by the ACA to implement the CKCC model and seeks to deliver better health outcomes for ESRD patients while lowering CMS' costs. We applied, and were accepted, for participation in CMS' CKCC model. The implementation period for the CKCC model began on October 15, 2020, on a no-risk basis, and we began participation in the first performance year of the CKCC model on January 1, 2022, at which time each participating entity assumed financial risk. We do not yet know whether we and our partners will be able to deliver better health outcomes while lowering CMS' costs.

We cannot give any assurance that we will achieve the cost savings required or contemplated by these programs, which could have a material adverse effect on our operating results. In addition, we may experience higher write-offs of Medicare deductibles and other cost-sharing amounts due to secondary uninsured and underinsured patients, resulting in an increase in uncollectible accounts.

We mitigated the impact of the ESRD PPS and the other legislative initiatives referenced above with two broad measures. First, we work with medical directors and treating physicians to make clinical protocol changes used in treating patients consistent with the QIP and good clinical practices, and we negotiate pharmaceutical acquisition cost savings. In addition, we achieved greater efficiencies and better patient outcomes by introducing new initiatives to improve patient care upon initiation of dialysis, increase the percentage of patients using home therapies and achieve additional cost reductions in its clinics.

Moreover, constantly refined actuarial models are used to estimate revenues and as a basis for a monitoring process that evaluates actual experience and allows to develop interventions for at risk patients to reduce hospitalizations and other potentially avoidable medical expense, to improve quality outcomes and to deliver reductions in total population cost of care.

Composition of our customer base

Our health care product business and our dialysis services business differ across the regions in which we operate. In many cases, our products and services are paid, either directly or indirectly, by government institutions. We believe the risk of default from a government payor is generally low to moderate worldwide. However, particularly in the event of a government shutdown significant payment delays could result even if it does not create a default. On a country level, the payor base is characterized by distinct customer or payor groups which can range in volume from a few customers to a considerable amount of customer types which have varying levels of risk associated with default or non-payment of receivables as well as risks for dependencies based upon the competition within low volume customer base environments. In certain cases, a resulting dependency on the payment behavior and decision-making of our business partners can affect the collectability of accounts receivable and can adversely affect our business, results of operations and financial condition.

Our measures aim to mitigate these risks by actively negotiating long-term contracts with major customers, targeted marketing activities, developing new product and pricing models as well as improving the quality of our services and products. In addition, outstanding receivables are closely monitored and followed up as part of a comprehensive receivables management system.

Reimbursement by private insurers

In the U.S. a portion of the dialysis treatments is reimbursed by private insurers and integrated care organizations; these reimbursements are in general higher than the reimbursements of the public health care systems. As a result, the payments we receive from private payors contribute a substantial portion of our profit. In 2022, approximately 43% of our consolidated Health Care services revenue were attributable to private payors in the North America Segment. If these payors succeed in lowering reimbursement rates in the USA, change the extent or conditions of their networks or if the portion of reimbursements by private insurers in general drops, this could result in a significant reduction in our revenue and operating profit. A portion of our business that is currently reimbursed by private insurers or hospitals may become reimbursed by integrated care organizations, which may use payment methodologies that reduce reimbursement for our services.

Furthermore, the U.S. Supreme Court's recent ruling in Marietta Memorial Hospital Employee Health Benefit Plan v. DaVita Inc. will make it easier for health plans to design plan benefits for Medicare eligible ESKD patients in a way that makes private health insurance relatively less attractive to ESKD patients and Medicare relatively more attractive. As a result, potential efforts by employer group health plans and commercial insurers to make dialysis reimbursement payments at a lower "out-of-network" rate may reduce reimbursement for our services or eliminate reimbursement for some of our services, particularly if the U.S. Congress fails to enact proposed legislation that would reverse the effects of that decision.

In addition, as of January 1, 2021, for the first time, all ESRD patients are eligible to enroll in Medicare Advantage plans. As a result, some patients with commercial coverage, may elect to move to Medicare Advantage plans which generally pay less than other commercial plans.

A portion of our patients who are currently covered by private insurers may be unable to continue to pay the premiums and may become uninsured for dialysis services or elect to transition to government funded reimbursement programs that reimburse us at lower rates for our services if legislative or regulatory efforts to restrict or eliminate the charitable funding of patient insurance premiums are successful.

In addition, the health care insurance industry is experiencing continuing consolidation among insurers and pharmacy benefit managers, including increasing buyer power and impacts on referral streams. This may have an adverse impact on our ability to negotiate favorable coverage terms and commercially reasonable rates with such insurers.

We monitor the relationships with private health insurance companies continuously and try to hedge the business through long-term contracts to maintain profitability.

Health care reforms

A number of governments have been considering proposals to modify their current health care systems to improve quality of and access to health care and to control costs. Policymakers in several countries are also considering reforms that could change the methodology used to reimburse providers of health care services. Furthermore, standards and regulations compulsory for providing dialysis service can be subject to extensive changes.

In fiscal year 2022, we derived approximately 26% of our worldwide revenue from Medicare and Medicaid reimbursements in the U.S. Consequently, changes in legislation, interpretation of government regulations by the courts or reimbursement practices regarding for example the End-Stage Renal Disease Prospective Payment System (ESRD PPS), the Physician Fee Schedule, the Clinical Laboratory Fee Schedule, and the Ambulatory Surgical Center Payment System could influence the volume of Medicare and Medicaid reimbursements for services provided and the insurance coverage. Spending cuts pursuant to U.S. sequestration have also adversely affected our operating results in the past and, with the suspension during the Covid-19 pandemic having been lifted, will continue to do so. Additionally, the termination of the public health emergency in the U.S. originally declared in January 2020 with respect to the COVID-19 pandemic or state termination of Medicaid coverage that was expanded during the public health emergency, among other consequences, could reduce Medicaid coverage for many Americans, resulting in an increase in the uninsured dialysis patient population.

A decrease in reimbursement rates, covered services or changes to standards, regulations or state funding in countries in which the Group operates, especially significant changes in the U.S. Medicare and Medicaid programs could reduce our revenue and profitability and have a material adverse effect on our business, financial condition and results of operations.

In this context it might happen that the annually adjusted ESRD PPS rates may not provide fully compensating reimbursement for the services or products consumed during service. This especially refers to the reimbursement of pharmaceuticals depending on their status as outside of or as part of the bundled rate. Pharmaceuticals included within the bundled rate are subjected to increased reimbursement pressure. If we are unable to secure appropriate reimbursement arrangements for the pharmaceuticals we provide in our dialysis clinics, we could experience a material adverse effect on our operating results. Further, an increased utilization of bundled pharmaceuticals or decreases in reimbursement for pharmaceuticals outside the bundled rate may result in a material adverse impact on our results of operations.

In the U.S., the previous administration publicly announced its intention to pursue significant changes to existing health care insurance programs. That administration's efforts to repeal or replace the ACA were unsuccessful and the current U.S. Administration has stated its intention to maintain and strengthen the ACA. In addition, options to restructure the Medicare program in the direction of a defined-contribution, premium support model and to shift Medicaid funding to a block grant or per capita arrangement, with greater flexibility for the states, are also being considered.

In October 2017, the U.S. administration discontinued making cost-sharing reduction (CSR) reimbursements to insurers, arguing that Congress had failed to appropriate funding for them. In response, many state departments of insurance (DOIs) either allowed or required insurers to mitigate their losses by increasing the 2018 premiums on their ACA plans. Many insurers also mitigated the impact to themselves by "silver loading", a practice whereby the premiums for silver-level plans, which are the most common health care plans under the ACA, were increased to offset the loss of CSR payments. Silver loading may also have mitigated the impact of premium increases to some low-income consumers by increasing their premium tax credits. In 2019 and 2020, all states either permitted or required silver loading. In 2017, several insurers sued the U.S. federal government to reinstate CSR payments. On June 21, 2021, the U.S. Supreme Court denied requests from multiple insurers to review lower court decisions that held they were not entitled to full unpaid CSR payments. As a result, insurers are entitled to the unpaid CSRs, but the total amount they are owed must be offset by any excess premium tax credits received from premium increases for 2018 and beyond. The Biden Administration's budget request to Congress for FY 2023 included appropriations for CSR payments,

although the Consolidated Appropriations Act of 2023, which will fund the federal government during FY 2023, did not include specific CSR appropriations and we cannot predict, the extent to which silver loading will continue or how the ongoing litigation over the U.S. federal government's obligation to pay the CSRs might be resolved. As a result, a reduction in the availability of insurance through insurance exchanges established by the ACA could reduce the number of our commercially insured patients and shift such patients to Medicare and Medicaid.

Challenges of this nature could have significant effects on our businesses, both positive and negative, but the outcomes are impossible to predict.

We closely monitor legislative and regulatory developments affecting the Company's businesses so that we are positioned to act proactively as needed.

Risks relating to the Company's business

Growth

The health care industry experiences continuing consolidation particularly among health care providers, as well as pressure on reimbursement and increasing costs, which requires us to identify both growth opportunities and efficiencies in the way we operate. Continuing consolidation in our industry could adversely affect our ability to find suitable acquisition targets and to increase future growth and product sales. We also compete with other health care companies in seeking suitable acquisition targets and developing our core dialysis and non-core businesses. Our ability to make future acquisitions as well as to develop our core dialysis and non-core business depends, in part, on the appropriate strategic target selection, the availability of financial resources and the current restrictions imposed by competition laws. The integration of acquired businesses may cause problems, for example by assuming unknown liabilities, underperformance subsequent to integration, associated requirements from competition authorities or non-compliant business practices not disclosed by the seller or not uncovered during due diligence, any or all of which may result in incurring unanticipated costs. Travel restrictions and restrictions on in-person meetings imposed as precautions to deal with the COVID-19 pandemic limit our ability to conduct onsite due diligence, which could increase the risk that non-compliant business practices or other problems at companies we acquire will not be detected.

In order to respond to rising costs, especially in the face of economic downturns and rising inflation, and to improve growth, we announced the next stage in the implementation of our strategy in November 2021: the transformation of our operating model into a significantly simplified future structure of two global operating segments embodying a more centralized approach (FME25 Program). The new global operating model will enable the further consolidation of general and administrative functions in our Company.

Failure to realize the expected cost savings from the FME25 Program within our announced timeframe could adversely impact the market for our securities and availability of financing, which, in addition, could limit our future growth, including growth in either our revenues or earnings within our health care services and products businesses. The various effects of the COVID-19 pandemic as well as an unprecedented labor market situation, in particular in the U.S., could increase the uncertainty regarding these estimates and assumptions. Any or all of these factors generally could have an adverse effect on our business, financial condition and results of operations.

For further information on the FME25 Program, see the section "Business Model" in the chapter "Overview of the Group" and the section "FME25" in the chapter "Outlook".

Competitors

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.

In particular, technological innovation has historically been a significant competitive factor in the dialysis products business. The introduction of new products or services by competitors could qualify them for certain additional payments for new and innovative equipment or render one or more of our products or services less competitive or even obsolete, which could also, among other items, affect our sales and distribution of pharmaceuticals for which, to some extent, we are obligated to make certain minimum annual royalty payments.

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 execution of programs devoted to cost saving and efficiency increase.

Research and development

The development of new products and therapies proposes a risk that the desired development goal will not be achieved or achieved significantly later than planned. Costly and extensive preclinical and clinical examinations are necessary until admission. All products, packaging, applications and technologies are constantly and systematically monitored, tested and improved. We address potential risks in the area of research and development (R&D) by continually analyzing, evaluating and assessing whether the R&D projects fit into our overall strategy. As a vertically integrated company, we also benefit from direct contact with our patients and medical professionals. Due to this close proximity to the market, we have the potential to gather important information to develop and offer products and therapies that meet the needs of our customers.

Referral practices

In providing services within our health care business, we depend upon patients choosing our health care facilities as the location for their care. Patients may select a facility based, in whole or in part, on the recommendation of their physician. Physicians and other clinicians typically consider a number of factors when recommending a particular dialysis facility, dialysis home program, pharmacy, physician practice, vascular surgery center or cardiac catheterization center to an ESRD patient, including, the quality of care, the competency of staff, convenient scheduling, location and physical condition. Physicians may change their recommendations, which may result in the movement of new or existing patients to competing facilities, including facilities established by the physicians themselves. At most of our dialysis clinics and home programs, a relatively small number of physicians often account for the referral of all or a significant portion of the patient base. We have no ability to control these recommendations and referrals. If a significant number of physicians or other referral sources cease referring their patients to our facilities and home programs or stop purchasing or prescribing our dialysis products, this would reduce our health care revenue and could materially adversely affect our overall operations.

Intellectual property

One of the typical intellectual property risks faced by us is inadequate protection of sensitive knowledge in the form of patents for technologies and products we developed. This means that competitors could copy our products without incurring comparable development costs. Moreover, a loss of sensitive knowledge could occur due to industrial spying or insufficient employee-non-compete restrictions. In addition, certain countries in which we market, manufacture or sell our products do not have laws which protect our intellectual property to the same degree as those in the U.S. or elsewhere and our competitors may gain market position by designing products that infringe upon our intellectual property rights. An inadequate protection of our intellectual property could have an adverse impact on our financial condition and results of operations.

In addition, we could infringe the patent of a competitor and thus be liable for damages; this could result in a ban on us further selling the affected product.

We mitigate the risks of inadequate protection of sensitive knowledge by, among other things, stipulating employee-compete-restrictions, where necessary, and by reviewing and controlling access to certain information and areas within the company. To avoid infringing patents of competitors standardized monitoring and assessment processes are in place.

Procurement

Our business is dependent on the reliable supply of several raw materials and finished components for production and service purposes. If we are unable to obtain sufficient quantities of these materials at times of limited availability of such materials, this could result in delays in production or loss of sales and hence have an adverse effect on our results of operations. The Ukraine War has increased both the likelihood and potential impact of these risks and exposures to varying degrees. In particular, the current, significant macroeconomic inflationary environment, including materially increasing energy prices, has resulted in and could continue to lead to, among other consequences, material increases in costs for energy, supplies and transportation. Our implemented countermeasures may not offset a significant increase in prices which could result in an adverse effect on our results of operations going forward. A continued disruption or discontinuation of energy supplies, for example from Russia, may increase these impacts and could have additional material adverse effects on our business such as a potential closure of certain of our production sites or significantly increased costs incurred due to a switch to alternative energy sources. These disruptions in supply, coupled with labor shortages, labor cost increases and heightened COVID-19-related employee absenteeism and turnover, have resulted and could continue to result in a negative impact on our business which may also expose us to legal liability in the delivery of our goods and services. Similarly, price increases by suppliers (including inflation impacts) and the inability to access new products or technology could also adversely affect our results of operations. In certain necessary cases products are obtained from a sole supplier. A failure of such a supplier could adversely affect our ability to manufacture, distribute or sell our products in a timely or cost-effective manner. Due to the stringent regulations and requirements of regulatory agencies we may not be able to quickly establish additional or replacement sources.

Our purchasing strategy is aimed at developing partnerships with strategic suppliers through long-term contracts and at the same time ensuring, where reasonably practicable, that we have at least two sources for all supply and price-critical

primary products (dual sourcing, multiple sourcing). To prevent loss of suppliers, we monitor our supplier relationships on a regular basis. Suppliers which are integral to our procurement functions are also subject to performance and risk analyses as well as continuous supply chain monitoring. Through our cost monitoring and cost savings initiatives, including inventory management, constant market analyses, a demands-based design of supplier-relationships and -contracts, as well as the use of financial instruments, we seek to mitigate disruptive goods shortages and potential price increases and to provide access to new product and technology developments.

Personnel

Our continued growth in the health care business will depend upon the ability to attract and retain a skilled workforce, including highly skilled nurses, technicians and other medical personnel. We have seen unprecedented challenges in the labor market, in particular in the U.S., which continue to impact our growth, specifically in U.S. health care services where labor constraints have affected our ability to increase treatment volumes. Our health care products business depends on the development of new products, technologies and treatment concepts to be competitive, and for that we need to attract the best and most talented people, especially in research and development. Competition for those employees is intense and shortages for these sought-after employees, such as nurses or skilled engineers and research and development personnel as well as increased reliance on contracted nurses and other personnel, have increased our personnel and recruiting costs and may continue to do so and/or could impair our reputation for production of technologically advanced products. Greater employee absenteeism, turnover and longer recruiting cycles as an effect from the COVID-19 pandemic further contributed and may continue to contribute to the experienced shortages in personnel as well as the increased personnel costs. Additionally, evolving guidelines and requirements regarding vaccine mandates for our employees may have an impact on our ability to attract and retain qualified clinical personnel. Moreover, we consider that future success in the provider business depends on the ability to attract and retain qualified physicians to serve as employees of or consultants to our health care services businesses. In addition, effective execution of our strategy will depend upon our ability to attract suitable candidates for leadership roles, including open positions in our executive leadership team.

Additionally, in recruiting, employing and retaining personnel we may be exposed to increasing risks relating to various labor and staffing laws, legislative, union or other labor-related activities or changes. These factors could also impact the integration of acquired companies into our operations, which could increase our costs, decrease our productivity and prevent us from realizing synergies from acquisitions. If we are unable to manage the risks mentioned, then our growth and results of operations could be adversely impacted.

We address potential risks in the area of Personnel by further developing our recruiting and retention strategies, by continuing our training and development measures for employees and by having an adequate succession planning in place.

Corruption and fraud

We operate many facilities and engage with other business associates to help us carry out our health care activities. In such widespread, global operations, it is difficult to maintain the desired level of oversight and control over the thousands of persons employed by many affiliated companies and its business associates. Training, oversight and compliance programs cannot ensure protection from deliberate, reckless or inadvertent acts of employees or third-party intermediaries that violate our compliance policies or anti-corruption laws. Such violations could disrupt our business and result in a material adverse effect on results of operations or financial condition.

Beginning in 2012, we received certain communications alleging conduct in countries outside the United States that might violate the U.S. Foreign Corrupt Practices Act (FCPA) or other anti-bribery laws. We conducted investigations with the assistance of outside counsel and, in a continuing dialogue, advised the SEC and the United States Department of Justice (DOJ) about these investigations. The DOJ and the SEC also conducted their own investigations, in which we cooperated.

In the course of this dialogue, we identified and reported to the DOJ and the SEC, and took remedial actions with respect to, conduct that resulted in the DOJ and the SEC seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around the Company's products business in countries outside the United States. On March 29, 2019, we entered into a non-prosecution agreement with the DOJ and a separate agreement with the SEC intended to resolve fully and finally the U.S. government allegations against us arising from the investigations. The Monitor certified to our implementation of an effective anti-corruption compliance program on December 30, 2022, and submitted her final certification report on January 31, 2023. Subject to a review of that report, the DOJ and SEC will accept or reject the Monitor's certification. Assuming certification is accepted, the non-prosecution agreement and SEC Order are expected to terminate on March 31, 2023.

In 2015, we self-reported to the German prosecutor conduct with a potential nexus to Germany and continued to cooperate with government authorities in Germany in their review of the conduct that prompted our and the United States government investigations.

Since 2012, we have made and continue to make further significant investments in our compliance and financial controls and in our compliance, legal and financial organizations. Our remedial actions included separation from those employees respon-

sible for the above-mentioned conduct. We are dealing with post-FCPA review matters on various levels. We continue to be fully committed to compliance with the FCPA and other applicable anti-bribery laws.

Further information on these investigations can be found in NOTE 22 of the notes to the consolidated financial statements.

Information systems and business processes

As we continue to grow and introduce more international operations, our processes are increasingly complex. Accordingly, we are more and more dependent on information and communication technologies and -systems to structure our processes and harmonize them between different regions. An insufficient design of those systems and business processes as well as insufficient resources could lead to non-availability of certain information, causing inefficient workflows, deficient internal and external communication and intransparencies regarding operations. A breakdown of these systems could temporarily lead to standstill of parts of our provider and product business and consequently cause heavy damages.

Additionally, cyber-attacks or privacy and data breaches regarding both our internal systems as well as systems of third-party service providers could result in the misappropriation or compromise of sensitive information. We and our third-party service providers gather and handle sensitive personal information of our patients as well as financial data in many regions of the world and thus need to adhere to various data protection and privacy regulations. Increased reliance on, and utilization of, telemedicine for delivery of health care services could also increase this risk. Furthermore, the intensified political confrontation with Russia as a result of the Russian invasion of Ukraine has increased the risk of cyber-attacks against our systems and data. Any loss, impermissible use, access or disclosure of this sensitive information or non-compliance with data protection and privacy related laws, regulations and standards could threat our position in competition, our reputation as well as our ability to continue normal operations.

Our IT systems have been attacked in the past, resulting, in one case, in certain patient data being illegally published. When appropriate, we have filed complaints against the unknown attackers with the relevant authorities and we contacted the patients who were affected by the illegal data publication as well as other relevant regulatory agencies and stakeholders. Furthermore, we intensified our efforts to implement response measures, which include for example network monitoring for suspicious activity, endpoint threat protection and improvements in the back-up and data loss recovery plans. There was no material impact to the financial condition and results of operations as a result of these attacks.

Using our Information Security Management System (ISMS), which is based on the internationally recognized security standard ISO 27002, our security guidelines and processes are enhanced continuously. Business data is backed up regularly and disaster recovery plans, which are regularly tested and improved, are in place. We operate data centers at geographically separate locations to maximize the availability and data security of IT systems. A mirrored infrastructure that creates a copy of critical systems is in use. In general, we continue to enhance our internal information and reporting systems to ensure that their structure meets evolving needs. In addition, a comprehensive IT and cybersecurity strategy has been established with an implementation plan of initiatives to address gaps and improve our overall cybersecurity risk posture.

Furthermore, among others, company guidelines relating to data protection and privacy, which also regulate the assignment of access rights and third-party collaboration, must be considered, trainings for employees are conducted and governance structures are continuously adapted. Compliance is monitored with controls including those relating to Section 404 of SOX. Operational and security audits are carried out every year both internally and by external auditors.

The existing IT security architecture with different layers of security measures protects the systems in our data centers. The access to sensitive or critical data from outside of the secured data center networks is protected by the usage of secure protocols and cryptographic measures. Besides that, annual penetration tests for applications with critical data (for example patient or personnel data) are conducted.

Other risks

Liquidity and financing

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations or to fund other purposes. Our Management Board manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. Our Management believes that existing credit facilities, cash flow from operating activities and additional short-term borrowings are sufficient to meet our foreseeable demand for liquidity.

Furthermore, inadequate indebtedness could jeopardize the successful execution of our business strategy, increase our vulnerability to general adverse economic conditions as well as limit our ability to maintain our Investment Grade rating and obtain necessary financing. A deterioration of our current rating could lead to a reintroduction of financial covenants, could limit our financial flexibility, increase our financing costs or limit access to funding. Potential adverse effects described in other risk areas could increase the possibility of a rating downgrade. At December 31, 2022, respectively December 31, 2021, the Group had financial debt and lease liabilities of €13.21 BN respectively €13.32 BN.

Our measures aim to mitigate these risks by executing a prudent financial policy that includes the early refinancing of upcoming maturities, the active and conservative management of financial headroom and maintaining a balanced debt maturity profile.

Currencies and interests

Geopolitical factors such as the Ukraine War as well as the impact from hyperinflationary economies in Turkiye, Argentina and Lebanon, could intensify fluctuations in exchange rates, currency devaluations, and/or material increases in interest rates, for example, as a reaction from central banks to high inflation, any of which could adversely affect profitability.

We actively manage foreign currency and interest rate exposures that are part of our normal business activities. Risk management procedures for foreign currencies and interest rate exposures are based on strategies defined and, if necessary, adapted in close cooperation with the Management Board, including, for example, guidelines that cover all steps and levels of the risk management process. They define responsibilities for the determination of risks, the careful use of financial instruments for hedging purposes and for accurate financial reporting. The use of derivative instruments is restricted to micro hedges which are used in order to hedge exposures that arise in the ordinary course of business. We do not enter into transactions for trading or other speculative purposes. We enter into transactions with banks, which generally have ratings in a minimum required category or better. The effectiveness of the hedging relationships of the hedging instruments and the hedged items is tested on a quarterly basis.

We enter into derivatives, particularly interest rate swaps and to a certain extent, interest rate options to protect against the risk of rising interest rates. These interest rate derivatives are designated as cash flow hedges and have been entered into in order to effectively convert payments based on variable interest rates into payments at a fixed interest rate. On December 31, 2022, no interest rate swaps were in place.

Derivative foreign currency contracts are entered into for the purpose of limiting the exchange rate exposure from sales and purchases as well as lendings and borrowings between our subsidiaries located in different countries and reporting in different currencies. A large portion of the transaction exposures arise from sales of products from our subsidiaries in the euro region to other international business units. The aggregate notional amount of foreign currency hedge contracts as of December 31, 2022, was €1,613 M, primarily for hedging Euro exposure to the U.S. dollar and various other currencies. Economic hedges, which we use, are accounted for as recognized hedges in the consolidated financial statements, when necessary.

The estimation and quantification of transaction risks from foreign currencies is determined according to the statistical risk measure Cash Flow at Risk (CFaR). CFaR indicates the maximum amount of a potential loss of the forecasted foreign exchange cash flow of the next twelve months that occurs with a probability of 95%. As of December 31, 2022, our CFaR amounts to €37.0 M.

To mitigate our counterparty risks we are also monitoring the probability of default of our counterparties and have constantly reviewed bank deposit limits in place.

Further information on market, default and liquidity risks is included in note 23 of the notes to the consolidated financial statements.

Litigation and other exposures

Risks associated with investigations and litigations are continuously identified, assessed and reported within the Company. We are involved in various legal proceedings and investigations resulting from our business operations. A negative outcome of these legal proceedings or investigations leading to legal proceedings could have an adverse impact on our financial condition and results of operations.

External legal consulting support is always used to defend us against risks associated with litigations. If necessary accounting measures like accruals are used.

For the matters in which we believe a loss is both reasonably possible and assessable, an estimate of the loss or range of loss exposure is provided in NOTE 22 of the notes to the consolidated financial statements. For other proceedings the Company believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time.

For details on ongoing proceedings and further information on material legal risks to which we are exposed, reference is made to NOTE 22 of the notes to the consolidated financial statements.

Taxes

We are subject to ongoing tax audits in the U.S., Germany and other jurisdictions. We could potentially receive notices of unfavorable adjustments and disallowances in connection with certain of these audits. If we are unsuccessful in contesting unfavorable determinations we could be required to make additional tax payments, which could have a material adverse impact on our business, financial condition and results of operations in the relevant reporting period.

In general, tax-relevant issues are, as necessary, coordinated with internal tax experts regarding compliance with applicable tax laws. If necessary, statements and opinions by external consultants are obtained to minimize tax risks. In addition, we monitor our tax planning strategies to be in line with implemented internal policies and external tax regulations.

Further information on current tax-relevant issues can be found in NOTE 22 of the notes to the consolidated financial statements.

Global operations

We operate dialysis clinics in around 50 countries and sell a range of equipment, products and services to customers in around 150 countries. Our global operations are subject to a number of risks, including but not limited to the following:

- The economic and political situation in certain countries could deteriorate, become unstable or lead to armed conflicts, as exemplified by the Ukraine War.
- We could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems.
- Local regulations could restrict our ability to obtain a direct ownership interest in dialysis clinics or other operations.
- Some countries or economic unions may impose charges or restrictions, such as local content requirements, which restrict the importation of our products; or give local manufacturers an advantage in tenders or provide large discounts to providers for certain purchases of our products;
- Potential increases in tariffs and trade barriers could occur upon any withdrawal by the United States or other countries from unions, including the exit from major multilateral trade agreements or the imposition of sanctions, retaliatory tariffs and other countermeasures in the wake of trade disputes, geopolitical conflicts and wars in certain regions (for example the Ukraine War).
- We could experience transport delays or interruptions.
- International growth and expansion into emerging markets could cause us difficulty due to greater regulatory barriers than in the United States or Western Europe, the necessity of adapting to new regulatory systems, and problems related to entering new markets with different economic, social, legal and political systems and conditions.
- We may not prevail in competitive contract tenders.

We conduct humanitarian-related business and provide life-sustaining health care products and services directly or indirectly in sanctioned countries. We believe our humanitarian-related business is permitted by applicable sanctions regimes (or, in some cases is excluded from such regimes), and in light of the humanitarian nature of our products and services and the patient communities that benefit from our products, we expect to continue such activities, provided they continue to be permissible under or excluded from applicable export control and economic sanctions laws and regulations. However, violation of applicable economic sanctions or export controls laws and regulations, could subject us to enforcement actions, which vary between jurisdictions and depend on the factual circumstances of the given violation, but could include criminal penalties, imprisonment of responsible individuals, administrative or civil penalties, restricted access to certain markets and reputational harm, among others.

Our internal control policies and procedures may not protect us from deliberate, reckless or inadvertent acts of our employees or agents that contravene our compliance policies or violate applicable laws.

Any one or more of these or other factors relevant to global operations could increase our costs, reduce revenues, or disrupt operations, with possible material adverse effects on our business and financial condition.

Developments of this nature are continuously monitored and analyzed and response measures like the extension of local production capacities, the adaptation of product designs, organizational changes and various others are set in place based on case-by-case decisions. Furthermore, a global trade governance compliance program is in place in order to ensure adherence to trade-related regulations such as export controls, trade sanctions and customs.

Unpredictable events

We operate dialysis facilities or manufacturing facilities in many regions of the world, with diverse geographic, societal, political and economic conditions. Events such as natural disasters, terrorist attacks, political instability, epidemics or pandemics from, for example, virus infections as well as other unforeseeable events, could affect our services and our ability to deliver in a limited time and place.

Through forward-looking planning and prevention programs, we are trying to limit possible effects of such events already in advance. To maintain operations in the event of an onset and to reduce potential impact on our patients and the organization, we have spare capacity and safety stock of certain resources as well as emergency and recovery plans in place. Residual risks are eventually covered when possible and expedient by taking out insurance.

Global economic conditions and disruptions in financial markets

We are dependent on the conditions of the financial markets and the global economy. In order to pursue our business, we are reliant on capital, as are our renal product customers and commercial health care insurers. Limited or more expensive access to capital in the financial markets could adversely affect our business and profitability. Inflationary cost increases have

also had and may continue to have an unfavorable effect on our business, especially if the prices and reimbursement rates for our products and services remain unchanged or do not adequately track against cost increases.

Among other things, the potential decline in federal and state revenues may create additional pressures to contain or reduce reimbursements for our services from public payors around the world, including Medicare, Medicaid in the U.S. and other government sponsored programs in the U.S. and other countries around the world.

Job losses or increases in unemployment rates may result in a smaller percentage of our patients being covered by employer group health plans and a larger percentage being covered by lower paying government reimbursement programs. To the extent that public and private payors are negatively impacted by a decline in the economy, we may experience further pressure on commercial rates, a further slowdown in collections and a reduction in the amounts we expect to collect. These developments as well as devaluations of currencies, unfavorable interest rate changes and worsening economic conditions, uncertainty arising from the Ukraine War regarding a possible deterioration of the global macroeconomic outlook, including inflationary cost increases in various markets in connection with deteriorating country credit ratings also increase the risk of a goodwill impairment, which could lead to a partial or total goodwill write-off in the affected cash generating units, or have a negative impact on our investments and external partnerships. Furthermore, these factors could also adversely affect the valuations of certain of our investments as well as interest rate-sensitive assets or liabilities.

In addition, these developments may have adverse effects in other risk areas like U.S. federal health care programs, health care reforms, reimbursement by private insurers, liquidity and financing, currencies and interest, personnel as well as procurement and are reflected in the respective assessments.

Furthermore, the global spread of the COVID-19 pandemic has resulted in a material deterioration of the conditions for the global economy and financial markets have been materially and adversely affected. The extent to which the COVID-19 pandemic continues to impact our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted.

Any or all of the above mentioned factors, or other consequences of the continuation, or worsening, of domestic and global economic conditions which cannot currently be predicted, could continue to have an adverse effect on our businesses and results of operations.

COVID-19

Going forward, the prolonged effects attributable to the COVID-19 pandemic may continue to have an adverse impact on our operations and increase our expenses, including as a result of impacts associated with preventive and precautionary measures that we, our suppliers, customers and other businesses or governments continue to implement or impose on a local, regional, national or international level.

Given the already compromised health condition of typical dialysis patients, our patients represent a heightened at-risk population. Increased mortality rates in either the pre-ESRD patient population or in our ESRD patient population compared to their historical averages continued to materially and adversely affect our operating results in 2022. Patients suffering from ESRD generally have co-morbidities which has resulted, and may continue to result, in more of our dialysis patients requiring hospitalization. One key driver of such continuing adverse effects is the emergence of new variants. Also, it appears that COVID-19 has resulted in an increase in persons experiencing temporary renal failure in many areas in which we operate. We expect to continue to experience additional staffing shortages as well as incur additional staffing costs, required to meet the resulting increased demand for dialysis treatment and/or to provide equipment and medical staff needed for emergency treatments, for example in hospitals. We experienced negative effects through 2022 and expect to experience additional and unpredictable expenses and possible lower patient growth in the immediately foreseeable future.

In addition, to the extent that the COVID-19 pandemic adversely affects our business, net assets, financial condition and results of operations, it could also have adverse effects in other risk areas described in this report which is reflected in the respective assessments.

As one reaction to the COVID-19 pandemic, a crisis response team has been established and protocol responses were implemented to address the issues related to patient care and employee safety. Furthermore, operational changes were made to ensure continued supply of clinical materials and programs were modified to assist direct patient care providers.

ESG requirements

Our companies' ESG activities are facing increased scrutiny from stakeholders such as institutional and other investors, regulatory bodies and non-governmental organizations (NGOs). Failure to effectively identify, carry out and manage the necessary sustainability activities as required or expected, as well as effectually manage the impact of factors beyond our control, could cause us to incur additional costs or damage our brand. We could also be subject to financial and other penalties imposed by the respective authorities in the jurisdictions in which we do business. In addition, a rise in prices for carbon emission rights stemming from the requirements of the European Climate Law could increase production costs. Cost increases could narrow our profit margins and have a material impact on our operations if we do not accurately plan for and efficiently implement the necessary sustainable business practices.

In addition to environmental risks, we also face several social risks. Our continued growth in the health care business depends on the ability to attract and retain a skilled workforce, including highly skilled nurses and other medical personnel. Competition for those employees is intense and shortages for these sought-after employees could potentially lead to the closure of some clinics and the inability to treat parts of our patients. For further information on personnel risks, see the risk area "Personnel" above.

Furthermore, companies are increasingly expecting their suppliers to share their commitment to sustainability and demonstrate sustainable business practices across their supply chains, including the ability to identify and mitigate risks related to human rights in their entire value chain. If we fail to comply with our legal obligations related to supply chain due diligence, we could face significant fines and be excluded from public tenders and contracts. We could also suffer reputational damage, especially given that our performance in this area is closely monitored by NGOs, investors and others.

In light of these expectations, among other aspects, we have incorporated sustainability as a performance target for the compensation of our Management Board. Should management fail to meet these outcomes, investors and/or debt providers may not deem us the correct fit for their investment or financing purposes, thereby negatively impacting our share price or our ability to source funding through debt financing. Our €2 BN syndicated multicurrency sustainability-linked revolving credit facility agreement, which serves as a backup facility, includes a sustainability component, pursuant to which the credit facility's margin will rise or fall depending on our sustainability performance.

A heightened focus on ESG topics may result in more extensive regulatory requirements aimed at mitigating the effects of climate change and other current and future ESG concerns. Should further regulation or stakeholder expectations be more stringent in the future, we may experience increased compliance burdens and costs to meet regulatory obligations and we cannot currently estimate what impact existing and future regulations will have on our business, financial condition and results of operations.

We have set up a central department for sustainability, implemented governance-concepts for material topics and completed our global sustainability program at the end of 2022 to address the above-mentioned risks. For the upcoming years we have defined new sustainability targets. In addition, cross-functional working groups were established to work on the implementation of new regulations, such as the German supply chain due diligence law.

Changes in the risk situation

We operate in a constantly changing environment. Accordingly, the risk situation is also subject to constant change. Regarding the classification of single risks in terms of probability and potential impact, the following significant changes occurred compared to the previous year:

One-year period:

The risk from Research and development (9) is now considered a medium risk from a short-term perspective mainly due to an increase in capitalized product development projects.

The risk from Unpredictable events (21) is now considered a medium risk from a short-term perspective as an increased instability in certain regions, for example resulting from the Ukraine-War, elevates risks with respect to potential disruptions of our production or our services, for example due to an insufficient energy supply.

The risk from Global economic conditions and disruptions in financial markets (22) is now considered a medium risk from a short-term perspective as the potential impact expanded mainly due to inflationary tendencies and interest rate increases.

Five-year period:

The risk from Global Operations (20) is now considered a medium risk from a mid-term perspective mainly due to implications and potential adverse effects from the Ukraine-War with respect to business continuity in individual countries as well as restrictions imposed on trade regarding the involved countries.

OPPORTUNITIES MANAGEMENT

Opportunities Management System

As a vertically integrated dialysis company we are able to identify industry-specific trends and requirements along our value drivers as well as the resultant opportunities at an early stage and gear our actions to them. We also perform comprehensive quantitative and qualitative analyses to enable us to capture business opportunities. This involves systematically evaluating relevant market data, closely examining research projects and taking general social trends into consideration. Our analyses focus on general economic, industry-specific, regional and local developments as well as regulatory changes. In addition, our strategy and planning departments and the managers of other divisions cooperate closely to allow us to identify global opportunities as early as possible.

Opportunities

Fresenius Medical Care offers almost all of the products and services that seriously and chronically ill patients require across the renal care continuum. Our network of 4,116 dialysis clinics in around 50 countries is the largest of its kind in the world. As a result, we possess valuable dialysis expertise that is unique in the industry. Thanks to this wealth of experience, we know that high quality is not only the key to a better quality of life for patients, but can also make a significant contribution to reducing the costs of health care. In this context, we see vast opportunities in digitalization, which offers us new possibilities in kidney therapy, especially in the field of telemedicine and home dialysis. Digital enablement allows us to personalize therapeutic options more quickly. By applying analytics, artificial intelligence (AI) and machine learning and predictive models, we can create actionable insights for better patient care and thereby improve therapy outcomes and economics. In the long-term regenerative medicine will open up major opportunities, especially in the area of cell therapies, tissue engineering and transplants.

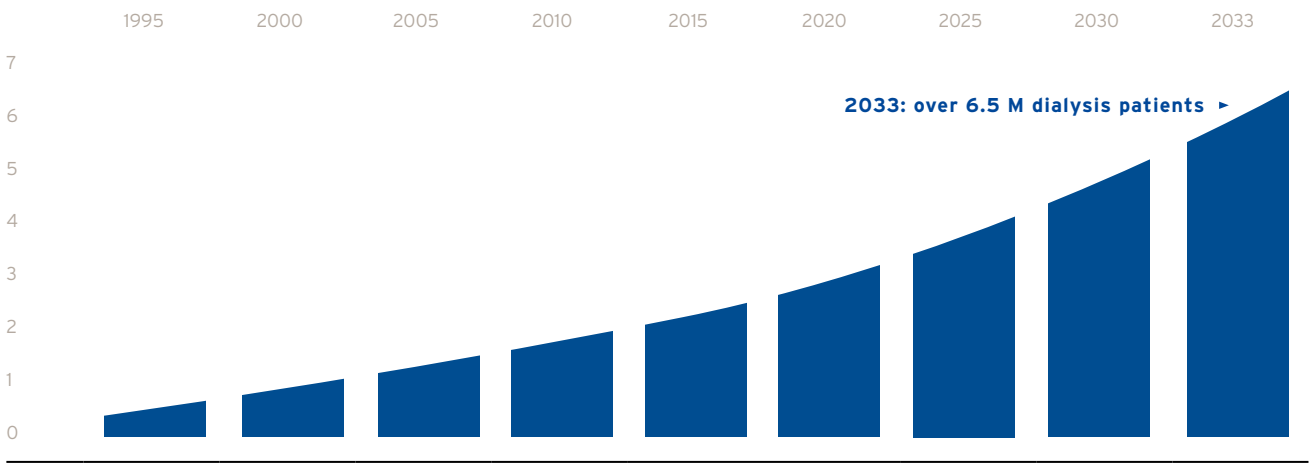
Based on this understanding and our business model, major opportunities arise that could have a positive impact on the results of operations, financial position and net assets of Fresenius Medical Care as things stand today. Unless otherwise stated, the opportunities mentioned apply to all segments.

Industry-specific opportunities

Growth in patient numbers and demographic development

The increasing demand for dialysis products and services due to the rise in dialysis patients is a substantial opportunity for us. According to estimates, the number of people worldwide suffering from chronic kidney failure and requiring dialysis treatment is rising at a rate of around 3% to 6% annually. It is expected to reach around 4.0 M patients in 2023 and more than 6.5 M by 2033 (SEE CHART 2.37). Social trends play a role in this increase in patient numbers. In Europe and the U.S. in particular, they include the aging population and the increasing incidence of diabetes and hypertension, two illnesses that frequently precede the onset of chronic kidney failure. In developing and emerging countries, the growing population and steadily improved access to dialysis as a result of increasing wealth are key factors that further boost demand for dialysis products and services. We want to continue to make a significant contribution to meeting this demand in the future.

C 2.37 **NUMBER OF DIALYSIS PATIENTS WORLDWIDE – FORECAST TO 2033**
IN M



Source: Internal estimates

Changes in legal and political conditions

Whether private companies are allowed to offer dialysis treatment and in what form depends on a country's health care system and its legal framework. For Fresenius Medical Care, opportunities arise to tap into new markets or to expand its market share whenever a country opens up to private dialysis providers. This decision is also increasingly influenced by the following factors:

- Health care systems are under pressure to deliver ever more comprehensive medical care (longer life expectancy, increase in concomitant diseases, health care provision still being established).
- Dialysis is a complex, life-sustaining procedure, which places high demands on health care systems in terms of expertise and efficiency. Therefore, public health care providers are increasingly collaborating with private providers to find solutions.

Growing demand for holistic, value- and risk-based health care

As a result of increasing cost pressure and the growing number of patients, demand for holistic and value- and risk-based health care concepts for patients with chronic kidney failure is evolving worldwide. Value-oriented models are changing the role of health care providers: In systems of this kind, we not only offer dialysis but also take responsibility for the patient's medical well-being beyond dialysis. We believe this is a substantial opportunity beyond dialysis patient growth.

Value- and risk-based health care models help to deliver higher-quality treatment and better results at a lower cost. The aim here is to establish sustainable partnerships with payors around the world with the aim of driving forward the transition from fee-for-service payment to pay-for-performance models. We have supported this development from the start, because we know the needs of our dialysis patients best. We have combined the coordination of all aspects of medical care in our other health care services business. This encompasses all services that help us to offer our dialysis patients treatment across the renal care continuum.

In 2019, the U.S. President signed an Executive Order on advancing kidney health. Among other things, it directs the U.S. Department of Health and Human Services to develop new Medicare reimbursement models. One of these, the ESRD Treatment Choices Model (ETC Model), is mandatory and creates financial as well as other incentives for home dialysis treatments and kidney transplants. The model went into effect January 1, 2021 and provides fundamental opportunities for expanding home dialysis and kidney transplants, particularly in the U.S.

Another value-based care model is the new Kidney Care Choices model offered by the Center for Medicare and Medicaid Innovation (CMMI). This includes the CKCC option for Medicare beneficiaries with late-stage CKD and end-stage renal disease that came into effect as of January 1, 2022. It is designed to reduce Medicare expenditures while preserving or enhancing the quality of care for patients with advanced renal disease. Participants deliver coordinated, cost-effective care and receive payment based on the risk assumed. As we are dedicated to being a leader in value-based care, we participate in the CKCC model and we will help manage care by providing specialized education and support services to slow the progression of kidney disease, increase preemptive transplants, and increase the prevalence of a planned start to life-sustaining treatment.

To further expand its leading position in value-based care, Fresenius Medical Care created the premier value-based kidney care provider in the U.S. by completing the business combination including InterWell Health, Fresenius Health Partners and Cricket Health. The new company, which operates under the InterWell Health brand, was fully consolidated by Fresenius Medical Care as majority owner and brings together Fresenius Health Partners' expertise in kidney care value-based contracting and performance, InterWell Health's clinical care models and strong network of 1,700 nephrologists and Cricket Health's tech-enabled care model that utilizes its proprietary informatics and patient engagement platforms to create an innovative, stand-alone entity poised to transform kidney care.

Expansion of home dialysis

If patient numbers grow as strongly as anticipated, cost pressure continues to rise and clinics reach full capacity, home therapies are expected to take on a more important role in dialysis, not only as a result of the ETC Model. This development could be advantageous for Fresenius Medical Care, as it presents us with growth opportunities. We offer a host of different products and innovative solutions for home dialysis. With NxStage products and solutions for home dialysis, we offer a comprehensive product portfolio for home dialysis. Digital solutions in the field of telehealth and applications underpin our plans and are essential to be able to offer this form of therapy to more people. We focus firmly on the needs of our patients by presenting them with the widest possible range of therapy options. This gives them the freedom to choose what form of treatment is currently best for them. Self-determination is a key pillar of our vision to improve our patients' quality of life. In the U.S. in particular, home dialysis is becoming increasingly important. In 2022, around 15% of all dialysis patients in the U.S. were treated in a home setting. Based on its strategic business planning, Fresenius Medical Care holds on its aspirational target for the further expansion of home dialysis: By 2025, the company aims to perform 25% of all treatments in the U.S. at home.

Opportunities related to our business operations

New products and technologies

Developing innovative products and technologies that deliver lasting added value for patients and remuneration systems right up until they are market-ready is another crucial factor in our long-term success. We advance dialysis-related innovations through our in-house research and development activities. In addition, we are able to enhance existing products ourselves and adapt them to the markets in which we operate. We will continue to add innovative products and technologies to our range in the future to capture growth opportunities and meet the demand for integrated care as effectively as possible.

New forms of kidney therapy through digitalization

We aim to develop new forms of kidney therapy with the help of digital technologies such as artificial intelligence, the Internet of Things and use of Big Data. In North America, for example, we collect over one terabyte of patient data every day to calculate risk models and forecast multiple treatment paths. This data enables us to assess the health of each patient more effectively. We can use the information not only to reduce negative outcomes for patients, but also to make costs, clinical workflows, production and development processes more efficient.

As part of its growth strategy, Fresenius Medical Care is using digital technologies and the capability to analyze huge amounts of data to develop new forms of renal therapy. The information will be used to potentially make a diagnosis earlier, slow the progressive course of chronic kidney disease and enable intervention with new innovative therapies. Frenova's new genomic registry will contain genetic sequencing data from chronic kidney disease patients worldwide, which will be used by researchers to improve the understanding of kidney disease. Remnant samples of blood will be stored from samples already taken monthly from end-stage kidney disease patients which will be used for genomic analysis. As the program expands to include individuals not on dialysis, samples of blood or saliva may be used for the same information. By combining clinical and genetic sequencing data from ethnically, demographically, geographically and pathologically diverse participants, this invaluable resource will help scientists better understand how genetic variations in patients can lead to more precise diagnoses and therapies that help improve outcomes by individualizing care, known as Precision Medicine.

COVID-19 in particular, has prompted a significant acceleration in the implementation of digital projects in telehealth and integrated health care. They are key to our ability to increase the share of home dialysis. We have already taken important steps with Kinexus, a digital solution that comprehensively connects our devices and our digital hubs for patients, providers and care teams. In addition, we are digitalizing numerous business processes to provide even better support for those working from home. This offers us greater flexibility at a lower cost.

Disruptive treatment options through regenerative medicine

We are investing in promising technologies and research approaches in the field of regenerative medicine, which we hope will present us with new, increasingly disruptive treatment options in the long term. The focus here is on cell therapies, tissue engineering and transplants. As a result of our investment in Humacyte, we expect our patients to have fewer complications, infections and surgical procedures. Humacyte grows blood vessels from donated muscle cells in a bioreactor. Depending on the results of research trials, these blood vessels could provide safer and more stable vascular access and reduce catheter contact time for hemodialysis patients in the future. Beyond its use for dialysis access, the human acellular vessel (HAV) is also promising for treating peripheral arterial occlusive disease (PAOD) and traumas.

Fresenius Medical Care holds further participations in the field of regenerative medicine through Unicyte AG and Fresenius Medical Care Ventures GmbH. These have enabled us to expand our range of treatments in this area, particularly in the early phases of chronic kidney disease. In addition, we have made substantial progress in the field of transplants through eGenesis, a company that has developed a multiplex platform based on the CRISPR/Cas9 technology. We expect this approach to enable safe and effective xenotransplantation, for example from pigs to humans.

Thanks to our extensive commitment to regenerative medicine, our aim is not only to provide state-of-the-art options for renal replacement in the future but also to substitute the function of other organs. We are confident that patients with diabetes or cardiovascular diseases can also benefit from our innovative and transformative therapies.

Long-term we see major growth opportunities in this field should regenerative medicine therapies become widely available.

Growing demand for critical care solutions

The number of patients requiring continuous renal replacement therapy to treat acute kidney failure is set to rise to 1.6 M per year by 2033. Fresenius Medical Care will expand its acute care portfolio to include other extracorporeal critical care therapy areas, such as the treatment of acute heart, lung and multi-organ failure. Hence in the medium term, we see major growth opportunities in critical care solutions.

Investments and complementary assets

We generate ideas for growth initiatives from market analyses and assess them as part of our annual budget planning, or more frequently if necessary. We manage the investments required for implementing projects using a detailed coordination and evaluation process. The Management Board sets the investment budget for the Group as well as the focus of investment. Before realizing investment projects, an internal committee examines the individual projects and measures, taking into account their yield requirements and potential return on investment. Projects are undertaken only if they help to increase the Company's value.

We will supplement and strengthen our existing network where feasible through additional partnerships, investments and acquisitions in the field of research and development. This will help us to create added medical value while saving costs. The close collaboration between our Strategy and Planning departments and the managers responsible for our acquisitions means that we can identify suitable potential purchases worldwide at an early stage. It will allow us to build an even stronger and more resilient foundation for our future growth to 2025 and beyond.

Internal organization and procedures

Fresenius Medical Care's business model

Our business model itself also provides opportunities for Fresenius Medical Care's future growth. As a vertically integrated dialysis company, we not only offer almost all of the products and services that a patient with chronic kidney failure requires for treatment, but also use these on a daily basis in our own clinics. As a result, we can incorporate the feedback from our patients, physicians and nurses worldwide in developing and manufacturing new products as well as in organizing our clinic management. This gives us a crucial competitive edge. As part of our growth strategy, we developed the new operating model as the continuation of the plan to globalize and simplify. It is designed to further leverage the advantages of the Company's vertical integration, to better capture identified growth opportunities, leverage expertise to accelerate value creation, enhance capital allocation, increase transparency both internally and externally, reduce administrative burden as it relates to cost and speed, and to advance a culture of agility, innovation and accountability.

Fresenius Medical Care benefits from a number of long-term opportunities in the way it is organized and designs its business operations. For example, all production sites follow the lean manufacturing approach. In North America and at our Schweinfurt plant, this includes the Lean Six Sigma management system. The focus of lean manufacturing and Lean Six Sigma is on continuously improving manufacturing processes to achieve a low defect rate and, consequently, better product quality while reducing manufacturing times. In addition, constantly improving business processes and rigorously optimizing cost structures will allow Fresenius Medical Care to become even more profitable and competitive. Thanks to its global efficiency program, the Company has brought about a continuous and sustainable increase inefficiency.

Sustainability

To identify, assess and capture the opportunities associated with sustainability, Fresenius Medical Care continuously analyzes key economic, social and environmental issues. In doing so, we look at the entire value chain of our business activities and also consider global trends. Developing an effective global sustainability management system is key for us to embed sustainability in our business activities systematically and structurally. Our sustainability management system helps us to meet increased demand for sustainability in our business operations from key stakeholders and to maintain our reputation and acceptance in society. This results in further opportunities for Fresenius Medical Care to position itself as a reliable, efficient partner and an attractive employer. Opportunities can also arise from the increasing number of political regulations aimed at sustainability. For example, if we differentiate ourselves from the competition through proven sustainability management and qualify for new contracts, or if we leverage opportunities from sustainable finance.

ASSESSMENT OF THE OVERALL RISK POSITION AND THE OPPORTUNITIES BY THE MANAGEMENT

Our risk management system forms the basis for assessing overall risk. The overall risk position of Fresenius Medical Care is determined by the individual risks described above. Changes in the Group's risk situation compared to the previous year occurred as stated in the paragraph of the same name. Neither one of the identified individual risks nor one of the risk areas described above are threatening the Company's continued existence and based on the comparison of the aggregated risk position with the established risk-bearing capacity, there are, to a reasonable degree of certainty, currently no indications that the going concern of Fresenius Medical Care is at risk. In the course of the Company-wide review as part of the integrated management system, we also monitor the effectiveness of the implemented risk management system and make improvements where necessary. The Management Board will continue to expand our risk management as well as the review of the associated management system to be able to identify, examine and evaluate potential risks even more quickly and initiate appropriate countermeasures. We believe that we have taken

all necessary organizational steps to recognize potential risks early on and to respond to them appropriately.

We furthermore remain confident that our integrated global business model and our earning power provide us with a sound basis for our business development, allowing us to capture the opportunities arising for the Company. In view of our leading position in the dialysis market, our innovative strength, our dedicated staff and our structured processes for identifying risks early on and managing opportunities, we are convinced that we can continue to make the most of any opportunities that arise for our business in a responsible manner in the future.

CORPORATE GOVERNANCE FUNDAMENTALS

Fresenius Medical Care has the legal form of a partnership limited by shares (KGaA). The Company's corporate structure is set out in the appendix of the notes to the consolidated financial statements. The Company's management and supervisory structure is set out in the "Corporate Governance Declaration" in the chapter "Corporate Governance" in the Annual Report.

CORPORATE GOVERNANCE DECLARATION

In fiscal year 2022, the Company made use of the option to publish the Corporate Governance Declaration (Erklärung zur Unternehmensführung) on the Company's website pursuant to sec. 315d German Commercial Code (HGB) in conjunction with sec. 289f para. 1 HGB. The Corporate Governance Declaration is available on the Company's website at https://www.freseniusmedicalcare.com/en/investors/corporate-governance/declaration-on-corporate-governance.

It is also set out in the chapter "Corporate Governance" in the Annual Report.

CHANGES IN MANAGEMENT STRUCTURE

Helen Giza, so far member of the Management Board and responsible for finance, was appointed Chief Executive Officer of Fresenius Medical Care, effective December 6, 2022. She had entered a new five-year contract and had assumed the position of Deputy Chief Executive Officer of Fresenius Medical Care before, in addition to her position as Chief Financial Officer. Therefore, Helen Giza replaced Dr. Carla Kriwet, who previously succeeded Rice Powell as chair of the Management Board, effective October 1, 2022. Mr. Powell stepped down from his position on September 30, 2022, after 10 years of heading the Company, continued as a member of the Management Board until December 31, 2022 and subsequently retired. Helen Giza is also a member of the management board of Fresenius Management SE. She will continue to serve as Chief Financial Officer until a successor is appointed for this position.

Additionally, as previously announced, Michael Sen became the Chief Executive Officer of Fresenius SE and chair of the supervisory board of the General Partner as of October 1, 2022, succeeding Stephan Sturm in both positions. Sara Hennicken became the Chief Financial Officer of Fresenius SE and a member of the supervisory board of the General Partner as of September 1, 2022, succeeding Ms. Rachel Empey in both positions.

We have extended the service agreement of Franklin W. Maddux, MD, as Global Chief Medical Officer until December 31, 2027 (previously set to expire at the end of 2022). In connection with that extension, the supervisory board extended Mr. Maddux's term limit as a Management Board member for the same period. The latter extension required an exception to our self-set age limit for Management Board members, which the supervisory board granted in recognition of Mr. Maddux's extensive knowledge and the importance of the Global Medical Office in our new business model.

COMPENSATION REPORT

The description of both the compensation system and individual amounts paid to the Management Board and the Supervisory Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & Co. KGaA are included in the Compensation Report according to § 162 of the German Stock Corporation Act (AktG) which is part of the chapter "Corporate Governance" in the Annual Report.

TAKEOVER-RELATED DISCLOSURES

The share capital held by the Company's shareholders as of December 31, 2022, totals approximately €293 M, divided into 293,413,449 non-par bearer shares, and a nominal value of €1 each. As of December 31, 2022, the Company does not hold any treasury shares.

The rights of the shareholders are governed by the German Stock Corporation Act (AktG) and the Company's Articles of Association. According to these, each share shall be entitled to one vote at the Company's general meeting.

The General Partner, Fresenius Medical Care Management AG, in accordance with the Articles of Association is responsible for managing and representing the Company. It does not participate in the profit or loss or the net assets of the Company. The General Partner's management authority also encompasses exceptional management measures which do not require the approval of the shareholders. Vis-à-vis the General Partner, the Company is represented by its Supervisory Board.

The General Partner will cease to be General Partner of the Company if and when all shares in the General Partner entity are no longer held directly or indirectly by one party, which at the same time must hold, directly or indirectly by means of controlled company as defined in Section 17 (1) AktG, more than 25% of the Company's share capital. This does not apply if all the shares of the General Partner are held directly or indirectly by the Company. Additionally, the General Partner will cease to be the Company's General Partner if the shares in the General Partner are acquired by another person:

- who does not at the same time acquire shares of the Company in the amount of more than 25% of the Company's share capital, or
- who has not, within three months after the effectiveness of such an acquisition, submitted a voluntary or mandatory takeover offer to the Company's shareholders according to the rules of the German Securities Acquisition and Takeover Act (WpÜG); the fair consideration offered to the shareholders must also reflect the consideration which the purchaser pays for the shares in the General Partner, if the amount for such consideration exceeds the amount of its equity capital.

The grounds for withdrawal of the General Partner as provided by the law remain unaffected.

As of December 31, 2022, Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, Germany holds 94,380,382 shares of the Company, which corresponds to a 32.17% holding and hence exceeds 10% of the Company's total share capital.

The appointment and removal of members of the Management Board of the General Partner by its Supervisory Board are governed by Sections 84 and 85 AktG.

Amendments to the Articles of Association of the Company can be made in accordance with Sections 278 (3), 119 (1) No. 6, 179 in conjunction with 133 AktG. The Articles of Association entitle the Company's Supervisory Board to make amendments to the Articles of Association which concern only its wording without resolution of the general meeting.

The General Partner is entitled, subject to approval by the Supervisory Board, to increase the Company's share capital as follows in accordance with the resolutions passed by the shareholders at the general meeting:

- Authorization to increase on one or more occasions until August 26, 2025 the Company's share capital by up to a total of €35 M by issuing new bearer ordinary shares in return for cash contributions (Authorized Capital 2020/I).
- Authorization to increase on one or more occasions until August 26, 2025 the Company's share capital by up to a total of €25 M by issuing new bearer ordinary shares in return for cash contributions and/or contributions in kind (Authorized Capital 2020/II).

In both cases, the General Partner is entitled, with the approval of the Supervisory Board and in accordance with the resolutions passed at the general meeting, to take a decision on the exclusion of shareholders' pre-emption rights.

In addition, the share capital is subject to a conditional increase of up to €8.957 M. This conditional capital increase will only be carried out to the extent that options were issued in accordance with the Stock Option Plan 2011 based on the shareholders' resolutions of May 12, 2011 and May 12, 2016, provided the holders of such options exercises their rights and the Company does not issue any of its own treasury shares to settle those options. With regard to options issued to members of the Management Board of the General Partner, the Supervisory Board of that entity shall be responsible. Options under the Stock Option Plan 2011 could be issued for the last time in 2015 and can be exercised until 2023 at the latest if the exercise conditions are met.

In accordance with the resolution taken at the general meeting on May 20, 2021, the General Partner is authorized to acquire treasury shares until May 19, 2026 and up to a maximum of 10% of the share capital in place on the date of the resolution. At no time shall the acquired shares together with the treasury shares held by the Company or attributable to it pursuant to Sections 71a ff. AktG exceed 10% of the Company's share capital. The acquisition can be made via the stock exchange or by means of a public invitation to submit offers for sale. The authorization may not be used for the purposes of trading in its own shares. The General Partner is authorized to use the shares of the Company acquired on the basis of this or an earlier authorization for all legally admissible purposes, in particular also (i) to redeem them without any requirement for a further resolution to be taken at the general meeting, (ii) to sell them to third parties in return for contributions in kind, (iii) rather than using conditional capital, to award them to employees of the Company and its affiliates (including to members of the executive managements of affiliates) and to use them to service rights or commitments to acquire shares of the Company, and (iv) to service bonds with option or conversation rights issued by the Company or by affiliated companies as defined by Section 17 AktG. No treasury shares were acquired in 2022.

Under certain circumstances, a change of control resulting from a takeover offer could impact several of the Company's long-term financing arrangements which include market standard change of control clauses. These clauses give creditors the right to call for early repayment of outstanding amounts in the event of a change of control. However, with regard to most of these financing agreements – in particular in case of bonds placed on the capital markets – this right to terminate only exists if the change of control involves the Company's rating or the corresponding financing instrument being downgraded.

Hof an der Saale, February 24, 2023

Fresenius Medical Care AG & Co. KGaA
Represented by the General Partner
Fresenius Medical Care Management AG

Management Board

NON-FINANCIAL GROUP REPORT

SUSTAINABILITY MANAGEMENT

We successfully completed our three-year Global Sustainability Program, which led our efforts to further embed sustainability in our operations. We have developed new global targets to guide our activities in the years to come.

BUSINESS MODEL

Fresenius Medical Care is the world's leading provider of products and services for individuals with renal diseases based on publicly reported revenue and the number of patients treated. We provide dialysis and related services, as well as other health care services. We also develop, manufacture, and distribute a wide variety of health care products, which we sell to customers in around 150 countries in addition to using them in our own health care service operations.

In our more than 4,000 proprietary dialysis clinics in around 50 countries worldwide, we provide care for over 344,000 dialysis patients. We manage the world's largest network of dialysis clinics in terms of the number of people treated to accommodate an ever-rising number of patients. In addition, we operate 42 production sites in around 20 countries (SEE CHART 3.1).

Further information on our business model is provided in the "Business Model" section of the Group Management Report starting on PAGE 16.

STRATEGY

At Fresenius Medical Care, we focus on serving patients. This approach shapes how we manage sustainability: We place emphasis on our contribution to global health care challenges and on activities with the biggest impact for our company vision. Our commitment to sustainability is also incorporated in our company mission: We provide the best possible care. Sustainably in diverse health care systems. For a growing number of patients around the world.

Managing sustainability successfully means creating lasting economic, ecological, and social value. For us, it also means driving the integration of sustainability into our business operations. Our three-year Global Sustainability Program, which was successfully completed at the end of 2022, has supported our efforts in this respect. The program's overall objective was to establish global standards, processes, and measures to help us continually improve our performance. It also provided us with a foundation for continued analysis of our global impact and the capacity to leverage sustainability-related opportunities. Throughout the duration of the Global Sustainability Program, we developed 30 global standards. We also defined four global governance structures for sustainability topics and disclosed more than 300 data points in our sustainability reporting (SEE CHART 3.2 ON PAGE 84).

We aim to continuously incorporate sustainability aspects in relevant business processes. This includes our corporate strategy, operations, corporate risk management, and finances, as well as internal controls and our compensation system. For example, in 2022, we mandated an independent external tax auditor to review our Tax Compliance Management System (Tax CMS) in Germany based on an auditing standard (IDW PS 980) and OECD standards. The audit report confirmed that we appropriately mitigate tax-related risks.

C 3.1 COMPANY OVERVIEW

Fresenius Medical Care at a glance

>344,000
Patients

>128,000
Employees

>4,000
Dialysis clinics

42
Production sites

>52 million
Treatments

>70,000
Suppliers

As part of efforts to embed sustainability in our internal controls, we also put our non-financial reporting processes at the center of one of our global internal audits. More than 60% of internal audits in 2022 included an environmental, social, or governance (ESG) aspect. As a focus activity for 2023, we are planning to further integrate sustainability-related objectives in our corporate planning processes. Moreover, we are planning to further enhance our existing sustainability-related set of internal controls (SEE CHART 3.3).

Our business activities touch upon various aspects of the UN Sustainable Development Goals (SDGs). In line with our corporate vision, we particularly support SDG 3, which deals with good health and well-being. In addition, we seek to make further meaningful contributions to SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 12 (Responsible Consumption and Production).

C 3.3 **SUSTAINABILITY IMPACT**

Environment	We reduced our total Scope 1 and Scope 2 emissions by 10.5% compared with 2021.
	Energy management systems were installed in more than 400 of our U.S. locations.
	38% of the dialysis machines we sold belong to an eco-friendly machine generation.
Social	We provided treatments to more than 344,000 patients and home therapy to around 58,000 patients.
	78% of our patients would highly recommend our services.
	69% of our employees feel a sense of belonging at work.
Governance	More than 60% of our internal audits included an environmental, social, or governance aspect.
	We approved 10 new global sustainability policies and other standards.
	Almost 95% of employees completed compliance training.

C 3.2 **GLOBAL SUSTAINABILITY PROGRAM**

Achievements during three-year program

30
Global standards developed

4
Global governance structures defined for sustainability topics

>300
Data points disclosed in sustainability reporting

More information on our strategy can be found in the "Corporate strategy and objectives" section of the Group Management Report starting on PAGE 21.

GLOBAL TARGETS

At the end of 2022, we successfully concluded our Global Sustainability Program, having achieved all targets set out in our implementation roadmap. The program was created as a response to increasing requirements for sustainability management, as well as our commitment to continuously improve our sustainability performance. It defined global targets for eight focus areas between 2020 and 2022: responsibility towards our patients as well as our employees, anti-bribery and anti-corruption, data protection and privacy, human and labor rights, sustainable supply, environment, and occupational health and safety. We highlight key targets for our focus areas in this report.

The success of our global sustainability efforts depends on cooperation between all regions and global functions and the exchange of best practices. We strive to leverage our scale and expertise and take regional needs into account in our activities. In 2022, we established ten new global policies and other standards, for example in the areas of diversity, employee engagement, and data protection. We also defined new global performance indicators for various areas of the sustainability program, including a quality index for patient treatments. The success of our Global Sustainability Program was measured using a control and calculation model that evaluates more than 50 aspects. Throughout the duration of the program, progress was linked with Management Board compensation via a sustainability target.

C 3.4 GLOBAL SUSTAINABILITY TARGETS

Strategic focus areas		Targets	Progress in 2022	Read more
Enhance quality of care and access to health care	Patient experience	Achieve a patient Net Promoter Score of at least 70 (annual target)	Net Promoter Score of 71	P. 91
	Product safety and quality	Keep global key performance indicator for critical and major audit findings below 1.0 (annual target)	Audit score of 0.3	P. 95
	Access to treatments	Perform 25% of dialysis treatments in the U.S. in a home setting by 2025	15% of treatments in the U.S. performed in a home setting	P. 92
Build the best team to serve patients	Employee engagement	Achieve an Employee Engagement Score of at least 63% by 2027	Employee Engagement Score of 55%	P. 97
	Diversity, equity, and inclusion	Achieve proportion of women in leadership positions by 2027: › 35% in the first level below the Management Board › 45% in the second level below the Management Board	At the end of 2022: › 26% in the first level below the Management Board › 31% in the second level below the Management Board	P. 98
		Increase the representation of ethnically diverse managers in the U.S. year over year by 2030	At the end of 2022, 31% of U.S. managers were ethnically diverse	P. 98
	Integrity	Train at least 90% of employees on our Code of Ethics and Business Conduct (annual target)	Almost 95% of employees trained on our Code of Ethics and Business Conduct	P. 106
Reduce our environmental footprint	Emissions reduction	By 2030, reduce our Scope 1 and Scope 2 emissions by 50% as compared with 2020 Achieve climate neutrality for Scope 1 and Scope 2 emissions by 2040	Global project team set up to drive the implementation of our climate action roadmap Scope 1 and Scope 2 emissions footprint reduction of 10.5% compared with 2021	P. 102
	Resource efficiency	Develop sustainable water plans for sites in extreme water stress areas by 2026	Water stress scenario analysis continued to identify sites likely to be in areas of extreme water stress in the future	P. 104
	Sustainable portfolio	Implement sustainability performance assessment of our relevant product and services portfolio by 2026	Implementation plan developed for 2023	P. 86

Based on the results of the Global Sustainability Program, in 2022, we developed a new set of global targets for the coming years (SEE CHART 3.4 ON PAGE 85). The Supervisory Board also decided on new sustainability goals for Management Board compensation in 2023. They are linked to progress of the Company's sustainability targets in the areas of patient satisfaction, employee satisfaction, and sustainable products and services.

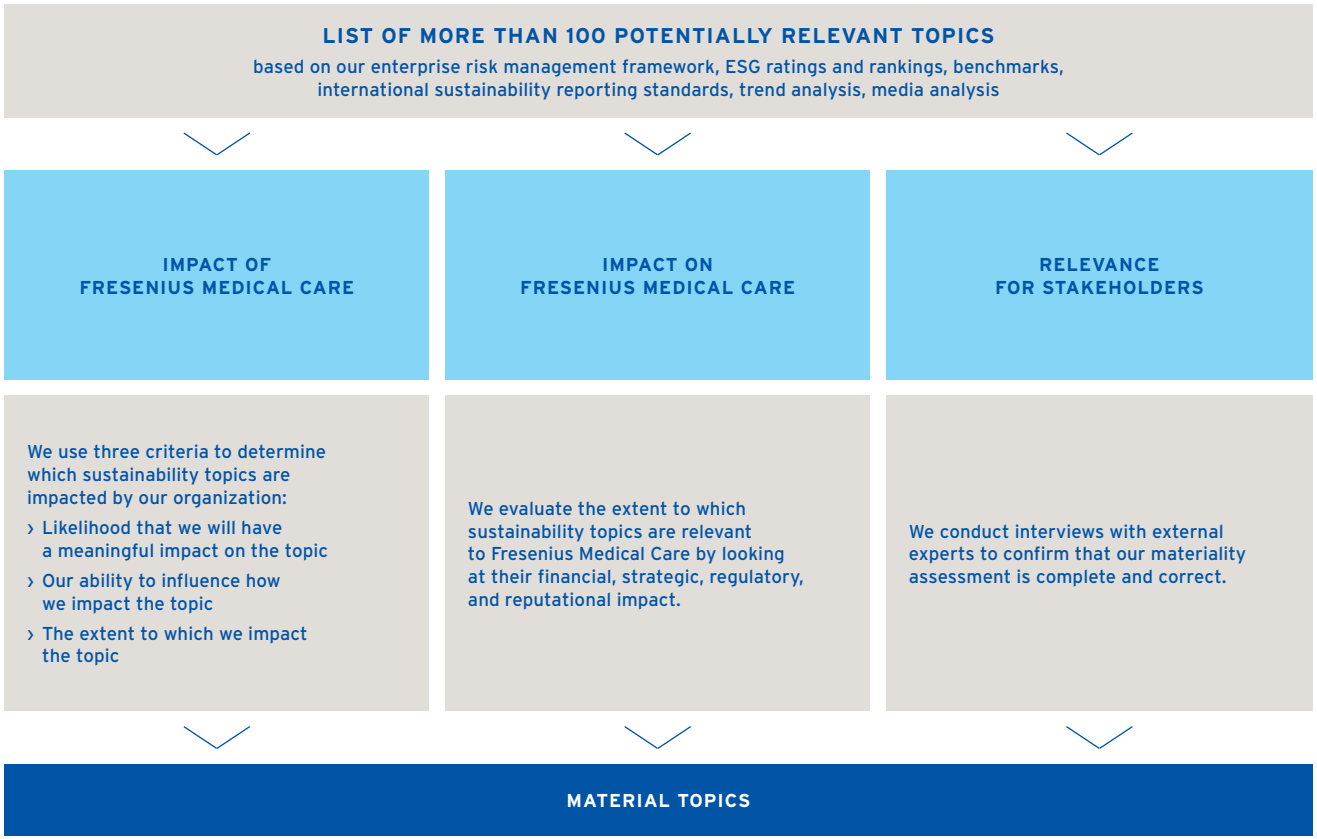
Achievement of the patient and employee targets shall be measured based on the quantitative metrics obtained from the patient Net Promoter Score (NPS) and the Employee Engagement Survey (Employee Engagement Index). To achieve the target relating to sustainable products and services, specific deliverables were established. These activities are intended to set the groundwork necessary for us to perform a measurable assessment of our portfolio against sustainability criteria in the coming years.

More information on sustainability in the compensation system can be found in the Compensation Report starting on PAGE 144. For further information on sustainability-related policies and commitments, please see our website at www.freseniusmedicalcare.com/en/about-us/policies-and-standards.

MATERIAL TOPICS

We aim to carry out a comprehensive materiality analysis at least every five years. We have extended the analysis cycle due to considerations such as the transformation of our global operating model and upcoming sustainability reporting regulations. Our materiality analysis identifies and prioritizes the sustainability topics that have the biggest impact on our business, and those that are affected most by our business. In the years in-between, we review and reevaluate the results of the previous analysis. In our most recent comprehensive materiality analysis in 2019, we selected and grouped topics from a list of more than 100. In building this list, we used various sources as a guide. These included our enterprise risk management framework, ESG ratings and rankings, and competitor benchmarks. Further sources were international sustainability reporting standards like those of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), as well as the results of our trend and media analysis. To help us define the materiality of the different topics and prioritize them, we involved internal stakeholders from different regions and functions and reviewed the outcomes with external experts. Our latest review in 2022 confirmed that the topics identified in our 2019 analysis are still the most relevant for our business. We continuously monitor and evaluate upcoming topics and areas of interest for our stakeholders (SEE CHART 3.5).

C 3.5 **MATERIALITY ANALYSIS**



SUSTAINABILITY GOVERNANCE

The highest governing body for our sustainability activities is our Sustainability Decision Board. Headed by the CEO, it is responsible for integrating sustainability into our strategy and business. Together with the Sustainability Decision Board, the Management Board decides on strategic initiatives (SEE CHART 3.6). In 2022, for example, the Sustainability Decision Board approved several global policies and company positions that are relevant for our sustainability performance. The Management Board and the Supervisory Board review the progress of our sustainability management, which is then published in the separate Non-Financial Group Report.

Two further committees support our decision-making processes for sustainability initiatives. The Corporate Sustainability Committee is an advisory committee for global sustainability activities. It comprises senior representatives nominated by the Management Board to represent the interests of our business and corporate functions. The Corporate Risk Committee analyzes and discusses sustainability risks as part of our enterprise risk management. The results are compiled twice a year and communicated to the Management Board.

The Global Sustainability department drives our strategic sustainability activities. It also managed the Global Sustainability Program in close cooperation with the relevant teams across our regions and other functions. The Global Head of Sustainability regularly informs the Management Board about sustainability progress and the status of target achievement.

Our Lead Independent Director is a member of the Supervisory Board. Her responsibilities include addressing matters relating to ESG aspects of the Company.

More information on the Lead Independent Director can be found in the "Lead Independent Director" section of the Corporate Governance Declaration starting on PAGE 131.

RISK MANAGEMENT

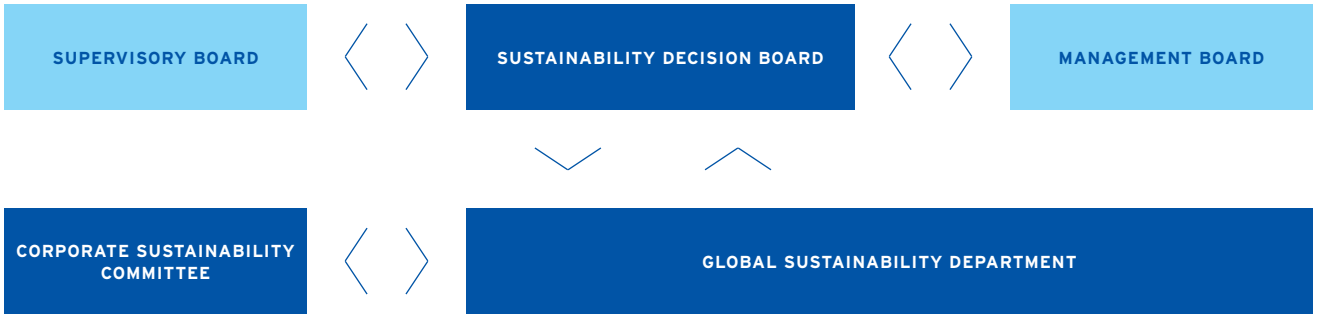
We monitor and assess sustainability risks as part of our enterprise risk management. Our assessment is based on a list of potential non-financial risks, which is reviewed regularly. In accordance with the German Commercial Code, we report on known significant risks associated with our own operations, business relationships, products, or services that are very likely to occur and would have a severe negative impact on material sustainability-related topics. We did not identify any material non-financial risks of this kind in 2022.

One element of our sustainability risk management approach involves assessing the impact of our business activities on affected rightsholder groups, as well as on the environment. To identify potential risks from this perspective, we performed detailed human rights risk assessments in 2022 covering our workforce, our patients, local communities surrounding our business sites, and our supply chain. With the help of external platforms and interviews with subject-matter experts, we looked at country and industry-specific risks pertaining to the rightsholder groups in question. We have also started to define focus areas for risk prevention and mitigation activities.

We also assessed environmental risks from this angle. In 2022, we developed a new methodology for this purpose. We used external and internal data to evaluate our impact on climate change, water stress, wastewater, and waste management. The results of this assessment were aligned with environmental experts across the Company. We are continuously monitoring and increasing the granularity of our risk assessment to better understand how our business operations impact the environment.

We additionally performed further assessments to determine how environmental factors such as water stress, climate change vulnerability, and waste management can represent risks to our business. We updated our global environmental risk management process and catalog based on the results of these assess-

C 3.6 **SUSTAINABILITY GOVERNANCE**



ments to increase awareness but did not identify any significant new risks. In 2022, we also continued to integrate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into our enterprise risk management approach. We review climate-related risks and opportunities on a yearly basis.

More information on our enterprise risk management system can be found in the "Risk management system" section of the Group Management Report starting on PAGE 59. More information on our risk assessment on human and labor rights can be found in the "Human rights" section starting on PAGE 110, and the "Supplier management" section starting on PAGE 109.

STAKEHOLDER INCLUSION

As a company with global operations, our business activities affect many stakeholder groups. These include our patients, employees, shareholders, suppliers, and the communities in which we work. Representatives from academia, politics, media, and international organizations are also important interest groups. Communicating with relevant stakeholders is essential to understand their expectations of our company. It is also part of building trust and reliable partnerships and helps us to share knowledge and promote scientific progress.

In the reporting year, we continued to participate in several expert groups such as the Kidney Care Partners and the Dialysis Patient Citizens in the U.S. We also took part in technical expert panels for the Centers for Medicare and Medicaid Services, the national federal public health care authority in the U.S. In 2022, sustainability-related topics were again discussed in investor meetings. Labor topics, including questions relating to clinic staffing, employee retention, recruitment, and wages, came up in around 780 conversations. More than 50 exchanges addressed topics such as climate impact, sustainability progress, and governance matters.

We are subject to a wide range of legislative and regulatory processes that affect our business. Therefore, we periodically engage in policy discussions and collaborate with third parties as part of our lobbying efforts. Our principles in relation to these activities are stated in our Code of Ethics and Business Conduct. They provide the basis for our political dialogue in compliance with applicable laws and regulations. These principles also apply to our interactions with associations. We published a position paper on political engagement and advocacy. In the U.S. we have a Political Action Committee in place which gives eligible U.S. employees the opportunity to participate voluntarily in public policy advocacy that impacts our business and patients.

More information on our collaboration with research and innovation partners can be found in the "Research and development" section of the Group Management Report starting on PAGE 30. For information about our dialogue with employee representatives, see the "Employees" section starting on PAGE 96. For information on how we collaborate to improve health care, see our "Patients" section starting on PAGE 90.

COVID-19

Since the beginning of the COVID-19 pandemic, we have faced extraordinary challenges. These have been exacerbated by the facts that acute kidney injury is common in critically ill COVID-19 patients, and that our patients have a high risk of complications should they contract the virus. We continuously monitor the COVID-19 situation and hold global meetings to discuss developments on a bi-weekly basis.

To help improve the level of protection for our patients and staff, safety protocols were established in our dialysis clinics at the start of the pandemic to maintain the provision of essential treatments. We provided guidance on measures to mitigate the spread of COVID-19 through interventions such as masks and other personal protective equipment. Furthermore, we provided our patients and staff with information about the effects of long COVID and how the vaccination can mitigate the risk of severe illness. We have also encouraged our patients to get vaccinated. Between 2020 and the end of 2022, we treated close to 155,000 patients infected with COVID-19.

During the pandemic, we were able to continue producing and delivering life-saving products, even when our operations and supply chains were hampered by global restrictions. Throughout the course of the pandemic, we have also continuously looked at ways to improve our care. Our ongoing COVID-19 research focuses on vaccination and treatment effectiveness and response.

Further information on the impact of COVID-19 on our company can be found in the "Overall business development" section of the Group Management Report starting on PAGE 39. For more information on our ongoing research activities, please see the "Advancing health care" section starting on PAGE 93.

EU TAXONOMY

We report on our economic activities in accordance with the EU Taxonomy Regulation for sustainable activities (referred to hereinafter as "EU Taxonomy"). In our 2021 Non-Financial Group Report, we reported on the Taxonomy-eligible shares of economic activities that potentially make a substantial contribution to at least one of two environmental objectives defined in the regulation's Climate Delegated Act: "Climate change mitigation" and "Climate change adaptation".

In 2022, in line with EU Taxonomy reporting requirements, we broadened the scope of our reporting to additionally analyze the Taxonomy-alignment of economic activities that make a substantial contribution to the two environmental objectives mentioned above.

Our core business activities are not covered by the EU Taxonomy in its current design. As a result, the revenues and operating expenses (Opex) associated with our products and services are not considered Taxonomy-eligible. While some of our capital expenditures (Capex) related to construction and real estate activities fit the requirements for Taxonomy eligibility, our analysis determined that they are not Taxonomy-aligned.

Methodology

To comply with EU Taxonomy reporting requirements, we set up an interdisciplinary project team comprising sustainability, accounting, and reporting experts. This team performed analyses to determine whether our economic activities are Taxonomy-eligible or Taxonomy-aligned.

To ascertain whether our economic activities are Taxonomy-eligible, we conducted an impact analysis of our operations. As part of this analysis, we compared our business activities with the EU Taxonomy's descriptions of economic activities that potentially make a substantial contribution to the objectives "Climate change mitigation" or "Climate change adaptation". We also conducted interviews with internal experts across our regions and business areas to verify our conclusions. This analysis revealed that Capex related to our construction and real estate activities can be classified as Taxonomy-eligible.

In 2022, we additionally assessed whether our Taxonomy-eligible activities are Taxonomy-aligned. To do this, we conducted workshops with experts across our regions to assess whether our activities meet the technical screening criteria for Taxonomy alignment. Furthermore, in internal workshops, we analyzed whether our building-related economic activities meet the EU Taxonomy's minimum safeguard requirements. We determined that our activities related to construction and real estate do not fulfil technical screening criteria set out in the regulation. Our economic activities are therefore not Taxonomy-aligned.

T 3.7 **CONTRIBUTION OF TAXONOMY ALIGNED, ELIGIBLE BUT NOT ALIGNED, AND NON-ELIGIBLE ECONOMIC ACTIVITIES TO TOTAL REVENUE, CAPEX AND OPEX**
IN %

KPI	Taxonomy-aligned	Taxonomy-eligible but not aligned	Taxonomy non-eligible
Revenue	0	0	100
Capex	0	46	54
Construction of new buildings		3	
Renovation of existing buildings		7	
Acquisition and ownership of buildings		36	
Opex	0	0	100

Key performance indicators

The EU Taxonomy defines three key performance indicators (KPIs) that must be disclosed: revenue, Capex, and Opex. We summarize key information pertaining to each KPI below. For the full tables, SEE PAGE 113 of the Non-Financial Group Report. We calculated the EU Taxonomy's three KPIs based on the figures in our financial reporting system, which ensures reconciliation with the corresponding items in the consolidated financial statements (SEE TABLE 3.7). With respect to the eligibility share of Capex, we identified all relevant expenditures and allocated them to their respective economic activities. This way, we ensure that no Capex is considered more than once.

Revenue

Our product and service revenues are not covered within the regulatory scope of the EU Taxonomy in its current design. Total revenue includes all product and service revenues. Please refer to the consolidated statements of income under "Revenue" in TABLE 5.1 ON PAGE 183.

Capex

The EU Taxonomy differentiates between different forms of Capex. Our Taxonomy-eligible Capex relates to investments in acquisition and ownership of buildings (7.7), construction of new buildings (7.1), and renovation of existing buildings (7.2), such as clinics or production facilities (Climate Delegated Act, Annex I, economic activities listed within sector 7). The eligible amounts in activities 7.1 and 7.2 consist of additions to buildings and their improvements as well as buildings that are considered construction in progress. The eligible shares of activity 7.7 consist of additions to buildings and right-of-use assets for buildings and fixtures. 0.3% thereof result from business combinations.

The Capex KPI is defined as Taxonomy-eligible and Taxonomy-aligned Capex divided by total Capex for the reporting year. Total Capex covers additions to tangible (IAS 16) and intangible assets (IAS 38) as well as right-of-use assets (IFRS 16) during the fiscal year before depreciation, amortization, and any re-measurements. This includes those additions resulting from revaluations and impairments, for the relevant fiscal year and excluding fair value changes. It also encompasses additions resulting from business combinations. It does not include goodwill. For total Capex please refer to the sections "Property, plant and equipment" on PAGE 225, "Intangible assets and goodwill" on PAGE 228 and "Leases" on PAGE 255 in the notes to the consolidated financial statements, under the columns "Additions" and "Changes in consolidation group". Please note that the column "Changes in consolidation group" also includes disposals of business in the amount of €41.6 M.

Opex

Our operating expenditures in connection with buildings represent less than one percent of total Opex, as all material building-related measures are capitalized and thus part of our Capex. Opex linked to our products and services is, like the products and services themselves, not covered within the regulatory scope of the EU Taxonomy in its current design.

The Opex KPI is defined as Taxonomy-eligible and Taxonomy-aligned Opex divided by total Opex for the reporting year. Total Opex consists of direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, as well as maintenance and repair.

For more information regarding research and development expenses, please refer to the section "Notes to the consolidated statements of income" in the notes to the consolidated financial statements on PAGE 213. Short-term leases were determined in accordance with IFRS 16 (see "Leases" in the notes to the consolidated financial statements on PAGE 255). Maintenance and repair expenses include staff costs, costs for services, and material costs for daily servicing, as well as for regular and unplanned maintenance and repairs that can be found in the following areas of the income statement: costs of revenue, selling, general and administrative expenses as well as research and development expenses.

Outlook

Moving forward, reporting requirements are expected to be extended to economic activities that potentially make a substantial contribution to one of four further environmental objectives defined in the EU Taxonomy Regulation. These objectives are: "Sustainable use and protection of water and marine resources", "Transition to a circular economy", "Pollution prevention and control" and "Protection and restoration of biodiversity and ecosystems". Our core activities may be covered in future delegated acts.

PATIENTS

We defined a new global quality index to track and improve quality of care. Our new global Health Equity Position Statement reflects our ongoing commitment to advancing equity in health care.

Our patients' well-being is our top priority. As part of our commitment to delivering safe, high-quality care to patients with chronic kidney disease, we continually monitor the performance of our products and services. In doing so, we focus on quality, safety, accessibility, and patient experience. We strive to make improvements wherever necessary, keeping in mind our goal to expand access to high-quality health care. To this end, we invest in innovations and new technologies, and leverage insights from scientific research and collaboration with partners.

The Global Medical Office drives our medical strategy and coordinates activities that contribute to the advancement of medical science and patient care. The Global Medical Office is led by our Global Chief Medical Officer, who is a member of the Management Board. Key findings produced by the Global Medical Office are reviewed by multiple stakeholders across the Company. These findings are published on a regular basis and shared with the medical community.

QUALITY OF CARE

Our commitment to continuously improve the quality of our care is included in our Code of Ethics and Business Conduct. Additionally, our Global Patient Care Policy outlines the principles, responsibilities, and processes in connection with our medical strategy and quality management, patient experience surveys, and patient grievance mechanisms. Responsibility for integrating the policy into our business operations lies with our senior medical leadership and interdisciplinary patient care teams across the globe.

We continually measure and assess the quality of the care we provide in our dialysis clinics based on internationally recognized quality standards. These include those of the global nonprofit Kidney Disease: Improving Global Outcomes (KDIGO) initiative, the U.S. National Kidney Foundation's Disease Outcomes Quality Initiative (KDOQI), and the European Renal Best Practice guidelines. We also consider industry-specific clinical benchmarks and our own quality targets.

Additionally, we evaluate medical indicators on an ongoing basis to measure the quality of care provided in our dialysis clinics. For example, the global hospitalization rate measures the length of time a patient spends in hospital. This is an important indicator, given that hospitalization has a significant impact on a patient's clinical outcomes and quality of life. In 2022, the global hospitalization rate was 10.6 days per patient, compared to 10.7 in 2021.

C 3.8 GLOBAL INDICATORS – QUALITY OF CARE

Hospitalization Rate	**Days spent in hospital per patient per year**
Quality Index	**Dialysis effectiveness:** Measures how well the body is cleaned of waste substances
	Vascular access: Measures the share of patients who do not receive dialysis via a dialysis catheter
	Anemia management: Measures hemoglobin levels and specific medications given during dialysis

In the reporting year, we implemented a new global measurement to track quality of care: the quality index (SEE CHART 3.8). This index reflects the combined results of three equally weighted quality indicators:

- Dialysis effectiveness, which measures how sufficiently the body is cleansed of waste substances,
- vascular access, which measures the share of patients who do not receive dialysis via a dialysis catheter but rather via safer vascular access alternatives that reduce risk of infection and improve outcomes,
- anemia management, which measures hemoglobin levels and specific medications given during dialysis to achieve optimum clinical outcomes, such as overall health and well-being.

In 2022, our quality index score was 81%. The index provides a harmonized global overview of different key quality indicators that we have reported on individually in past years. We plan to use the indicator to continuously measure and improve our quality of care on a global level. By the end of 2024, we aim to develop and pilot a new global training program to further educate our medical community on quality improvement.

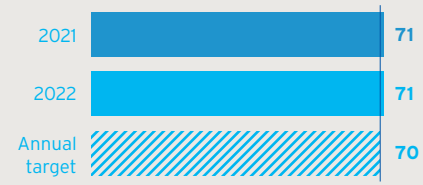
It is important to us that our patients feel comfortable and are satisfied with the care they receive. As part of our global patient experience program, we aim to conduct patient experience surveys at least every two years. We use the information collected to evaluate the services provided by our dialysis clinics and implement global improvement plans. Over time, we have strengthened our efforts to improve patient education, individualized patient care, and service excellence. For example, we have used feedback from the surveys to develop educational materials that help clinic staff inform their patients more comprehensively about health-related topics.

We measure patient experience in our dialysis clinics using the Net Promoter Score (NPS). The NPS reflects patients' overall satisfaction with our services and to what extent they feel well cared for and supported. We have set the global target of achieving an NPS score of at least 70 each year. In 2022, we attained an NPS score of 71, the same value as in 2021. Our NPS threshold target of at least 70 reflects our aim to continuously obtain excellent scores and improve patient experience despite challenges such as staffing shortages and the ongoing impacts of the COVID-19 pandemic. As part of our NPS calculations, we measure the share of patients that would recommend Fresenius Medical Care. In the reporting year, 78% of our patients answered in our survey that they would highly recommend our services. In addition to the NPS, we also track survey coverage and response rates. In 2022, we achieved a global coverage rate of 92% in line with our target of 75% or above. We also attained a response rate of 69%.

In addition to experience surveys, we provide patients and their representatives with other feedback channels. Patients can report grievances, make suggestions, or raise concerns anonymously if they wish. Our feedback channels include dedicated hotlines and email addresses, complaint and suggestion boxes, and a feedback form on our website. In 2022, we received 23,011 reports (2021: 24,449). We are committed to resolving issues in

Annual Target

Achieve a Net Promoter Score of at least 70



a timely manner. Our policies allow patients to file reports without fear of reprisal. We also provide training at the local level to support staff in following patient grievance guidelines.

ACCESS TO HEALTH CARE

As an international health care company, we recognize the importance of improving access to health care and are working to provide affordable treatment to a growing number of patients worldwide. We focus on improving both access to care and level-of-care outcomes. For example, we consider barriers to access such as cost and ease of travel to our dialysis clinics and a lack of education on kidney disease and treatment options. We aim to increase the number of patients who receive home dialysis as well as those who receive kidney transplants. Additionally, we have improved our digital offering to make it easier for patients to access their clinical information and our services. We also have crisis preparedness processes in place so that patients have continued access to treatment during disaster and emergency situations.

Health equity

We prioritize health equity in our efforts to increase access to care worldwide and to support the development of sustainable health care systems. We believe that every patient, regardless of their ethnic origin or race, nationality, age, ability, gender identity, sexual orientation, religion, or socioeconomic status, should be given equal opportunities and support to maintain and improve their health. This also means striving to make treatment and kidney health education available to those in need. As part of our efforts to promote health equity, we are currently analyzing care opportunities and health outcomes in the countries in which we operate. For instance, in the U.S. we have developed digital dashboards to identify inequities that arise in the home dialysis and kidney transplant settings. These include, for example, inequities relating to age, race, language, and gender. In 2023, we intend to set health equity targets and track their progress.

In 2022, we developed a Global Health Equity Statement that outlines our commitment to expand our knowledge and services in ways that advance equity in care. We have also created a Health Equity Committee in the U.S. This committee is dedicated to sharing best practices and accelerating our progress in addressing health care inequities. We plan to start expanding these activities outside of the U.S. in 2023 as we develop our global health equity roadmap.

Supporting patients in underserved communities

Demand for affordable health care products and services is increasing in emerging markets. To facilitate access to dialysis treatment, we developed the 4008A dialysis machine series. These machines meet high therapy standards while reducing costs for health care systems. They are designed to be easy to handle and combine high-quality hemodialysis treatment with proven reliability and operational efficiency. Since 2019, the 4008A series has been successfully launched in nine emerging markets in Asia.

Treatment options

We treat patients across the full spectrum of chronic kidney disease. Our aim is to empower them to make informed decisions about the treatment options that best fit their unique circumstances. Home dialysis can provide patients with the opportunity for greater independence and control over their time and health outcomes. It also allows us to expand our health care capacity, increasing the number of patients that can receive dialysis treatment. In addition, by facilitating access to treatment for patients living in more remote regions, we aim to widen our geographical reach and reduce patient travel. In 2022, we provided home therapy to around 58,000 peritoneal and hemodialysis patients worldwide, or 14% of our total patient base. Globally, the number of our home dialysis patients increased by 7.5% in 2022 compared with 2021. In the reporting year, 15% of treatments in the U.S. were performed in a home setting. We have set ourselves the aspirational target of increasing this value to 25% by 2025.

In the U.S. alone, we informed about 57,000 people living with chronic kidney disease or end-stage kidney disease about home dialysis options in 2022. We did this with the support of more than 190 internal kidney care experts.

2025 Target

Perform

25%

of dialysis treatments in the U.S. in a home setting

More information about home dialysis can be found in the "Research and development" section of the Group Management Report starting on PAGE 30.

Crisis and emergency response

We consider it our responsibility to provide access to health care even under difficult circumstances, for example in the case of a health crisis or natural disaster. We have dialysis clinics in many regions of the world with diverse geographic, social, and economic conditions. These clinics serve a vulnerable population of patients who need dialysis treatment multiple times a week. To allow us to continue treating our patients in extreme conditions, we have developed an emergency response system comprising disaster response teams at the local level.

Before the onset of Hurricane Ian in fall 2022, local disaster response team members from facilities in Florida were dis-

patched to provide patients with emergency kits and instructions on how to touch base with their care teams. Of the roughly 100 facilities that were closed on the day before the storm hit, all but one were fully operational within three days and all affected patients were accounted for.

In 2022, crisis response measures were also activated as a reaction to the war in the Ukraine. For example, when it became impossible for our patients to safely travel to our dialysis clinic in Chernihiv, patients and their family members were invited to move into the clinic. During this period, clinic staff provided patients with food and medicine. We regularly test our emergency response procedures to assess service safety. Furthermore, we continue to donate dialysis machines and medical supplies to organizations that require support.

ADVANCING HEALTH CARE

We strive to continuously improve the care that we provide to patients. This includes facilitating clinical trials, which are a crucial step in developing new treatments. We are also further exploring data-based methods that allow us to advance care by means of mathematic modelling and virtual clinical trial simulations. Our research and development activities follow regulatory guidance for clinical research practices. They are conducted in compliance with ethical standards. In a global company position paper made available on our website in 2022, we outlined our bioethics principles. These include our commitment to upholding ethical standards while advancing health care and managing related risk, as well as advocating patient rights and animal welfare. It is important to us that our research partners follow guidelines that are similar to our own.

Scientific research

We strive to make the results of our research activities available to the broader public. In 2022, we published 169 scientific documents worldwide. These publications covered topics such as eco-friendly dialysis equipment, health literacy, and the provision of lifesaving care for patients with kidney failure during the war in Ukraine. In the reporting year, we also completed four clinical trials.

Our Frenova Renal Research division provides research services to third parties. Currently, we are working on a project aimed at developing the largest renal-focused genomic registry in the world. The goal is to enroll over 100,000 patients by 2025. This new registry will contain genetic data from chronic kidney disease patients worldwide, which will help researchers improve their understanding of kidney disease and treatments.

More information about the Frenova Renal Research division can be found in the "Opportunities management" section of the Group Management Report starting on PAGE 75.

Innovation and digitalization

Innovation and digitalization are important strategic elements that contribute to our success. We aim to develop innovative, safe, and user-friendly digital products and systems that meet high quality standards. Our goal is to further improve the quality and efficiency of treatments. To this end, we are continuously developing digital products and services designed to improve access to and advance health care. This has become more critical during the COVID-19 pandemic.

We have defined our commitment to continuous innovation in our Code of Ethics and Business Conduct. Our Care Enablement segment, which was officially implemented on January 1, 2023, oversees the development of our products. The Global Medical Office is responsible for our clinical digitalization strategies and the use of digital clinical data for research and operations.

To access the latest innovative technologies, we invest in research and development and collaborate with external partners, including academic institutions. We also invest in startups that develop products, technologies, and therapies in the health care sector. In 2021, we initiated a process to further integrate specific environmental criteria in our research and development activities. In 2022, we launched a global event aimed at fostering innovation in our product business. As part of this activity, employees were encouraged to develop new ideas that focused on the topics of sustainability and efficiency.

In 2022, we continued to develop digital options with the aim of improving access to information for the patients under our care. Our digital platforms enable virtual contact, which helped to reduce the risk of infection for patients and staff during the pandemic, for example. Keeping patients and care teams connected and giving them access to recent treatment data is vital for us to be able to continuously monitor and improve medical outcomes, user experience, and the effectiveness of care. Currently, we provide two patient engagement platforms that are accessible via digital apps. Our PatientHub app is used predominantly in the U.S. and our MyCompanion app is available in 23 countries in Europe, Africa, Asia-Pacific, and Latin America. Combined, these apps had more than 25,000 active users in December 2022. In the U.S. alone, we recorded almost 250,000 remote telehealth visits between patients, care teams, and physicians by the end of 2022 via the PatientHub app. The app also enables home dialysis patients to communicate any concerns to their clinicians and care teams in between scheduled visits. As a result of these interactions, they can resolve treatment issues earlier and prevent hospitalizations.

We also use virtual reality (VR) and gamification technologies to support health care professionals in training their patients in

home dialysis procedures. In 2022, we rolled out our new VR training tool in France and the Netherlands. The tool, which is also available in Germany, is expected to be rolled out to further countries globally in 2023.

For more information about research and development, please see the "Research and development" section of the Group Management Report starting on PAGE 30.

Collaborating to improve health care

We also work with external organizations to facilitate scientific progress and explore new ways of improving quality of care. In 2022, we were involved in 67 key partnerships with academia, research institutes, and peers. Our focus areas included cardio-protection, personalized and precise medicine, public health, and the impact of COVID-19 on vulnerable patient populations.

In the reporting year, we continued in our efforts to share best practices relating to dialysis treatment. Worldwide, more than 3,000 people attended external workshops that we hosted on topics such as in-center therapies, home dialysis, and critical care. We also organized webinars on various dialysis product- and care-related topics and developed an openly accessible global e-learning course on best practices in dialysis care. The webinars were viewed by more than 20,000 attendees in 2022, and the e-learning course was attended by close to 75,000 participants.

We also strive to increase access to health care with our partnerships. For example, we invest in the biotechnology company Humacyte, which is working on a project to develop bioengineered blood vessels for vascular repair and replacement. Humacyte has provided these blood vessels to surgeons across the Ukraine, who use them to repair traumatic blood vessel injuries suffered during the war.

A further focus area is expanding access to and improving transplant medicine processes. Our Head of Transplant Medicine leads our worldwide efforts to achieve these goals. The Fresenius Medical Care Foundation collaborates with several leading organizations to raise awareness and provide support to people living with kidney disease.

More information on our collaboration with research and innovation partners can be found in the "Research and development" section of the Group Management Report starting on PAGE 30.

PRODUCT STEWARDSHIP

We aim to develop safe, high-quality products that meet the needs of patients and their caregivers. Thanks to our global network of production sites, we control the procurement, production, distribution, and supply of renal and multi-organ therapy products. We manage quality and safety in our product business over the entire product life cycle, from design and development to operation and application.

We are subject to governmental regulation in nearly every country in which we operate. This includes, for example, EU legislation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and the Restriction of Hazardous Substances (RoHS). Further relevant regulations are the Medical Device Directive (MDD) as well as the Medical Device Regulation (MDR). In addition, we comply with the Code of Federal Regulations (CFR) of the U.S. Food and Drug Administration (FDA).

Product safety and quality

When it comes to the safety and quality of our products and services, we are guided by our Global Quality Policy. This policy also covers our obligation to comply with relevant regulations and maintain environmentally sound and efficient operations. It is the basis for regional quality manuals and further policies covering responsibilities, training, risk assessments, and audits. Product safety and quality are overseen by our newly established Care Enablement segment, which was implemented on January 1, 2023. The Management Board is regularly informed about our global quality and safety performance.

Products must comply with safety and quality standards concerning product development, manufacturing, their use in clinics, customer training, and complaint handling. Our safety and quality processes are embedded in quality management systems, in line with legal and regulatory requirements. Over the past few years, we have merged our quality management systems in Europe, Middle East, and Africa, as well as in Latin America and Asia-Pacific. We aim to implement a global quality management system by 2024. We also plan to introduce a global electronic training system by 2024.

Certification and audits

We regularly carry out internal audits following a risk-based approach. We assess our quality management systems against internal and regulatory standards. Internal quality audits at our local sites help us determine the effectiveness of these systems.

T 3.9 CERTIFICATION OF OUR PRODUCTION SITES
IN %

	Production sites certified[1]	
Certification	**2022**	**2021**
ISO 9001/13485	77	74
GMP/cGMP	46	49
MDSAP	29	29

[1] Production sites managed by the Manufacturing and Supply Chain division.

Our consolidated quality management system is certified according to ISO 9001 and ISO 13485 (SEE TABLE 3.9 ON PAGE 94). In addition, we completed the Medical Device Single Audit Program (MDSAP) for this system. Our production sites are also subject to regular external quality audits and reviews in accordance with local requirements. Audits are carried out according to local regulations, the Good Manufacturing Practice (GMP), the current Good Manufacturing Practice (cGMP), ISO 9001, ISO 13485, or MDSAP.

T 3.10 AUDIT SCORE

Year	2022	2021
Audit score[1]	0.3	0.1

[1] Production sites managed by the Manufacturing and Supply Chain division.

We have defined KPIs to monitor our quality objectives and prevent adverse events. In 2022, more than 50 certification audits were performed at our production sites. We achieved an audit score of 0.3 (SEE TABLE 3.10). This score indicates the ratio of major and critical findings to the number of external audits. We have set the target of an average global audit score not exceeding 1.0 to maintain the effectiveness of our quality management systems and certifications. All audit findings are documented and escalated depending on their criticality, and used to determine and implement appropriate corrective and preventive measures.

Annual Target

Keep global key performance indicator for critical and major audit findings below

1.0

Post-market surveillance

Post-market surveillance, or the act of monitoring the products that have been released to the market, is an integral part of our quality management. It is essential that our products and services are effective and reliable, and that they pose as little risk as possible to patients. Our standards for planning, conducting, and monitoring clinical studies help us enhance the quality and safety of our products. Should any issue arise concerning the safety of our products, we take corrective action. This could include publishing further information and data on the product after market introduction or recalling the product. We strive to comply with legal and regulatory requirements in monitoring the adverse effects of drugs – also called pharmacovigilance – and medical devices. In this context, we collect and review information relating to adverse events and product complaints. The topic of transparently reporting adverse events and product complaints is incorporated in our Code of Ethics and Business Conduct.

Product improvements

We continuously strive to enhance the quality and safety of our products. The number of product improvements is an indicator of our performance. Improvements are defined as changes that focus on at least one of the following aspects: patient safety and quality, product performance and delivery capability, environmental performance, or customer service. This could involve process improvements in production, for example, as well as improvements already made by our suppliers to the items we purchase from them. In 2022, we implemented more than 2,400 improvements to our dialysis machines, dialyzers, filters, and solution products.

More information on quality management at our production sites can be found in the "Quality management at our production sites" section of the Group Management Report starting on PAGE 33. For more information about the regulatory environment in which we operate for our product business, please see the "Regulatory environment, product quality" section of the Group Management Report starting on PAGE 63.

Progress

- Global quality index developed with 3 KPIs
- 78% of our patients would highly recommend our services
- 169 scientific documents published as part of our research activities

EMPLOYEES

We continued in our efforts to foster an inclusive and welcoming environment for our employees. Our activities included updating our global diversity targets and implementing new global policies and standards on topics such as engagement, talent review, and fair pay.

Our people have always been key to our success. It is important that we continue to hire and retain the best people for the job, inspire them to stay with us long term, and support their development. We aim to cultivate a workplace where every employee feels valued and part of a winning team.

Our Global Human Resources (HR) function, which reports to the CEO, is responsible for coordinating our employment-related processes worldwide. We continually develop and improve the HR standards that govern our global activities. In 2022, we updated or newly developed a total of ten global employee policies on relevant topics such as talent management practices and diversity, equity, and inclusion. For example, we implemented a policy stipulating that we support the creation of global Employee Resource Groups (ERGs) to foster inclusion in the workplace. We also developed new global targets to drive improvement in strategic focus areas, such as employee engagement and diversity.

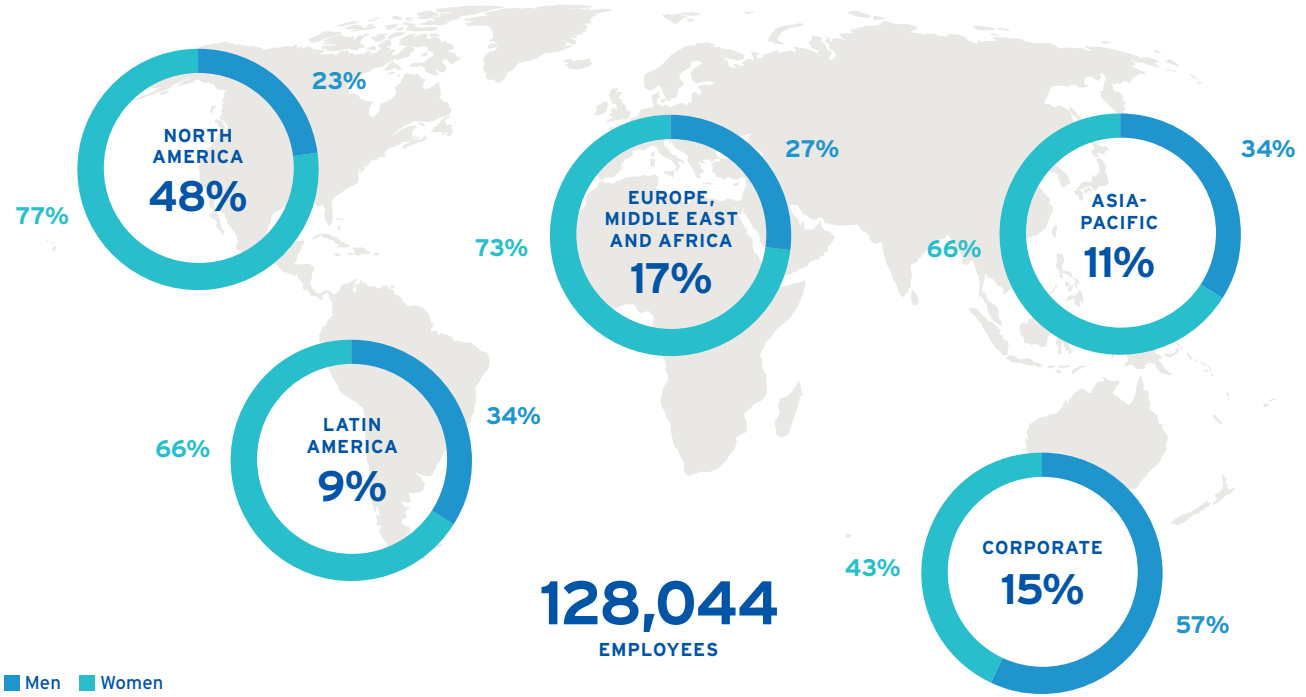
In 2022, one of our employee-related priorities was to successfully transform our global operating model through the Company's FME25 Program. This included, for example, identifying leaders to fill top positions in the new organizational structure and managing workforce migration processes.

EMPLOYEES WORLDWIDE

At the end of 2022, the number of employees at Fresenius Medical Care worldwide had decreased to 128,044 from 130,251 in 2021 (SEE CHART 3.11). Most of our employees work in production and services (86%), followed by administrative functions (9%). The region with the largest number of employees is North America (48%), followed by Europe, the Middle East, and Africa (17%). In the year under review, we hired more than 33,000 new employees. The average tenure of our employees increased from 7.6 years in 2021 to 7.9 years in 2022. TABLE 3.12 ON PAGE 99 provides an overview of key employee figures.

Our voluntary turnover rate was 19.9% in 2022. This reflects a highly competitive labor market, especially in the clinic and manufacturing sectors. It also reflects a shortage of health care workers and the challenging environment created by the COVID-19 pandemic. To address this, we implemented various measures to help managers improve employee retention. In the U.S., we started a retention project targeting more than 500 dialysis clinics with above-average attrition rates in 2022. This project involved conducting interviews with employees and supporting clinic managers with action planning.

C 3.11 **EMPLOYEES ACROSS REGIONS**



To gain an even better overview of our workforce and to support the development of future performance indicators, we are implementing a global HR digital information system. This system is already in place in Asia-Pacific, Latin America, and North America and covers roughly 70% of our total workforce. We expect to complete the global rollout of the system with the Europe, Middle East, and Africa region in 2023.

ATTRACTING AND DEVELOPING TALENT

We aim to remain an attractive employer and continue to recruit, engage, and retain excellent employees. To strengthen our competitive position, we have various targets, such as reducing our voluntary turnover rate in the coming years. In 2022, we issued a global Employee Value Proposition Policy outlining the core benefits that we want to offer our employees as well as underlying processes, roles, and responsibilities.

We are committed to providing all employees with learning and development opportunities. In doing so, we want to enable them to build capabilities that allow us to respond effectively to ongoing changes in our business environment. As a company operating in a regulated environment, it is also critical that we continuously build on our employees' skills and knowledge to maintain operational and regulatory compliance.

We have introduced online learning platforms that allow employees to pursue their career goals and interests in a self-directed manner. For example, our Advanced Renal Education Program provides employees with access to courses on topics such as chronic kidney disease and home dialysis. We aim to continuously increase participation in our digital learning schemes. In this context, we have developed a global learning measurement strategy that aims to improve learner experience and drive employee engagement. In 2022, more than 16,000 employees participated in self-directed courses on our digital platforms. Furthermore, through our learning management system, some 156,000 users worldwide participated in training courses on topics such as compliance, leadership, and health and safety. In addition, we provided certain employee groups with specific training. In the U.S. alone, 9,500 leaders have completed our regional leadership development program since 2014.

We identify individual learning needs through development and career conversations. In 2023, we intend to roll out a globally harmonized performance management process to over 50% of our employees via our global performance and development platform. We plan to offer access to this process to the remainder of employees in early 2024.

In 2022, we were named one of *Newsweek*'s Most Loved Workplaces in the U.S. for the second year in a row, putting us among the top-100 companies recognized for employee happiness and satisfaction at work.

2027 Target

Achieve an Employee Engagement Score of at least 63%

EMPLOYEE ENGAGEMENT

We strive to give every employee the opportunity to provide feedback and engage openly and directly with the Company. In 2022, we developed a global policy that lays out our approach for regularly conducting engagement surveys and responding to the results. We also set a global target of achieving an employee engagement score that is in line with the health care industry benchmark of 63% by 2027. In the reporting year, we conducted our third global engagement survey. We use these surveys to identify strengths, as well as opportunities to improve our working environment. Our employee engagement score is based on three aspects: how many employees would speak positively about Fresenius Medical Care, how many intend to stay with Fresenius Medical Care, and how many feel motivated to perform at Fresenius Medical Care.

Almost 82,000 employees worldwide responded to our employee engagement survey in 2022, reflecting a participation rate of 71% – down slightly from 74% in the last full survey from 2021. The survey revealed that 55% of employees who participated are actively engaged – a decrease of one percentage point compared to the previous year. We achieved this result despite the challenging environment created by the COVID-19 pandemic and our ongoing organizational transformation. Furthermore, in 2022 69% of our employees felt a sense of belonging at work (2021: 71%). In addition to the employee engagement score, we reflect the results of our engagement survey with a global employee engagement index. This index rates the same three questions that make up our engagement score on a scale that ranges from 1 (I fully disagree) to 6 (I fully agree). In 2022, our employee engagement index was 4.4 (2021: 4.5).

COMPENSATION AND BENEFITS

We are committed to providing fair compensation and benefits to our employees. We strive to develop compensation and benefit packages that attract and retain motivated staff. We offer employees total rewards packages that are designed to reflect the relative value of each job and support career progression in line with market trends and local requirements. In 2022, we started a review of our global rewards strategy, including our existing approaches and ongoing activities. From 2023, we aim to further define these activities, harmonize programs and processes, and set global standards on topics such as salary structures. The development of a global job architecture will increase the transparency and comparability of positions. It will also serve as a basis for making decisions on career development, compensation and benefits offers, and strategic workforce planning.

In 2022, we developed a Fair Pay Statement. This global position statement outlines our commitment to applying fair pay and compensation principles to employees. We focus on developing pay structures that are market competitive and internally equitable. Our pay structures are also designed to support career progression and reward and incentivize measurable performance.

Our long-term incentive plan (LTIP) aims to help enable leaders and key talents to participate in our company's long-term value creation. More than 1,200 employees participated in the LTIP in 2022.

Information on personnel expenses can be found in the "Employees" section of the Group Management Report starting on PAGE 33.

DIVERSITY, EQUITY, AND INCLUSION

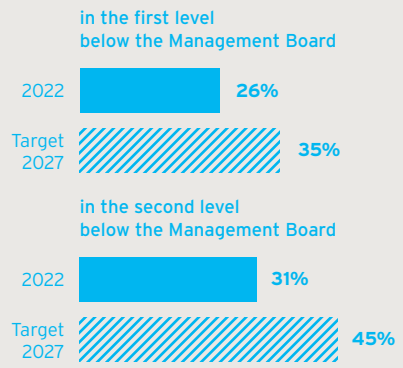
We believe that promoting diversity, equity, and inclusion benefits all employees. It is our ambition to make everyone in the Company feel safe, welcome, and appreciated, and to cultivate a sense of belonging. This commitment is also incorporated in our Code of Ethics and Business Conduct.

In 2022, we issued three global policies aimed at advancing these areas: the Diversity, Equity, and Inclusion Policy, the Employee Resource Group Policy, and the Diverse Candidate Slate Policy. We also educated our leaders on how to model inclusive behaviors. In the U.S. alone, we conducted ten training sessions with more than 2,500 leaders and employees to foster understanding about the value of inclusion in the workplace.

Gender diversity in our main governance bodies and at management level increased in the reporting year. As of December 31, 2022, women accounted for 69% of our total workforce.

2027 Target

Percentage of women in leadership positions:



The proportion of women in the first two levels below the Management Board was 30%.

In 2020, we defined gender diversity targets to be achieved in 2025. We reached these targets in 2022 in the context of our organizational transformation. As a result, the Management Board has set new diversity goals. By the end of 2027, we aim to increase the share of women in the first level below the Management Board to 35%, and the share of women in the second level to 45%. The first management level below the Management Board includes all managers worldwide who directly report to a member of the Management Board and participate in the LTIP. The second management level includes all managers worldwide who directly report to a manager of the first management level and participate in the LTIP.

2030 Targets

Increase the representation of women in management positions to reflect the percentage of women in the global employee population

Increase the representation of ethnically diverse managers in the U.S. year over year

We also set ourselves the goal of increasing the representation of women in management positions to reflect the percentage of women in the global employee population by 2030. Annual reporting on our progress towards this target, which we intend to disclose as of 2023, will be based on the Company's updated global operating model. Furthermore, we aim to grow the number of ethnically diverse managers in the U.S. year over year by 2030. At the end of 2022, 31% of managers in the U.S. were ethnically diverse.

We have additionally developed objectives for specific focus areas. For example, we aim to increase the global number of ERGs at our company. These groups refer to employees who build a network based on shared common interests. They are designed to increase participating employees' sense of inclusion

and belonging in the workplace. ERGs also provide a platform for employees to engage with various elements of the Company's mission, values, business objectives, and sustainability efforts. By end-2022, we had 16 ERGs. Going forward, we expect this number as well as the number of employees engaged in such groups to grow.

More information on gender diversity in the Management Board, the Supervisory Board, and at the two levels below the Management Board can be found in the "Diversity concept and targets" section of the Corporate Governance Declaration starting on PAGE 136.

DIALOGUE WITH EMPLOYEES AND THEIR REPRESENTATIVES

We believe the best way to interact with our employees is through open and direct communication. We are committed to responding promptly and fairly to questions, concerns, or issues, and we encourage all employees to speak directly with their supervisors, managers, or the HR department regarding concerns. They can also use any other available channels, such as our Compliance Action Line, to raise issues.

We are committed to sharing information and consulting with elected or established collective bodies that represent our workforce. These include our works councils, recognized unions, or other established employee representatives. In cases where our employees choose to be represented by one of these organizations, we cooperate in good faith and in accordance with applicable laws and practices. Collective bargaining agreements apply to different groups of employees within Fresenius Medical Care, depending on local laws and practices. In Europe, these apply to 56% of our employees, and worldwide to 23%.

T 3.12 **EMPLOYEE OVERVIEW AS OF DECEMBER 31, 2022**

Employment overview	2022	2021
Employees[1]	128,044	130,251
Employees (FTE)	120,216	122,909
Staff costs in € M	7,939	6,962
Average staff costs per employee (€/FTE)	64,975	56,262

Employees per region (%)	2022	2021
EMEA (incl. Germany)	17	17
Germany	6	6
North America	48	48
Asia-Pacific	11	11
Latin America	9	9
Corporate[2]	15	15

Employees per functional area (%)	2022	2021
Production and services	86	85
Administration	9	10
Sales and marketing	4	4
Research and development	1	1

Employee retention	2022	2021
Voluntary turnover rate (%)[3]	19.9	16.5
External hire rate (%)[4]	26.0	23.7
Average service length in years	7.9	7.6

Demographic	2022	2021
Average age in years	44	42
Share of employees under 30 (%)	15	16
Share of employees between 30 and 50 (%)	55	58
Share of employees 50+ (%)	30	26

Women overall and at different leadership levels (%)	2022	2021
Company overall	69	69
Supervisory Board	33	33
Management Board	40	25
First management level[5]	26	27
Second management level[6]	31	31

Employee engagement (%)	2022	2021
Engagement score[7]	55	56
Participation rate	71	74

[1] Calculation based on headcount if not otherwise stated. 2021 figures have been adjusted from full-time equivalents to total headcount to conform with the current year's presentation. We believe this information provides a more accurate assessment of the number of our employees and provides additional insight regarding the composition of our personnel expenses incurred for the years presented.
[2] Including the Global Manufacturing, Quality, and Supply and Global Research and Development divisions, and the Global Medical Office.
[3] Calculated as the number of employees who left the organization voluntarily in relation to the number of employees at the end of the year.
[4] Calculated as the number of employees who joined the organization in relation to the number of employees at the end of the year.
[5] Updated definition: Includes all managers worldwide who directly report to a member of the Management Board and participate in the Long Term Incentive Plan. Figures for 2021 have been calculated based on this updated definition.
[6] Updated definition: Includes all managers worldwide who directly report to a manager in the first level below the Management Board and participate in the Long Term Incentive Plan. Figures for 2021 have been calculated based on this updated definition.
[7] Calculated based on the percentage of affirmative responses to three questions in the engagement survey (see above) in 2022.

In Germany, throughout 2022, management was in regular exchange with the works council and its committees on various workplace-related topics. For example, discussions were held about a program on flexible working conditions at the Company's head office in Bad Homburg, Germany. Other key focus points in information exchanges included the implementation

of our new global operating model, and aspects pertaining to our FME25 Program.

Fresenius Medical Care employees in Europe are also represented by the Fresenius SE European Works Council. This Council and its operating committee convened several times in 2022. Our management representatives also attended the annual meeting with representatives of three global unions. Our business units and entities at country or site level are responsible for working with local workplace representative bodies and trade unions. Discussions with these representatives focus on local matters and initiatives.

More information on employee grievance mechanisms can be found in the "Compliance" section starting on PAGE 105. For more information on our labor standards and human rights principles, see the "Human rights" section starting on PAGE 110.

OCCUPATIONAL HEALTH AND SAFETY

We are committed to providing a safe and healthy work environment for our employees and contractors. In 2022, we rolled out our Global Occupational Health and Safety (OHS) Policy. This policy outlines our key principles in this area. In the reporting year, we also established an Occupational Health and Safety function within the Global Legal department. This function drives the Company's global OHS strategy and manages related activities including setting and monitoring global goals, targets, and KPIs. In the reporting year, we agreed on several short-, mid- and long-term OHS targets that will form the basis of our global OHS strategy.

We strive to prevent work-related accidents and hazards to protect our employees and contractors. We track and analyze accidents at local and regional levels, identify their root causes, and take corrective action. In 2021, we began collecting and reporting on work-related fatalities on a global level. No work-related fatalities were recorded between 2020 and 2022. In the year under review, we also began reporting on a new global indicator: the Total Recordable Injury Frequency Rate (TRIFR). This indicator is defined as the total number of recordable work-related injuries per 200,000 hours worked. In 2022, our TRIFR was equal to 2.55. Beginning in 2023, we plan to include a further global indicator, the Lost Time Injury Frequency Rate (LTIFR) in our reporting.

To help us track and monitor accidents more efficiently, we started to develop a global OHS IT management tool in 2022. The tool will initially be rolled out to our locations in North America and Latin America as well as all global production sites. We have set ourselves the target of using this tool for reporting in 80% of those locations by the end of 2023.

In 2022, we continued with our global OHS risk assessment. A preliminary analysis identified injuries from needlesticks, slips, trips, and falls as the biggest risks for our operations. Based on these findings, we performed a global analysis on the risks derived from:

- Insufficient safety standards in the provision and maintenance of the workplace, workstation, and work equipment,
- the absence of appropriate protective measures to avoid exposure to chemical, physical, or biological substances,
- the lack of training and instruction for employees.

As agreed in our project roadmap, we intend to further identify and prioritize high-risk areas and to develop specific risk mitigation measures. For example, in the Asia-Pacific region, we have designed training courses to educate front-line clinicians on how to manage and de-escalate volatile situations in clinics.

Some of our production sites and dialysis clinics are certified according to international health and safety standards. These include ISO 45001 in Europe, Middle East and Africa, as well as Latin America, and the Australian Council of Health Care Standards (ACHS) in Asia-Pacific. In addition to external audits by relevant authorities, we conduct internal reviews and audits to monitor our compliance with corresponding regulations, policies, and procedures. In recognition of the success of our safety programs and initiatives, we were presented with the national CNA Safety in Excellence Award in North America for the 21st time. In the reporting year, we were also named as one of the 100 healthiest workplaces in America by the awards program Healthiest Employers in the U.S.

To prevent incidents and increase awareness, we provide health and safety training to all employees. Employee training courses in our dialysis clinics cover, for example, the safe use of sharps and disposables, hand hygiene, infection prevention, and emergency management. Training at our production sites focuses on the safe handling of work equipment and chemicals, and emergency prevention and response, among other topics. In the U.S. alone, more than 48,000 employees completed health and safety training in 2022.

Progress

- Women in leadership positions increased to 26% at the first level below the Management Board and 31% at the second level below the Management Board
- New global targets set for employee engagement and diversity
- 16 Employee Resource Groups established by end-2022

ENVIRONMENTAL PROTECTION

We continued with our efforts to reduce the impact of our business activities on the environment. Furthermore, we set up a project team to work on our climate target implementation roadmap and developed new processes for managing waste and wastewater.

We strive to continually improve our environmental performance and are dedicated to developing, producing, and providing our products and services in an environmentally sustainable way. In our business practices, we are committed to reducing our environmental impact.

ENVIRONMENTAL MANAGEMENT

In 2022, we set up a governance function responsible for global environmental management in the Global Sustainability department. Responsibility for environmental management in our dialysis clinics lies with the respective management in our global Care Delivery segment, which was implemented on January 1, 2023 as part of our new operating model. Our global Care Enablement segment, which also came into effect in 2023, is accountable for environmentally sustainable manufacturing, product development, supply chain, and sales operations for our product business. Updates on our environmental protection activities are provided to top management as needed.

In the reporting year, our global network of environmental experts continued to exchange regularly on best practices related to topics such as energy and waste management, decarbonization, and water. These experts, which include representatives from the Company's new global structures, provide input on the implementation of our global environmental management strategy and goals.

Our Global Environmental Policy provides a framework for environmental management. It addresses how we manage and monitor our environmental impact and forms the basis of other policies and manuals. In 2022, we stepped up our communication activities in connection with this policy. This included internal articles, emails, presentations, and Q&A sessions, targeting all levels of the organization.

We also have various guidelines that help us manage global data and correctly report on environmental indicators relating to energy, greenhouse gas emissions, and water. In 2023, we plan to extend these guidelines to other indicators such as waste and wastewater in line with internal and external reporting requirements. In preparation for this step, in 2022 we began setting up new global management procedures for waste and wastewater. We also trained employees involved in the respective reporting processes.

Part of our environmental management involves monitoring national and international regulations concerning the environment so that our internal policies and manuals are up to date. We have established internal environmental standards, which we complement with external certifications where it adds value. Our production sites, distribution centers, laboratories, and dialysis clinics are subject to internal and external audits (SEE TABLE 3.13). This involves checking their compliance with environmental laws and regulations, certification requirements, and internal guidelines. Due to the COVID-19 pandemic, some audits in 2022 took place virtually.

T 3.13 COVERAGE OF CERTIFIED PRODUCTION SITES
IN %

Certification	2022	2021
ISO 14001	25	25
ISO 50001	5	5

We track and analyze data on the environmental impact of our dialysis clinics and production sites worldwide and work to continuously improve data availability and quality. This also helps us manage resources more effectively. We use digital tools to support environmental reporting across our regions and functions.

C 3.14 GREEN & LEAN INITIATIVE

With our **>110** environmental projects, we expect to:

- **>18,000 MWh** — Save energy
- **>88,000 m^3** — Save water
- **≈4,400 t CO_2e** — Prevent emissions
- **>270 tons** — Recycle or reuse waste

At our production sites, we are involved in local environmental projects that we report on as part of our global Green & Lean initiative (SEE CHART 3.14 ON PAGE 101). Each production site is responsible for defining, planning, and implementing these projects. The Green & Lean initiative enables best practices to be shared across the organization. Its objective is to reduce emissions, promote the efficient use of natural resources, and increase recycling rates. By the end of 2022, more than 110 projects were reported as part of the initiative. They were aimed at, for example, using efficient equipment to reduce energy consumption and improving processes to save water. As a result of these projects, per year we expect to save more than 18,000 MWh of energy (0.7% of our total energy consumption), prevent 4,400 tons of CO_2 equivalent emissions (0.6% of our total Scope 1 and 2 emissions), save more than 88,000 m^3 of water (0.2% of our total water consumption), and recycle or reuse more than 270 tons of waste.

We also include environmental considerations in our scientific activities. For example, in 2022, we collaborated with other institutions to research the impact of climate change on dialysis patients.

C 3.15 **CLIMATE TARGETS**

–50% CO_2e emissions by 2030

By 2030 we aim to halve Scope 1 and Scope 2 emissions compared with reported emission levels in 2020

Climate neutral by 2040

We commit to become climate neutral for both Scope 1 and Scope 2 emissions by 2040

Information on our risk management, including environment-related risks, can be found in the "Risk management" section starting on PAGE 87 and the "ESG requirements" section of the Group Management Report starting on PAGE 73.

ENERGY AND CLIMATE PROTECTION

Energy efficiency and climate protection are integral aspects of our global environmental strategy. We are committed to developing measures to reduce our energy consumption and greenhouse gas (GHG) emissions across our business. At the same time, we continue to give top priority to the safety and quality of our products and services.

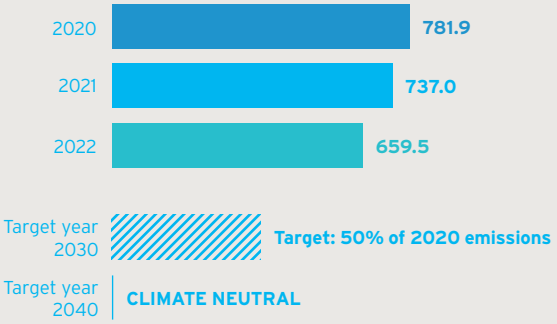
Reducing our footprint

In 2022, we defined global climate targets. We plan to be climate neutral in our operations by 2040. By 2030, we aim to reduce Scope 1 (direct) and Scope 2 (indirect) emissions by 50% compared with those reported in the base year 2020 (SEE CHART 3.15). Our GHG emissions are calculated based on energy data reported by our production sites and electricity data reported by our dialysis clinics.

In the reporting year, we set up a project team to drive the implementation of our climate roadmap. To achieve our targets, we currently focus on renewable energy sourcing, which includes the purchase of renewable energy certificates, and energy efficiency measures. Moving forward, we also intend to evaluate other measures for reducing our emissions such as process optimization, renewable energy generation, and technology assessments.

2030 and 2040 Targets

Reduce total Scope 1 and Scope 2 Emissions[1] (THOUS t CO_2e)



[1] Includes Scope 1 and Scope 2 market-based emissions at our production sites and Scope 2 market-based emissions from electricity consumption resulting from treatments at our dialysis clinics.

One of the primary activities we engage in to decrease our overall emissions footprint is the procurement of renewable electricity. In 2022, we purchased 250,000 MWh of renewable emission free electricity via Green-e certified Renewable Energy Certificates (RECs). The purchased renewable electricity accounts for 19% of our total electricity consumption. This represents 21% of our global Scope 2 market-based emissions (SEE TABLE 3.16 ON PAGE 103).

We are also currently assessing Scope 3 emissions that arise from activities or assets that we do not own or control along our value chain. With this information, we intend to evaluate the possible inclusion of Scope 3 emissions in our climate target roadmap. In our Scope 3 assessment, we place particular focus on five categories that we consider especially relevant to our business: purchased goods and services, upstream transportation and distribution, waste generated in operations, use of sold products, and end-of-life treatment of sold products.

T 3.16 **GREENHOUSE GAS EMISSIONS**
THOUS TONS

	2022		2021		2020 (Target baseline year)	
	Location-based	Market-based	Location-based	Market-based	Location-based	Market-based
Total Scope 1 + 2 CO_2 equivalents[1, 2, 3]	**731.3**	**659.5**	**765.5**	**737.0**	**769.5**	**781.9**
Scope 1 CO_2 equivalents	**258.4**	**258.4**	**262.6**	**262.6**	**242.2**	**242.2**
Natural gas	244.3	244.3	248.1	248.1	228.0	228.0
Liquid gas	13.4	13.4	13.6	13.6	13.6	13.6
Fuel oil	0.2	0.2	0.2	0.2	0.3	0.3
Diesel[4]	0.5	0.5	0.6	0.6	0.3	0.3
Scope 2 CO_2 equivalents	**472.9**	**401.1**	**502.9**	**474.4**	**527.2**	**539.6**
Electricity	472.4	400.6	502.4	473.8	526.8	539.3
District heating	0.5	0.5	0.6	0.6	0.4	0.4

[1] Including the Scope 1 and 2 emissions of our production sites and Scope 2 emissions from electricity consumption resulting from in-center treatments at our dialysis clinics.
[2] Subject in part to extrapolations.
[3] We use both location-based and market-based methods based on the residual mix that quantify emissions based on emission factors per country. We calculate our Scope 1 and Scope 2 emissions following the methodology of the Greenhouse Gas Protocol. For the calculation of Scope 1 emissions, we use the UK Department for Environment, Food and Rural Affairs' (DEFRA's) latest version of this guidance. We use International Energy Agency (IEA) emission factors, Reliable disclosure systems for Europe (RE-DISS) Residual European Mix as well as US Residual Mix (Green-e Energy Emissions Rates) for electricity consumption to calculate indirect emissions from electricity.
[4] Excluding mobile assets.

We aim to disclose information on our Scope 3 emissions in our reporting for the financial year 2024 at the latest.

Tracking our progress

Compared with 2021, our Scope 1 and Scope 2 emissions decreased by a total of 10.5% in 2022. A large part of this decrease can be accounted for by our purchase of RECs. Our reported Scope 1 emissions decreased by 1.6%. This decrease can be explained by an overall reduction in energy usage resulting from reduced production activities, the shutdown of a production line in the U.S., and a maintenance project that required gas turbines to be temporarily shut off at our St. Wendel production site. Our reported Scope 2 emissions decreased by around 15%, primarily due to the REC procurement mentioned above.

In 2022, we enhanced our reporting processes for indirect greenhouse gas emissions to additionally include market-based emissions, which are calculated using residual mix factors. The location-based emissions that we disclosed in past reporting take into account the average emission factors for the electrical grids that power our operations. The market-based approach reflects energy generated as part of contractual arrangements such as the purchase of renewable energy. Adding market-based emissions to our reporting will enable us to demonstrate our emission reduction activities more transparently going forward.

We continuously monitor the energy consumption at our production sites, as well as electricity usage in our dialysis clinics (SEE TABLE 3.17 ON PAGE 104). At our plant in St. Wendel (Germany), one of our biggest production sites, we operate our own gas power plant with heat recovery steam generators. This allows us to generate close to 100% of the electricity used at this site. For this reason, in 2022, we were able to avoid approximately 11,000 tons of CO_2 equivalents compared with buying the average German electricity mix from the grid. As a result, we prevented CO_2 emissions corresponding to 1.5% of our total global location-based emissions. By the end of 2022, we had installed energy management systems in more than 400 U.S. locations.

Additionally, in 2022, we installed LED fixtures in more than 30 dialysis clinics and one production site.

T 3.17 **ENERGY CONSUMPTION**
M MWH

	2022	2021
Energy[1, 2]	**2.6**	**2.6**
Electricity	1.3	1.3
Natural gas	1.2	1.2
Others[3]	<0.1	<0.1

[1] Including the energy consumption of our production sites and the electricity consumption of in-center treatments in our dialysis clinics.
[2] Subject in part to extrapolations.
[3] Including fuel oil, diesel, liquid gas, and district heating. Excluding mobile assets.

WATER

Large volumes of water are required in both our production sites and in our dialysis clinics, as the dialysis process requires a significant quantity to provide life-sustaining care for patients. It is critical that the water we use for dialysis is of high quality, which is why we generally use municipal water that is treated further in our dialysis clinics.

In 2022, we continued to build on the water stress-related assessments that we have been performing since 2020 with the support of the World Resource Institute's Aqueduct tool. Our most recent water stress analysis in 2021 confirmed that 12% of our dialysis clinics and 7% of our production sites are situated in locations identified by the tool as having an extremely high risk of water stress. The assessment covered 77% of our dialysis clinics and all our production sites. By 2023, we aim to expand the coverage of this analysis to include additional dialysis clinics.

We also focused on further developing our water stress scenario analysis, which we initiated in 2021. The aim of this analysis is to identify areas around the world where water stress levels will increase most by 2030 and 2040. We determined that a considerable number of our existing sites are in locations that are expected to have high or extreme water stress levels by these dates. Most of them are situated in North America, which accounts for the largest share of our business. Sites in Europe, Middle East and Africa, Latin America, and Asia-Pacific are also likely to be affected by increasing water stress. We are incorporating insights from this analysis into our Group-wide risk management systems to identify, monitor, and mitigate possible risks as early as possible.

2026 Target

Develop sustainable water plan for sites in extreme water stress areas

In 2022, we also defined a global water-related target to supplement those we already have at a regional level. We aim to develop sustainable water plans for production sites and dialysis clinics in extremely high water stress areas by 2026. These plans are intended to lay out optimization and improvement measures for the sites in question.

In the year under review, our reported water withdrawal decreased by 2% compared with 2021 (SEE TABLE 3.18). This was mainly due to a decrease in the number of treatments we provided. At our production sites, we generate water savings thanks to efficiency initiatives focused on preserving resources, including water. For example, we are working on projects that aim to reuse water in our production activities. Furthermore, we are re-evaluating existing procedures so as to consume less resources in water-intensive processes such as cleaning cycles.

T 3.18 **WATER WITHDRAWAL**
M M³

	2022	2021
Water[1]	**40.5**	**41.4**
Municipal water[2]	40.1	41.0
Ground water	0.4	0.5

[1] Including the water consumption of our production sites and in-center treatments at our dialysis clinics.
[2] Subject in part to extrapolations.

WASTE

We are committed to reducing waste and aim to continually improve waste management. We strive to manage and dispose of waste in a safe manner that does not pose a danger to patients, employees, neighboring communities, or the environment.

In 2022, we continued to analyze the waste streams of our production sites and dialysis clinics in all regions. As part of this process, we implemented waste reporting processes at our production sites. Furthermore, we are working to consolidate the data on waste generation gathered in our dialysis clinics by identifying data sources and improving reporting methodologies. We plan to disclose waste data in our non-financial reporting for 2023.

We have ongoing initiatives to help us reduce the waste produced by our business operations. For example, in the U.S. we diverted roughly 90 net tons of plastics and metals from landfills by reusing or recycling parts from more than 1,000 machines in 2022. We also strive to reduce the waste associated with product packaging. Our U.S. business has replaced the containers that were previously used to transport Mircera, an agent used in the dialysis process. New packaging for this product consists of reusable containers that can be emptied,

returned, cleaned, and put back into circulation. In 2022, almost 25,000 containers were reused in this way.

ECO-PERFORMANCE OF PRODUCTS AND SERVICES

Our efforts to continually improve our environmental performance include performing lifecycle assessments to develop and manufacture our products and services in an environmentally sustainable way.

For example, our latest dialysis machine generations, the 5008 and 6008 series, both take environmental considerations into account. These machines automatically adjust the dialysate flow to the patient's blood flow, which allows us to save significant amounts of dialysate, water, and energy while maintaining a consistently high dialysis quality. The 2008T BlueStar software is another example of our ongoing efforts to limit the environmental footprint of dialysis. This software, unlike that in similar devices, enables the dialysis machine to switch to idle mode. Using idle mode reduces dialysate and water flow rates by up to two thirds, saving additional costs. It also enables low power mode, which only directs power to the machine's electronics when dialysis is not taking place. Pumps, valves, and modules are then turned off. In 2022, 38% of our total hemodialysis machines sold belonged to these resource-friendly machine generations.

To help us understand the environmental impact of our products, we conduct simplified product life-cycle assessments (screening-LCAs) for selected products. These assessments identify the life-cycle phase with the highest impact and the processes and materials we need to focus on to improve the eco-performance of our products and services. We use screening-LCAs to assess most of our active medical device product lines and are gradually extending them to disposables. In addition, we have conducted detailed comparative product life-cycle assessments for important disposables.

Progress

- Scope 1 and Scope 2 emissions footprint reduced by 10.5% as part of our climate action roadmap
- More than 110 environmental projects reported as part of our Green & Lean initiative
- 38% of hemodialysis machines sold belong to an eco-friendly machine generation

COMPLIANCE

We updated our global reporting channels and processes to increase transparency and make it easier for individuals to report their concerns.

Our global compliance program helps us operate our business in accordance with the law and our employees adhere to internal guidelines. The program is based on our Code of Ethics and Business Conduct, which is a binding framework that governs how our employees interact with patients, colleagues, business partners, officials, and other stakeholders. The Code of Ethics and Business Conduct covers topics that are relevant for our business. These include, for example, patient care, product and service quality, anti-corruption and anti-bribery, health and safety, data privacy, supplier selection, and human rights. All employees must follow the guidelines set out in this Code. Additionally, these guidelines apply to the operations of all subsidiaries that are majority-owned or otherwise controlled by us.

Our Chief Compliance Officer (CCO) is responsible for managing and enhancing our compliance processes. The CCO reports to the CEO and is supported by a global network of approximately 200 compliance professionals. These professionals work together with our business units to provide advice and support in all regions. Additionally, we have established a Global Compliance Oversight Committee, to which the CEO belongs. The committee meets regularly to discuss all relevant compliance matters.

PREVENT, DETECT, AND RESPOND TO MISCONDUCT

The goal of our compliance program is to prevent, detect, and respond to potential misconduct and violations (SEE CHART 3.22 ON PAGE 107). We want to foster a corporate culture in which compliance is recognized as everyone's responsibility.

Annual Target

Train at least

90%

of employees on our Code of Ethics and Business Conduct

A key element in preventing violations is our mandatory training program. Globally, almost 95% of employees, including part-time staff, completed compliance training in 2022, compared with our annual target of over 90%. This training covers topics such as corruption risks, conflicts of interest, tax compliance, non-retaliation, and speaking up to raise concerns. We also offered training courses for specific target groups and provided our joint venture business partners with training on anti-corruption matters and our Code of Ethics and Business Conduct (SEE TABLE 3.19).

T 3.19 NUMBER OF PARTICIPANTS IN COMPLIANCE TRAINING

	2022	2021
Employees	118,723	100,099
Management Board	5	8
Supervisory Board	6	N/A[1]

[1] Due to a bi-annual cycle, no Supervisory Board training took place in 2021.

COMPLIANCE CULTURE

In order to promote a culture of ethical business conduct worldwide, we have developed consistent compliance messaging that we distribute globally. In 2022, we launched four global campaigns to raise awareness about key compliance topics. We also published other content such as videos and articles focused on ethical leadership and ethics and integrity in decision-making.

MONITORING ADHERENCE TO STANDARDS

Our compliance program also defines ethical standards, including those that determine how we respond to misconduct. We evaluate the likelihood of compliance violations as part of our risk management program. Risks can also be detected during our periodic internal audits, as well as when employees or third parties raise concerns.

Employees are encouraged to report potential cases of non-compliance and perceived or actual misconduct that violate laws, our Code of Ethics and Business Conduct, or other company guidelines. We have an anti-retaliation policy in place to protect employees against any reprisal. There are several ways in which reports can be made: employees can reach out to their managers and Compliance, Legal, or HR functions. In addition, we have an external reporting hotline (Compliance Action Line) operated by an independent and certified third-party vendor. Our employees and related third parties can use this hotline to report potential violations of laws or company guidelines. Where legally permitted, reports can also be made anonymously. The hotline is available 24 hours a day and reports can be made in several languages. While our hotline is set up to report compliance concerns, we also receive non-compliance-related calls on patient care, information security reports, and human resources. These calls are forwarded to the appropriate departments (SEE TABLE 3.21). In 2022, we received 3,399 reports via our reporting channels. Each report is reviewed based on more than 30 allegation categories. The reports covered topics such as anti-corruption (1.7%), data protection (20.9%), and human resources / workplace (32.2%) (SEE TABLE 3.20).

T 3.20 SUBJECT OF REPORTS RECEIVED

Topics[1]	2022	2021
Business integrity including anti-corruption	57	52
Data protection	711	633
Human resources / workplace including human and labor rights	1,093	954
Other	311	244

[1] Does not include reports concerning patient care or products.

T 3.21 NUMBER OF REPORTS PROCESSED BY DIFFERENT DEPARTMENTS

Department	2022	2021
Compliance	130	127
Legal	16	20
Patient care[1]	1,160	963
Human resources	1,074	942
Other	1,019	802

[1] Refers to reports concerning patient care and products distributed to various departments across the organization.

We investigate all cases of potential misconduct, take corrective measures on a case-by-case basis, and track their implementation. Of 135 compliance investigations closed in 2022, approximately 50% were found to be actionable. Actionable

C 3.22 **COMPLIANCE CULTURE SUPPORTED BY OUR COMPLIANCE MANAGEMENT SYSTEM**

means that the investigations resulted in findings that prompted us to improve processes, adjust policies or internal controls, or take disciplinary action. Of 141 disciplinary matters that occurred outside of the U.S.in 2022, 36% led to termination of the employment relationship. Our global disciplinary action guideline outlines our worldwide standards and our procedures for responding to misconduct. Misconduct can refer to, for example, violation of laws and policies and workplace misbehavior. We have established Disciplinary Action Committees across our regions that assess disciplinary cases and determine the appropriate response. The Global Disciplinary Action Committee oversees the process to maintain its consistency.

In 2022, we developed new informational materials for our employees on the Compliance Action Line. We also enhanced our processes to make it easier for individuals to report violations. For example, we developed a system that allows potential violations or concerns to be reported via mobile with a QR-Code. Furthermore, we updated related processes such as our follow-up and investigation procedures. We also provided insights on the benefits of reporting misconduct, and the kinds of risks this helps to mitigate.

In the reporting year, we also amended our complaint procedures so that they adhere to the requirements set out in the German Supply Chain Due Diligence Law. Furthermore, we developed publicly available rules of procedure that govern complaint processes. Our Global Investigations department is authorized to act impartially and independently when following up on reports. Employees who receive reports are not bound by instructions when taking follow-up actions.

In August 2019, Fresenius Medical Care commenced an independent monitorship as part of a resolution with the U.S. Department of Justice and Securities and Exchange Commission. Since the start of the monitorship, we have assessed almost 150,000 third parties for compliance risks and implemented more than 130 recommendations across our different business functions. Furthermore, we updated more than 40 policies and procedures and implemented or adapted more than 2,000 internal controls at the local level to address potential corruption risks.

Prior to entering new business relationships, and as part of our continuous monitoring of existing business relationships, we assess third parties for compliance risks. In the reporting year, we assessed and approved around 21,000 third parties. In addition, we continued to implement our third-party training approach at a global level. Target groups include sales partners, such as distributors, re-sellers, wholesalers, commercial or sales agents, and any other third parties involved in the sales of our products that potentially interact with government officials or health care professionals. We also conducted 15 anti-corruption-related audits of third-party business partners. In 2022, 80% of internal audits included a compliance focus.

More information on compliance matters can be found in the "Compliance Management System" section of the Group Management Report starting on PAGE 62.

Progress

- Almost 95% of employees completed compliance training
- Around 21,000 third parties assessed for compliance risks
- More than 40 compliance-related policies and procedures updated since 2019

PROTECTING DATA

We rolled out a Global Privacy Policy and set up a new Global Information Security Program Office.

Our patients, employees, customers, business partners, and other stakeholders entrust us with their personal data. We are committed to respecting their privacy and protecting their information. We recognize the importance of guarding our data and technologies against cyberattacks, which could pose a risk to our business and reputation.

DATA PROTECTION AND DATA PRIVACY

Our data privacy program is designed to protect the rights of all those whose data we hold. Our Code of Ethics and Business Conduct defines privacy standards and outlines how our employees should proceed when dealing with personal information. In 2022, we rolled out a new Global Privacy Policy. We aim to communicate the principles set out in this policy to affiliates in the majority of countries where we do business by the end of 2023.

Our Global Data Privacy team, which is part of the Global Legal function, is responsible for our privacy policy. The team is supported by a company-wide network of more than 50 privacy liaisons. In addition, we have Data Protection Officers in jurisdictions where legally required, such as in Germany. Throughout 2022, privacy updates were included in regular legal updates provided by the Global General Counsel to the Management and Supervisory Boards.

As a company with international operations, we are subject to different national and international data protection laws and regulations. Our local and regional policies for data protection and the handling of personal data are complemented by further guidelines, standards, and standard operating procedures. We assess the privacy requirements of all our programs and projects, and incorporate them in the relevant processes and systems as early as possible. We strive to continuously enhance our data protection management systems to adapt to new requirements or technologies. Furthermore, we are committed to increasing transparency in our data processing activities and to respecting the legal rights of individuals with regard to their personal data. This includes the rights of access, correction, and portability in accordance with local laws and practices.

We have included privacy awareness and data protection in our mandatory Code of Ethics and Business Conduct training. We additionally offer a range of e-learning opportunities and classroom training courses and combine general training with targeted measures for specific employee groups. In 2022, we offered more than 50 training classes on data privacy to our employees and contractors around the world. More than 93,000 employees participated in training on data privacy and security globally (SEE TABLE 3.23 ON PAGE 109). Training in North America is in line with HIPAA (Health Insurance Portability and Accountability Act of 1996) requirements. In the European Union, it meets the provisions of the EU General Data Protection Regulation (GDPR).

In 2022, we hosted an interactive live event for employees worldwide as part of our International Privacy Day celebrations. During this event, we raised awareness on basic privacy concepts. For example, we informed participants about topics such as how to identify personal data, what to do when processing personal data, and the importance of reporting incidents involving personal data.

T 3.23 **DATA PRIVACY TRAINING PARTICIPANTS**

	2022	2021
Participants	93,475	93,082

More information on our risk management can be found in the "Risk and opportunity management" section of the Group Management Report starting on PAGE 59.

CYBERSECURITY

In 2022, we stepped up our efforts to reduce cybersecurity risk. We aim to continuously improve our global cybersecurity capabilities in order to secure sensitive information and support strategic initiatives. Our new Global Information Security Program Office oversees topics such as information security, privacy assurance, and records management. The Management and Supervisory Boards are provided with regular updates on our cybersecurity program.

Managing and measuring performance is an integral part of our global cybersecurity program oversight. We have adopted the standards set out in the globally recognized U.S. National Institute of Standards and Technology Cyber Security Framework. These standards guide our activities in identifying, protecting, detecting, responding to, and recovering from cybersecurity incidents.

In the reporting year, we hired external cybersecurity experts to measure the effectiveness of our cybersecurity program at a global level. Based on the results of this analysis, we developed a multi-year security roadmap until 2024 that prioritizes our program goals and investments by risk. As part of this roadmap, we intend to set annual targets and track metrics to enhance our risk management and improve global processes.

In 2023, we plan to continue working towards enhancing the effectiveness of our cybersecurity program, with focus on areas such as cybersecurity governance, cyber operations, and data classification.

We continuously strive to protect our organization from cyber-attacks. Our cyber operations functions leverage automation to improve the detection, response, and prevention of attacks. Our Computer Emergency Response Team drives operational effectiveness with response scenarios and testing that involve cross-functional engagement.

Employee awareness and training are essential to our ability as a company to thwart cyber-attacks. Therefore, we continuously provide our employees with mandatory cybersecurity training. In 2022, in addition to providing employees with our annual security awareness training, we launched a month-long global campaign to promote cybersecurity skills that employees can incorporate into their daily routines.

In the reporting year, we also increased efforts to strengthen our corporate oversight through policy. For example, we revised our incident response plan and published new global policies on information security and data classification.

Further details on our information security management can be found in the "Information systems and business processes" section of the Group Management Report starting on PAGE 70.

Progress

- More than 93,000 employees participated in training classes on data privacy and security
- Global Information Security Program Office set up

SUPPLIER MANAGEMENT

We defined human rights and environmental criteria for selecting new suppliers. We also rolled out training on sustainable supplier management to Procurement staff worldwide.

As a global health care company with more than 70,000 suppliers worldwide, we understand the responsibilities that come with managing a complex international supply chain. We have established policies and procedures that comply with applicable laws and with our own standards in each of the countries in which we do business. Our responsible procurement principles reflect our commitment to promoting sustainable business practices in our daily operations. We expect our suppliers to share our commitment to sustainability and demonstrate sustainable business practices across their supply chains.

Our Global Supplier Code of Conduct covers topics such as integrity and ethics, human rights and labor conditions, quality, occupational health and safety, and environmental protection. It also forms the basis of our contractual relationships with suppliers. In 2022, we defined a set of human rights and environmental criteria for selecting new suppliers that are aligned with the guidance set out in the German Supply Chain Due Diligence Law. We intend to begin implementing these criteria by the end of 2023.

In the reporting year, we set up a Global Procurement function, which was implemented on January 1, 2023. We also defined a global governance structure that oversees our activities related to sustainable supplier management. Under this structure, responsibility for sustainability-related aspects of supplier management is shared between the Global Procurement and Global Sustainability functions, with senior management in Procurement receiving regular updates on activities.

OUR EXPECTATIONS OF SUPPLIERS

We are working with suppliers to increase transparency on the environmental and social impact associated with our supply chain. We continue to incorporate the requirements of our Global Supplier Code of Conduct in supplier contracts. Furthermore, we have an onboarding process in place for suppliers to inform them of our sustainability requirements. This includes procedures to manage situations where suppliers do not wish to or are unable to adhere to these requirements. In 2022, an internal process was developed to formalize these procedures.

We recognize the importance of inclusive and diverse sourcing. In the U.S., we have established a supplier diversity program. Diverse suppliers include, for example, businesses owned by minorities, or veterans. Within our supplier base in the U.S., we work with more than 8,000 diverse suppliers with an annual spend of over 1.7 billion dollars.

RAISING AWARENESS

In the reporting year, we continued in our efforts to train procurement staff on sustainability topics. After educating more than 230 employees working in Procurement, Legal, Finance, and Compliance on our Global Supplier Code of Conduct in 2021, in 2022, we rolled out a global e-learning course on sustainable supplier management. We enrolled 99% of our global Procurement staff by the end of 2022. Should employees or suppliers have any questions or concerns regarding the Global Supplier Code of Conduct, they can contact us via our publicly available email address.

IDENTIFYING RISKS

In 2022, we further developed our procedures for evaluating suppliers based on sustainability risks. Our risk assessment approach, which is aligned with the requirements set out in the German Supply Chain Due Diligence Law, involves assessing the sustainability risk of suppliers based on country- and industry-level factors. Special focus is placed on suppliers that are critical to our business. Furthermore, we gather information about the specific sustainability performance of selected suppliers via self-assessment forms. We aim to use this information to identify suppliers that do not yet fully comply with our sustainability standards and initiate appropriate follow-up action.

Progress

- Global e-learning course on sustainable supplier management rolled out to 99% of procurement staff
- Worked with more than 8,000 diverse suppliers as part of our supplier diversity program in the U.S.
- Human rights and environmental criteria defined for selecting new suppliers

HUMAN RIGHTS

We rolled out our Global Social and Labor Standards Policy, defined global human rights focus areas, and continued with our human rights risk assessment. We also provided training to leaders and employees in global functions.

Respecting human rights and upholding labor and employment standards are part of our corporate responsibility. We are committed to integrating awareness of and respect for human rights in our day-to-day work, and to continuous improvement for our human rights due diligence processes (SEE CHART 3.24 ON PAGE 111).

Our activities are guided by the principles specified in the UN Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We are also guided by the UN Guiding Principles for Business and Human Rights. Our human rights commitments are embedded in our Code of Ethics and Business Conduct and are further specified in our global Human Rights, Workplace Rights and Labor and Employment Principles.

Our Global Social and Labor Standards Policy outlines our position on working conditions for employees. It includes our global commitments to offer fair and transparent working conditions, to maintain a discrimination and harassment-free workplace, to respect freedom of association and the right to collective bargaining, and the prohibition of retaliation. It also covers the prohibition of child labor and modern slavery. The policy was rolled out globally in 2022.

C 3.24 **HUMAN RIGHTS FOCUS ACTIVITIES**

Continuous improvement for our human rights due diligence processes

Policy Commitment	**Risk and impact analysis**
Tracking and monitoring of progress	**Preventive, mitigation, and remedy measures**
Awareness campaigns, reporting, and disclosures	**Grievance mechanisms**

HUMAN RIGHTS ACTIVITIES

The Global Human Rights Office, which oversees our human rights activities, is part of the Global Legal Function. The Office reports regularly to the Management Board and supports different functions in implementing relevant human rights policies, procedures, and activities. Representatives from relevant business segments and functions define human rights risk management approaches for their respective areas and oversee the implementation of risk management measures. A cross-functional steering committee guides further development of our Human Rights Program.

In 2022, we developed a strategic framework including global focus areas for our human rights activities. Our approach to Human Rights Due Diligence rests on three pillars:

› Identify risks,
› raise awareness of human rights issues within relevant functions and in business relationships,
› improve practices that incorporate human rights considerations in our business processes.

To further enhance our understanding of potential risks, in 2022, we performed a global human rights risk analysis covering our workforce, our patients, our direct suppliers, and the communities around our production sites. Based on these assessments, we defined focus areas to guide our activities moving forward. These include the topics of availability of health care, working conditions in the supply chain as well as our own operations, patient and product safety, and health hazards in disposal. We will monitor these areas and follow up with specific actions.

In 2021, we set ourselves the target of training all relevant managers and functional experts on our responsibilities related to human rights. At the beginning of 2022, we narrowed the scope of this target to focus on the leadership teams of our key business functions. Throughout the course of the year, we provided all leadership teams in scope with educational materials on human rights topics. We also conducted human rights awareness-raising sessions, which were attended by around 80% of relevant leaders. In 2023, we intend to continue raising awareness about our human rights-related responsibilities by reaching out to further target groups.

To verify the implementation status of our human rights program, we integrate human rights-related aspects in the scope of our regular internal audits. In 2022, 30% of internal audits included topics related to human rights.

MANAGING COMPLAINTS

Various channels are available to employees, patients, and other stakeholders to report potential violations on topics such as human or workplace rights, environmental concerns, laws, or company policies. In 2022, we performed a review of our existing complaint mechanisms to comply with the German Supply Chain Due Diligence Law. A cross-functional working group was set up to review existing processes for receiving and handling complaints. As a result of the analysis, we updated our processes to increase transparency and effectiveness. For example, we established a simplified matrix for categorizing and handling human rights complaints across the Company.

STAKEHOLDER DIALOGUE

We engage with sector-specific associations and peer group networks to share experiences and practices regarding human rights. For example, in 2022, we participated in the Human Rights Working Group of Business for Social Responsibility (BSR). We were also involved with the Global Industrial Relations Network (GIRN), a global network of corporate human rights specialists organized by the International Organisation of Employers (IOE).

Further information on our risk management can be found in the "Risk management" section starting on PAGE 87. For further information on our grievance channels, please see the "Compliance" section starting on PAGE 105. More details on our dialogue with stakeholders can be found in the "Patients" section starting on PAGE 90 and the "Employees" section starting on PAGE 96.

Progress

- Around 80% of relevant leaders participated in training sessions on human rights topics
- 30% of internal audits included topics related to human rights

ABOUT THIS REPORT

This report documents the sustainability performance of Fresenius Medical Care in 2022. It contains relevant information relating to social, employee, and environmental matters, combatting bribery and corruption, and respect for human rights. We demonstrate how we integrate sustainability in our business, and how our activities contribute to our success and create value for our stakeholders. Our reporting is guided by the material sustainability topics that either have the biggest impact on our business or are affected most by our business.

The report fulfills the requirements of Section 315c in conjunction with Sections 289c to 289e of the German Commercial Code. It also fulfills the requirements of Article 8 of the "Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment" (EU Taxonomy). It covers the reporting period from January 1 to December 31, 2022. Unless stated otherwise, the information provided refers to Fresenius Medical Care AG & Co. KGaA and fully consolidated subsidiaries.

Our reporting approach for the material topics is based on individual requirements of the Global Reporting Initiative (GRI). The GRI Standard 3-3 (Management of Material Topics) serves as a basis for describing our concepts in terms of the requirements of the German Commercial Code. We also consider the ten principles of the UN Global Compact in our reporting.

References other than those to the Group Management Report and Fresenius Medical Care's consolidated financial statements are for information only. They are not part of the Non-Financial Group Report and are therefore not subject to the assurance engagement.

We disclose further sustainability information that we structure based on the GRI standards, the disclosure recommendations of the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) standards. These disclosures are part of our commitment to provide transparent and relevant information on our economic, environmental, and social performance to our stakeholders.

Due to rounding, individual numbers and percentages presented in this report may not precisely reflect the absolute figures.

EXTERNAL AUDIT

This Non-Financial Group Report is audited by the third party PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), which has assessed the report against the relevant legal requirements of the German Commercial Code and the EU Taxonomy Regulation. PwC has performed a limited assurance engagement according to ISAE 3000 (Revised), an international assurance standard broadly used for assurance of sustainability reporting. For the Independent Practitioner's Report, please SEE PAGE 116.

OTHER KEY FIGURES

T 3.25 **PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING 2022**

					Substantial contribution criteria						DNSH criteria ("Does not significantly harm")									
Economic activities	Codes	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover 2022	Taxonomy-aligned proportion of turnover 2021	Category (enabling activity)	Category (transitional activity)
		(€ M)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(%)	(%)	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0.0	0.0														0.0			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		0.0	0.0																	
TOTAL (A.1. + A.2.)		**0.0**	**0.0**														**0.0**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		19,398.0	100.0																	
TOTAL (A+B)		**19,398.0**	**100.0**																	

T 3.26 **PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2022**

					Substantial contribution criteria							DNSH criteria ("Does not significantly harm")								
Economic activities	Codes	Absolute Capex	Proportion of Capex	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Capex 2022	Taxonomy-aligned proportion of Capex 2021	Category (enabling activity)	Category (transitional activity)
		(€ M)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(%)	(%)	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0.0	0.0														0.0			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Construction of new buildings	7.1	42.4	3.1																	
Renovation of existing buildings	7.2	95.7	6.9																	
Acquisition and ownership of buildings	7.7	500.6	36.1																	
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		638.7	46.1																	
TOTAL (A.1. + A.2.)		**638.7**	**46.1**														**0.0**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities (B)		746.6	53.9																	
TOTAL (A+B)		**1,385.3**	**100.0**																	

T 3.27 **PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2022**

					Substantial contribution criteria							DNSH criteria ("Does not significantly harm")								
Economic activities	Codes	Absolute Opex	Proportion of Opex	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Opex 2022	Taxonomy-aligned proportion of Opex 2021	Category (enabling activity)	Category (transitional activity)
		(€ M)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(%)	(%)	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0.0	0.0														0.0			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		0.0	0.0																	
TOTAL (A.1. + A.2.)		**0.0**	**0.0**														**0.0**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Opex of Taxonomy-non-eligible activities (B)		586.0	100.0																	
TOTAL (A+B)		**586.0**	**100.0**																	

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING[1]

To Fresenius Medical Care AG & Co. KGaA, Hof an der Saale

We have performed a limited assurance engagement on the separate non-financial group report of Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, (hereinafter the "Company") for the period from 1 January to 31 December 2022 (hereinafter the "Separate Non-financial Group Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Separate Non-financial Group Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in the section "EU Taxonomy" of the Separate Non-financial Group Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Company that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in the section "EU Taxonomy" of the Separate Non-financial Group Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1:

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

Our responsibility is to express a conclusion with limited assurance on the Separate Non-financial Group Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's Separate Non-financial Group Report, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report, is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in the section "EU Taxonomy" of the Separate Non-financial Group Report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the company's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of (if any) material misstatement in the Separate Non-financial Group Report
- Evaluation of the implementation of central management requirements, processes, and specifications regarding data collection through targeted sample testing at selected sites
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Separate Non-financial Group Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

ASSURANCE OPINION

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Separate Non-financial Group Report of the Company for the period from 1 January to 31 December 2022 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in the section "EU Taxonomy" of the Separate Non-financial Group Report. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 21 February 2023

PRICEWATERHOUSECOOPERS GMBH
Wirtschaftsprüfungsgesellschaft

NICOLETTE BEHNCKE **PPA. NICO IRRGANG**
[German public auditor]

CORPORATE GOVERNANCE

REPORT BY THE SUPERVISORY BOARD

In the past fiscal year, Fresenius Medical Care operated in a challenging macroeconomic environment characterized by wage and general cost inflation, which affected all business segments of the company. In the U.S., Fresenius Medical Care faced a labor market situation that is unprecedented for the company, resulting in staff shortages, high employee turnover rates at dialysis centers and significantly higher costs. Staff shortages also impacted growth in the U.S. dialysis services business as well as in complementary business areas and consequently affected, in addition to ongoing patient excess mortality due to COVID-19, the operating leverage in these areas.

Fresenius Medical Care continued to provide medical care to its patients with its products and services in high quality in the past fiscal year despite the ongoing challenges and maintained without significant disruptions. COVID-19 infection rates remained at a high level and resulted in continued demand and costs for isolation wards and additional shifts for staff as well as for personal protective equipment.

The negative impact on earnings was only partially offset by financial support in the fiscal year from the U.S. government to compensate costs related to the COVID-19 pandemic.

Fresenius Medical Care has driven forward its transformation program FME25 and the related implementation of its new operating model. Since January 2023, the Company operates in two global segments only: Care Delivery (Health Care Services) and Care Enablement (Health Care Products). With the savings achieved by end of 2022 under FME25, Fresenius Medical Care has exceeded its original target for the year under review. The company will accelerate and expand the transformation program to further optimize its processes along the new operating model.

Fresenius Medical Care will expand and accelerate its transformation also beyond FME25. By clearly focusing on strengthening its core business and on further operational and structural efficiency improvements, the company aims to return to a sustainable profitable growth path and support the creation of value for its shareholders. Fresenius Medical Care's efforts will focus on the core areas of structure, capital allocation, operational efficiency and portfolio optimization.

Significant events concerning the organization and composition of the management board of the General Partner, Fresenius Medical Care Management AG, (Management Board) or the Supervisory Board of Fresenius Medical Care AG & Co. KGaA (Company) were:

› Change of the Chair of the Management Board

Ms. Helen Giza was appointed Chair of the Management Board effective December 6, 2022. She had previously been appointed Deputy Chair of the Management Board with effect from May 16, 2022. Ms. Giza will also remain Chief Financial Officer until her successor for this position is appointed. In her position as Chair of the Management Board, she succeeded Dr. Carla Kriwet, who had taken over from Mr. Rice Powell as Chair of the Management Board on October 1, 2022. Dr. Kriwet left the Management Board by mutual agreement at the end of December 5, 2022. In view of the age limit set by the Supervisory Board of the general partner, Mr. Powell retired from the Management Board upon regular termination of his appointment at the end of the fiscal year.

› Change in the Audit and Corporate Governance Committee of the Supervisory Board

Effective January 1, 2023, Ms. Pascale Witz, previously Vice Chair of the Audit and Corporate Governance Committee of

Dr. Dieter Schenk
Chairman
of the Supervisory Board

the Supervisory Board, has taken over the chairmanship of this committee from Mr. Rolf A. Classon, who will no longer meet the necessary criteria for the chairmanship of the committee in the course of 2023 due to his then twelve-year membership with the Supervisory Board. Mr. Classon remains an ordinary member of the committee. Dr. Dorothea Wenzel has been Vice Chair of the committee since January 1, 2023, and continues to perform the function of Lead Independent Director of the Supervisory Board introduced in 2021.

The Supervisory Board also in the past fiscal year observed all duties imposed on it by law, the Articles of Association and the rules of procedure. In this context it also took into account the recommendations and suggestions of the German Corporate Governance Code. The Supervisory Board supervised the General Partner within its responsibility, regularly advised the Management Board and was involved in decisions of fundamental importance to the Company. Supervision and advice also included sustainability issues.

All relevant questions of the business policy, the company's planning and the strategy were subject to the deliberations of the Supervisory Board. Reports of the Management Board on the progress of the business, the profitability and liquidity as well as on the situation and perspectives of the Company and the group formed the basis for the work of the Supervisory Board. Further topics were the risk situation and risk management. Additional items on the agenda were discussions on acquisition and investment projects. The Supervisory Board and its competent committees comprehensively discussed these as well as also all further significant business events. Furthermore, the Supervisory Board also in the past year reviewed the development of the acquisitions of the previous years. The Supervisory Board passed resolutions within its competencies according to law and the Articles of Association.

MEETINGS

In the past fiscal year, twelve meetings of the Supervisory Board, some of which lasted several days, were held. Of these meetings, four meetings were held in person and eight meetings were held as video conferences. The Supervisory Board also met regularly without the Management Board. To the extent that the auditor was called upon as an expert at meetings of the Supervisory Board or its committees, members of the Management Board, in accordance with the applicable rules under the German Act on Strengthening Financial Market Integrity (Gesetz zur Stärkung der Finanzmarktintegrität – FISG), attended the meetings only to the extent deemed necessary by the Supervisory Board or the committee, respectively.

The participation rate of the members at the meetings of the Supervisory Board and its committees in total was 98.1%. TABLE 4.1 ON PAGE 121 shows the participation of the individual members in the past fiscal year.

The Management Board and the Supervisory Board cooperate on a trust basis to the benefit of the Company. The Supervisory Board was in regular contact with the Management Board and was always promptly and comprehensively informed by it. Between meetings, the Management Board reported to the Supervisory Board in writing. During the meetings, the Management Board also informed the Supervisory Board verbally. In addition, the Supervisory Board also last year was in contact with members of the senior management level. The members of the Management Board were further available to the Supervisory Board for follow-up queries. The Chair of the Supervisory Board maintained continuous contact with the Management Board outside the meetings, in particular with the Chair of the Management Board, on questions regarding strategy, business development, the risk situation, risk management and compliance of the Company. In case of important occasions or events, the Chair of the Management Board promptly informed the Chair of the Supervisory Board. In such cases, the Chair of the Supervisory Board subsequently informed the other members of the Supervisory Board in the next meeting at the latest. During the entire fiscal year, the Chair of the Supervisory Board also was in close contact with the other members of the Supervisory Board.

In accordance with the German Act on Strengthening Financial Market Integrity (FISG), the members of the Audit and Corporate Governance Committee are entitled to obtain information from the heads of certain central departments of the Company. As in previous years, it was once again standard practice for the heads of central departments to report directly to the Supervisory Board and to be available for questions and for discussion.

FOCUS OF THE DISCUSSIONS IN THE SUPERVISORY BOARD

One of the main focus areas of the Supervisory Board's discussions in the past year was supporting the Management Board in dealing with the challenges for Fresenius Medical Care from the impacts of the macroeconomic environment.

In addition, the Supervisory Board focused on the further design of the FME25 program by the Management Board in several meetings and was comprehensively involved in its implementation by the Management Board to the extent it took place in the year under review.

In the year under review, the Supervisory Board also dealt with investments, the business strategy as well as environmental, social and governance (ESG) aspects.

T 4.1 **PARTICIPATION OF THE MEMBERS IN THE MEETINGS OF THE SUPERVISORY BOARD AND THE COMMITTEES IN THE PAST FISCAL YEAR**

	Supervisory Board	Audit and Corporate Governance Committee	Nomination Committee	Joint Committee
Dr. Dieter Schenk (Chairman)	12/12	-	0/0	-
Rolf A. Classon (Vice Chairman)	11/12	11/12	0/0	0/0
Gregory Sorensen, MD	12/12	-	-	0/0
Dr. Dorothea Wenzel	12/12	12/12	0/0	-
Pascale Witz	12/12	12/12	-	-
Prof. Dr. Gregor Zünd	12/12	-	-	-

For example, the merger of Fresenius Health Partners, the former value-based services business of Fresenius Medical Care North America, with InterWell Health and Cricket Health to a premier value-based kidney care provider in the U.S. was closed in the course of the strategic expansion along the value-based care. The new company under the brand InterWell Health will be fully consolidated by Fresenius Medical Care as the majority owner and is expected to provide care to more than 270,000 people in the U.S. with kidney disease at a cost of more than US$ 11 billion by 2025.

In the year under review, Fresenius Medical Care has committed to become climate neutral by 2040. This applies both to direct and indirect CO_2 emissions (Scope 1 and 2). To reduce its impact on the climate, the company has established a plan for the years ahead: By 2030, Fresenius Medical Care aims to reduce its direct and indirect CO_2 emissions (Scope 1 and 2) by half as compared to reported emission levels in 2020. The current focus is on the use of renewable energies. In going toward climate neutrality, Fresenius Medical Care plans to continually examine possibilities for investing in energy efficiency, the self-generation of electricity and the adaption of new technologies while also taking into account the entire life cycle of products. The Company is also assessing its emissions across the entire value chain (Scope 3) to identify further possible targets for reducing emissions.

The business development, the competitive situation and the Management Board's planning for the individual functions and regions respectively business segments were also focal points of the Supervisory Board's discussions. In joint consultations with the Management Board, the development of the production quantities and their expansion were also discussed.

In the past fiscal year, the Supervisory Board again discussed the development of cost reimbursement in the various health care systems, in particular in the U.S. With a view to the continued aim of increasing efficiency, the Supervisory Board further informed itself also in the past year about the success of the measures taken by the management already in previous years to improve the cost situation.

In the past fiscal year, the Supervisory Board also dealt with the further development of the profile of skills and expertise for its composition and supplemented it with regard to expertise on sustainability issues relevant to the company and a regular maximum tenure for the Supervisory Board. According to this, the Supervisory Board in its entirety shall be familiar with the relevant matters in the area of sustainability, particularly with regard to environmental, social and governance (ESG) aspects. Furthermore, as a rule, the Supervisory Board shall not include more than two persons who have been members of the Supervisory Board for more than twelve years at the time of their election or appointment. The Supervisory Board also resolved to renew the target for the proportion of female Supervisory Board members with regard to its own composition and set an implementation period ending on May 9, 2027. According to the new target, at least 30% and in any case not less than two members of the Supervisory Board shall be female.

In September 2022, Fresenius Medical Care placed senior notes with a total volume of €750 million. The proceeds will be used for general corporate purposes, including the refinancing of existing financial liabilities.

The Supervisory Board was also in the year under review regularly informed about the Company's compliance. Findings of the internal audit department were also taken into account. In particular, the Supervisory Board has also informed itself intensively and on an ongoing basis about the findings, assessments and recommendations of the independent expert (Monitor) engaged by the Company in fulfillment of its obligations under the agreements it entered into in March 2019 with the U.S. Department of Justice (DoJ) and the U.S. Securities and Exchange Commission (SEC) with a view to provisions of the U.S. Foreign Corrupt Practices Act (FCPA). The Monitor certified to the Company's implementation of an effective anti-corruption compliance program on December 30, 2022, and has submitted her final certification report on January 31, 2023. Both the DoJ and SEC have confirmed that they accept the Monitor's certification and have no objections or additional conditions.

The Non-Prosecution Agreement expired on March 2, 2023, and the SEC order will expire on March 29, 2023.

The Supervisory Board also received detailed reports on the IT security systems and measures implemented at Fresenius Medical Care.

Due to the COVID-19 pandemic, the Annual General Meeting of the Company in the year under review was held as a virtual general meeting without the physical presence of shareholders or their proxies. Further details can be found in the Declaration on Corporate Governance starting on PAGE 126 of the Annual Report (Geschäftsbericht).

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has formed professionally qualified committees from among its members that support the Supervisory Board as a whole in its supervisory and advisory functions. The respective Chairs have regularly reported to the Supervisory Board on the work of the committees. Details of the composition of the Supervisory Board's committees can be found in the Declaration on Corporate Governance which can be found starting on PAGE 126 of the Annual Report.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee convened twelve times in the past fiscal year. Of these meetings, four meetings were conducted in presence, two meetings were conducted as hybrid meetings, i.e., in presence with the possibility of virtual connection, and six meetings were conducted as video conferences.

All members of this committee – Mr. Rolf A. Classon (Chair until December 31, 2022, since then ordinary member), Ms. Pascale Witz (Vice Chair until December 31, 2022, since then Chair) and Dr. Dorothea Wenzel (Vice Chair since January 1, 2023) – are financial experts according to section 100 paragraph 5 of the German Stock Corporation Act (AktG). Based on their many years of experience, they each have expertise in both accounting and auditing and are each independent within the meaning of the applicable provisions. Further details on the qualifications and independence of the members of the Audit and Corporate Governance Committee can be found in the Declaration on Corporate Governance starting on PAGE 126 of the Annual Report.

In the past year, the committee dealt with the annual and consolidated financial statements, the proposal for the allocation of profit and the report according to Form 20-F for the SEC. It also discussed the quarterly reports with the Management Board. Also, the engagement pertaining to the audit of the consolidated financial statements according to the International Financial Reporting Standards (IFRS) and the internal controls concerning the financial reporting, which are part of the report according to Form 20-F, was issued by the committee. The committee further negotiated the fee agreement with the auditor. Audit focal points and further key audit matters of the past fiscal year were the assessment of the recoverability of goodwill, in particular for the group of cash-generating units of the regions North America and EMEA, the accounting effects of the business combination of InterWell Health, the valuation of receivables from dialysis treatments in the U.S., possible effects of the future change in segment reporting on the current fiscal year, the valuation of uncertain tax positions, the accounting treatment of significant litigations, the impact of cyber risks and the FME25 program on financial reporting and the impact of macroeconomic and geopolitical developments on the Fresenius Medical Care group as well as on the Company's financial statements, the valuation of investments in affiliated companies and the recognition of income from investments.

Representatives of the auditor participated in nearly all meetings of the committee and informed the members of the committee of their auditing activities. In addition, they provided information on any significant results of their audit and were available for additional information. In the absence of the members of the Management Board, they reported on the cooperation with them and shared their observations with the committee. The Audit and Corporate Governance Committee also consulted with the external auditors on a regular basis without the Management Board. The Chair of the Audit and Corporate Governance Committee also had regular exchanges with representatives of the auditor outside the meetings of the committee, in particular on the progress of the audit, and subsequently reported thereon to the Audit and Corporate Governance Committee.

The Audit and Corporate Governance Committee dealt on several occasions with the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as with the audit of the financial statements - in particular the selection and independence of the auditor, the quality of the audit and the additional services provided by the auditor – as well as with the compliance management system. Further, the Audit and Corporate Governance Committee discussed with the auditor the audit risk assessment, the audit strategy and audit planning, and the audit results.

In the course of its audit, the auditor audited the internal control system in relation to the accounting process, the electronic reproduction of the consolidated financial statements and the group management report pursuant to section 328 paragraph 1 of the German Commercial Code (HGB) (so-called ESEF documents) as well as the early risk recognition system.

The audit showed that the General Partner has appropriately implemented the measures required under section 91 paragraph 2 AktG, in particular regarding the establishment of a monitoring system, and that the monitoring system is suitable for the early identification of developments that may endanger the continued existence of the Company. The Management Board periodically reported to the committee on major individual risks. It also regularly informed the committee on the compliance situation as well as on the audit plans and results of the internal audit.

The committee again reviewed the business relations of the Fresenius Medical Care group companies to Fresenius SE & Co. KGaA and the latter's affiliated companies. It was confirmed in each case that these relationships corresponded to those between unrelated third parties.

Certain transactions of the Company with related parties may be subject to the approval of the Supervisory Board pursuant to section 111b paragraph 1 AktG. The Supervisory Board has made use of the option to delegate the responsibility for the approval resolution to the Audit and Corporate Governance Committee. In the year under review, there were no transactions requiring such approval. In accordance with section 111a paragraph 2 sentence 2 AktG, the Audit and Corporate Governance Committee reviewed whether transactions between the Company and related parties were conducted in the ordinary course of business and at arm's length. No objections were raised in this respect.

The Chair of the Audit and Corporate Governance Committee regularly reported to the Supervisory Board on the results of the discussions and resolutions in the committee.

Nomination Committee

The Nomination Committee prepares candidate proposals and proposes to the Supervisory Board of the Company suitable candidates for its election proposals to the General Meeting. In the past fiscal year, the Nomination Committee did not convene since no meeting was required. The next regular elections of members to the Supervisory Board of the Company are scheduled for the 2025 Annual General Meeting of the Company.

JOINT COMMITTEE

The Company has a Joint Committee which is composed of two members of the Supervisory Board of the General Partner as well as two members of the Supervisory Board of the Company. For certain matters, the Management Board requires the approval of the Joint Committee. In the past fiscal year, the Joint Committee did not convene since no meeting was required.

DIALOG WITH INVESTORS

The Chair of the Supervisory Board and the Lead Independent Director were also available for discussions with investors in the year under review to the extent permitted by law and in close consultation with the Management Board. In these discussions, investors were given the opportunity to exchange views with the Chair of the Supervisory Board and the Lead Independent Director on corporate governance issues falling within the remit of the Supervisory Board. Key topics in the year under review were the macroeconomic environment, the FME25 program, the new operating model (Care Delivery, Care Enablement), the composition of the Management Board, the preparation of the new compensation system for the Management Board to be introduced in 2024 and the consideration of environmental, social and governance (ESG) aspects also in the Supervisory Board.

CORPORATE GOVERNANCE

The members of the Supervisory Board in principle self-responsibly undertake educational and training measures required for their tasks, such as on changes in the legal framework and on new, future-oriented developments technologies, and are adequately supported in this respect by the Company.

In addition to the information provided to them by various external experts, also experts of the company's departments regularly report on relevant developments, such as – for example – relevant new developments in the revision of legal rules or in jurisprudence and also about recent developments in regulations on accounting and audit. In this way, the Supervisory Board, with the company's adequate assistance, ensures an ongoing qualification of its members and also a further development and updating of their expertise, power of judgment and experience which is required for the Supervisory Board including its committees to duly perform their tasks.

New members of the Supervisory Board can meet the members of the Management Board and specialist managers for a discussion of fundamental and current topics and thereby gain an overview of the relevant topics of the Company (Onboarding). For targeted further training, internal information events are offered as required. In the year under review, further training was provided for the members of the Supervisory Board on current developments in corporate governance and upcoming relevant legal regulations. These included the new version of the German Corporate Governance Code, the new legal provisions introduced by the Act on the Introduction of Virtual General Meetings of Stock Corporations, regulatory developments in the area of environment, social and governance (ESG), and new regulations of the New York Stock Exchange (NYSE) and the SEC associated with the listing of the Company as a foreign private issuer.

The Supervisory Board reports to the General Meeting on possible conflicts of interests of its members and on the treatment of such conflicts. In the year under review, there were no conflicts of interest of board members that would have been required to be disclosed to the Chair of the Supervisory Board and of which the Supervisory Board would inform the General Meeting.

The Supervisory Board again carried out a self-assessment of its work under the direction of the Lead Independent Director and, to this purpose, in the year under review also sought the support of an external service provider specializing in self-assessments by supervisory boards of listed companies.

Further details on corporate governance, in particular on the independence of the Supervisory Board members, on the membership in the Supervisory Boards of the General Partner or Fresenius SE & Co. KGaA or the latter's general partner, the qualification matrix for the implementation status of the profile of skills and expertise for the Supervisory Board, the age limit and the regular maximum tenure for membership in the Company's Supervisory Board, as well as the self-assessment of the activities of the Supervisory Board and its committees, can be found in the Declaration on Corporate Governance starting on PAGE 126 of the Annual Report. The Declaration on Corporate Governance was discussed by the Supervisory Board and approved in its meeting of March 14, 2023.

The Declaration on Corporate Governance also includes the Declaration of Compliance in relation to the German Corporate Governance Code according to section 161 AktG as resolved by the Management Board and Supervisory Board and published in December 2022. The Declaration of Compliance is permanently available to the public on the Company's website at www.freseniusmedicalcare.com in the section "Investors" and there in the sub-section "Corporate Governance".

COMPENSATION REPORT

The Management Board and the Supervisory Board prepared a compensation report in accordance with section 162 AktG for the year under review. In accordance with section 162 paragraph 3 AktG, the compensation report was reviewed by the auditor to determine whether the legally required disclosures pursuant to section 162 paragraphs 1 and 2 AktG were made. In addition to the statutory requirements, the content of the report was also again reviewed by the auditor. The auditor confirmed that the compensation report, in all material respects, complies with the accounting provisions of section 162 AktG. In accordance with section 120 paragraph 4 AktG, the compensation report will be submitted to the General Meeting of the Company for approval.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements and the management report of the Company were prepared in accordance with the regulations of the German Commercial Code (HGB). The consolidated financial statements and group management report follow section 315e of the German Commercial Code (HGB) in accordance with IFRS as applicable in the European Union. Accountancy, the annual financial statements, the management report as well as the consolidated financial statements and the group management report for fiscal year 2022 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (PwC). PwC is the auditor of the Company since fiscal year 2020 and was elected as auditor by resolution of the Annual General Meeting of May 12, 2022, for the year under review and mandated by the Supervisory Board. The auditor provided each of the aforementioned documents with an unqualified certificate. Mr. Peter Kartscher and Mr. Holger Lutz signed the respective audit certificate as the responsible auditors, as already in the two previous years. The audit reports of the auditor were made available to the Audit and Corporate Governance Committee and the Supervisory Board. The Audit and Corporate Governance Committee reviewed the annual and consolidated financial statements as well as the management reports and included the audit reports of, and the discussions with, the auditor in its discussions. The Audit and Corporate Governance Committee reported to the Supervisory Board on this.

The Supervisory Board also reviewed the annual financial statements, the management report, the consolidated financial statements and the group management report, in each case for the past fiscal year. The documents were provided to it in good time. The Supervisory Board declared its agreement with the result of the audit of the annual financial statements and the consolidated financial statements by the auditor. The representatives of the auditor who signed the audit reports participated in the discussions of the Supervisory Board of the annual and consolidated financial statements. They reported to the Supervisory Board on the significant findings of their audit and were available for additional information. Also according to the final results of its own review, no objections are to be raised by the Supervisory Board as regards the annual financial statements, the management report, the consolidated financial statements and the group management report.

In its meeting on February 21, 2023, the Supervisory Board discussed the draft of the report according to Form 20-F. The report according to Form 20-F was filed with the SEC on February 22, 2023.

The annual financial statements and management report of the Company as well as the consolidated financial statements and the group management report for the past fiscal year, as presented by the General Partner, were approved by the Supervisory Board at its meeting on March 14, 2023.

The Supervisory Board also approved the General Partner's proposal for the application of profit which provides for a dividend of € 1.12 for each share.

SEPARATE NON-FINANCIAL GROUP REPORT

The separate Non-Financial Group Report of the Company was prepared in accordance with the regulations of the German Commercial Code (HGB) and the EU Taxonomy Regulation (Regulation (EU) 2020/852) and will be published separately from the group management report. This report documents the sustainability performance of Fresenius Medical Care in 2022. The reporting by Fresenius Medical Care is based on the international sustainability standards of the Global Reporting Initiative (GRI).

The Supervisory Board made use of the option to have the separate Non-Financial Group Report verified by an external auditor. The separate Non-Financial Group Report was subjected to a limited assurance engagement review by PwC in accordance with the international standard on assurance engagements ISAE 3000 (Revised). PwC issued a corresponding assurance statement.

The Supervisory Board, too, reviewed the separate Non-Financial Group Report. The documents were provided to it in good time. The Supervisory Board declared its agreement with the result of the limited assurance engagement by the auditor. The representatives of the auditor who signed the note on the limited assurance engagement participated in the discussions of the Supervisory Board of the separate Non-Financial Group Report. They reported to the Supervisory Board on the significant findings of their limited assurance engagement and were available for additional information. Also according to the final results of its own review, no objections are to be raised by the Supervisory Board as regards the separate Non-Financial Group Report.

DEPENDENCY REPORT

The General Partner prepared a report on the Company's relationships to Fresenius SE & Co. KGaA and the latter's affiliates in accordance with section 312 AktG for the past fiscal year. The report contains the following concluding statement:

"With regard to the legal transactions and measures listed in this report on the relationships to affiliated companies, FMC-AG & Co. KGaA received appropriate compensation for each legal transaction in accordance with the circumstances of which we were aware at the time that the legal transactions were conducted. No reportable measures were taken or omitted in the reporting year."

Both the Audit and Corporate Governance Committee and the Supervisory Board received the dependency report in good time and reviewed it. The auditor participated in the relevant meeting. It reported on the main results of its audit and was available for additional information. On February 24, 2023, the auditor added the following certificate to the dependency report:

"On the basis of our proper audit and judgment we confirm that 1. the factual disclosures provided in the report are correct, 2. the consideration paid by the Company for the legal transactions stated in the report was not inappropriately high."

The Audit and Corporate Governance Committee and the Supervisory Board concur with the assessment of the auditor. Following the final results of its own review, the Supervisory Board does not raise any objections against the declaration of the General Partner at the bottom of the report on the relationships to affiliates.

ACKNOWLEDGEMENTS

Mr. Rice Powell retired from the Management Board on December 31, 2022, after more than twenty-five years of service to Fresenius Medical Care, including ten years as Chair of the Management Board. Mr. Powell has uniquely shaped Fresenius Medical Care with his dedication, commitment and expertise and has made an extraordinary contribution to the success of Fresenius Medical Care in many ways in his daily work. The Supervisory Board thanks Mr. Powell for his many years of work and his active and valuable commitment to Fresenius Medical Care.

Dr. Carla Kriwet, who had been appointed as a member and the Chair of the Management Board with effect from October 1, 2022, resigned from these positions by mutual agreement as of the end of December 5, 2022. The Supervisory Board thanks Dr. Kriwet for her work.

Finally, the Supervisory Board thanks the members of the Management Board as well as all employees of the group for their outstanding and tireless efforts in a remaining extremely challenging environment. Their work performed under difficult conditions in the past fiscal year is highly appreciated!

Bad Homburg v. d. Höhe, March 14, 2023

On behalf of the Supervisory Board

DR. DIETER SCHENK
Chair

DECLARATION ON CORPORATE GOVERNANCE

The Management Board and the Supervisory Board of Fresenius Medical Care are committed to responsible management that is focused on achieving a sustainable increase in the value of the Company. The implementation of long-term strategies, solid financial management, strict adherence to legal and ethical business standards, successful sustainability management to create lasting economic, ecological and social value, and a transparent communication of the Company are its key elements.

The Management Board of the General Partner, Fresenius Medical Care Management AG (hereinafter: the Management Board), and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA (hereinafter: FMC AG & Co. KGaA or the Company) hereunder report on the fiscal year 2022 as the year under review (hereinafter: the year under review) pursuant to sections 289f, 315d of the German Commercial Code (Handelsgesetzbuch – HGB) and in accordance with principle 23 of the German Corporate Governance Code in the version dated April 28, 2022 (hereinafter also: the Code), as published in the German Federal Gazette (Bundesanzeiger) on June 27, 2022, on the Company's corporate governance (Unternehmensführung) and thereby also comment on recommendations and suggestions of the Code.

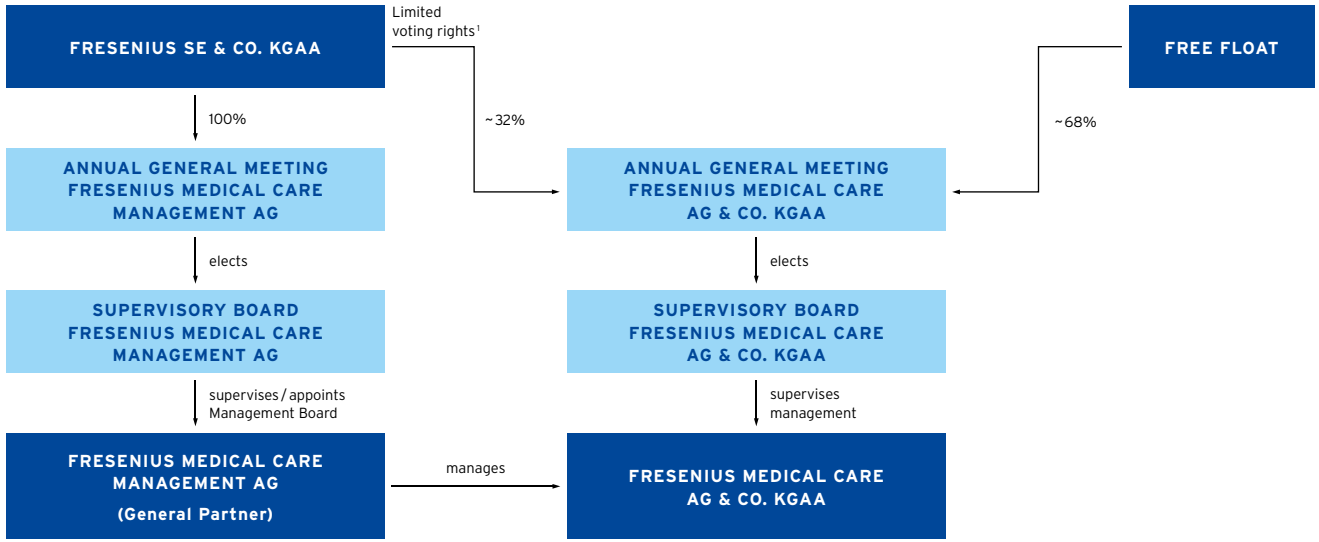
The Declaration on Corporate Governance is publicly available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

GROUP MANAGEMENT AND SUPERVISION STRUCTURE

The Company is a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA). Its corporate bodies provided for by law are the General Meeting, the Supervisory Board and the General Partner, which is Fresenius Medical Care Management AG. In the year under review, there were no significant changes to the group's management structure or its supervision structure. The group's management and supervision structure are shown in CHART 4.2.

For stock corporations (Aktiengesellschaft) as well as for partnerships limited by shares (Kommanditgesellschaft auf Aktien) the German Stock Corporation Act (Aktiengesetz – AktG) prescribes a dual management system (so-called two-tier management system) consisting of a management body and a supervisory board. The business activities of a partnership limited by shares are conducted by one or several personally liable partners (General Partner). In the case of FMC AG & Co. KGaA, this is Fresenius Medical Care Management AG. The General Partner's Management Board as its management body is also responsible for conducting the business activities of the KGaA. Within the scope of statutory allocation of competences, the Supervisory Board is responsible for supervising and advising

C 4.2 **STRUCTURE OF FRESENIUS MEDICAL CARE AG & CO. KGAA**
BASED ON DATA AS OF DECEMBER 31, 2022



[1] For certain items, Fresenius SE & Co. KGaA has no voting rights, e.g., for the election of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA, for the formal approval of the actions of the General Partner and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA as well as for the election of the auditor of the annual financial statements.

the Management Board and is involved in making decisions that are fundamental to the Company. The duties and responsibilities of both bodies are in each case statutorily defined and are strictly separated from one another. Each of FMC AG & Co. KGaA and Fresenius Medical Care Management AG has its own Supervisory Board.

The Articles of Association of FMC AG & Co. KGaA, which also specify the responsibilities of the bodies of the Company in more detail, are available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

THE GENERAL PARTNER AND ITS BODIES

The Management Board of Fresenius Medical Care Management AG

The General Partner – Fresenius Medical Care Management AG - represented by its Management Board, which acts on its own responsibility, manages the Company and conducts the Company's business. Its actions and decisions are directed towards the interests of the Company.

Composition

As part of the realignment of the operating model under the FME25 program and the focus on two global business segments – Care Delivery and Care Enablement – the Supervisory Board of the General Partner resolved changes in the composition and allocation of responsibilities of the Management Board, which have been implemented effective January 1, 2022. In Care Enablement, Fresenius Medical Care is consolidating its previously decentralized health care products business including research and development, manufacturing, supply chain and commercial operations as well as supporting functions, such as regulatory and quality management under a global MedTech umbrella. Fresenius Medical Care's global health care services business is being combined in the Care Delivery segment.

Mr. William Valle (previously responsible for North America) is now responsible for the business segment Care Delivery. Dr. Katarzyna Mazur-Hofsäß (previously responsible for Europe, Middle East and Africa) is now responsible for the business segment Care Enablement. Mr. Franklin W. Maddux, MD, continues to be the Management Board member responsible for the Global Medical Office.

In view of the age limit set by the Supervisory Board of the General Partner, Mr. Rice Powell retired from the Management Board upon regular termination of his appointment at the end of the year under review. He had previously resigned as Chair of the Management Board effective at the end of September 30, 2022.

Dr. Carla Kriwet was appointed member and Chair of the Management Board effective October 1, 2022 and resigned from these positions at her own request and by mutual agreement effective at the end of December 5, 2022.

Ms. Helen Giza has been Chair of the Management Board since December 6, 2022, and will continue to serve as acting Chief Financial Officer until a successor is appointed to this position. She had previously been appointed Deputy Chair of the Management Board with effect from May 16, 2022, and served as Chief Transformation Officer during the year under review, responsible for the implementation of the FME25 program.

The composition of the Management Board and the departmental responsibilities for the year under review are shown in TABLE 4.3.

Curricula vitae and duration of appointment

The members of the Management Board and their areas of responsibility are introduced on the Company's website at www.freseniusmedicalcare.com in the "About us" section. The curricula vitae made available there also contain information on the duration of appointment as members of the Manage-

T 4.3 **COMPOSITION AND RESPONSIBILITIES OF THE MANAGEMENT BOARD**

Management Board member	Responsibilities
Helen Giza	Chair of the Management Board (since December 6, 2022, until then since May 16, 2022, Deputy Chair of the Management Board) and Chief Financial Officer
Dr. Carla Kriwet[1]	Chair of the Management Board (from October 1, 2022, to December 5, 2022)
Franklin W. Maddux, MD	Global Chief Medical Officer
Dr. Katarzyna Mazur-Hofsäß	Care Enablement
Rice Powell[2]	Chair of the Management Board (until September 30, 2022)
William Valle	Care Delivery

[1] Dr. Carla Kriwet departed from the Management Board effective at the end of December 5, 2022.
[2] Mr. Rice Powell retired from the Management Board effective at the end of the year under review.

ment Board and on positions held at group-internal and group-external listed and non-listed companies.

Initial appointments of Management Board members are made for a maximum of three years in accordance with recommendation B.3 of the Code. Information on the diversity of the Management Board can be found in the section "Diversity concept and targets".

Rules of Procedure

The Management Board of the General Partner manages the Company's business in accordance with the applicable laws and the Articles of Association as well as the rules of procedure within the meaning of section 77 paragraph 2 German Stock Corporation Act. The rules of procedure stipulate the principles of the cooperation. They also provide for the schedule of responsibilities which determines the departmental responsibilities of the individual Management Board members. The rules of procedure determine that meetings of the Management Board are held as the circumstances require, but at least twelve times a year. The meetings and the adoption of resolutions by the Management Board are chaired by the Chair of the Management Board. If the Chair is unavailable, this task resides with the Management Board member named by the Chair, or, if no member has been named, with the participating Management Board member most senior in office. The Chair of the meeting determines the order of the agenda items and the voting procedure. As a rule, the Management Board adopts resolutions at meetings by simple majority of votes cast, and outside the meetings by simple majority of its members. In case of a tie, the Chair of the Management Board has the casting vote.

Without prejudice to the overall responsibility of the entire Management Board, each Management Board member is responsible for his or her own area of departmental responsibility. Based on the rules of procedure, the Management Board members are required to keep each other informed on an ongoing basis about all relevant business occurrences in their areas of departmental responsibility. In the case of interdepartmental matters, the Management Board members concerned are requested to coordinate with each other. The Chair of the Management Board coordinates the affairs of the individual departments.

Matters of outstanding importance and significance are resolved on by the entire Management Board pursuant to the rules of procedure. In order to increase the efficiency of the Management Board's work, the Supervisory Board of the General Partner established a Management Board Committee for certain cross departmental matters. If necessary, such Management Board Committee essentially deals with corporate matters of subsidiaries of FMC AG & Co. KGaA or with acquisitions that do not reach the minimum relevance and importance level required for being referred to the entire Management Board. The Management Board Committee must be composed of at least three members, among them the Chair of the Management Board and the Chief Financial Officer as well as the Management Board member responsible for the respective matter or another Management Board member appointed by the Chair at his or her reasonable discretion exercised in the individual case. In its meetings the Management Board Committee decides with a simple majority of the votes cast; outside of meetings the Management Board Committee decides with a simple majority of its members.

In various relevant cases, the rules of procedure require the Management Board to obtain the prior approval of the Supervisory Board or the competent committee of the Supervisory Board of the General Partner and also regulate the Management Board's information duties vis-à-vis the Supervisory Board.

Age limit

The Supervisory Board of the General Partner resolved an age limit for the Management Board members in accordance with recommendation B.5 of the Code. Management Board members of the General Partner who have reached the age of 65 years shall, as a rule, retire from the Management Board at the end of such calendar year. The Supervisory Board of the General Partner will take this age limit into account for each appointment of Management Board members. The age limit for the Management Board members of the General Partner did not apply to the term of office of Mr. Rice Powell, which had already started before the age limit was introduced and which ended with the year under review.

The Management Board member serving as the Global Chief Medical Officer, Mr. Franklin W. Maddux, MD, who was originally appointed for the period until the end of the year under review, reached the aforementioned standard age limit. In view of Mr. Maddux's extensive knowledge and the importance of the Global Medical Office in the company's operating model, the Supervisory Board of the General Partner resolved to appoint Mr. Maddux as a member of the Management Board for an additional five years, making an exception to the standard age limit. The exemption from the standard age limit is intended to ensure continuity of management in an area that is essential to the success of the company during the current transformation phase.

The Supervisory Board of Fresenius Medical Care Management AG

As a stock corporation, Fresenius Medical Care Management AG has its own Supervisory Board, which according to its Articles of Association consists of six members. The Supervisory Board of Fresenius Medical Care Management AG appoints the members of the Management Board, determines their compensation and monitors and advises the Management Board in its management duties. It has adopted rules of procedure.

T 4.4 MANDATES EXERCISED BY MEMBERS OF THE SUPERVISORY BOARD OF FRESENIUS MEDICAL CARE MANAGEMENT AG WHO ARE RESP. WERE NOT MEMBERS OF THE SUPERVISORY BOARD OF FRESENIUS MEDICAL CARE AG & CO. KGAA

Member	Membership in supervisory boards	Membership in comparable foreign controlling bodies
Michael Sen (since October 1, 2022) Chair of the Management Board of Fresenius Management SE (since October 1, 2022)	–	–
Sara Hennicken (since September 1, 2022) Member of the Management Board of Fresenius Management SE (Chief Financial Officer) (since September 1, 2022)	Fresenius Kabi AG (since September 1, 2022, since October 5, 2022 also Chair)	VAMED AG, Austria (since December 14, 2022)
Stephan Sturm (until September 30, 2022) Chair of the Management Board of Fresenius Management SE (until September 30, 2022)	Fresenius Kabi AG (Chair) (until September 30, 2022)	VAMED AG, Austria (Chair) (until October 6, 2022)
Rachel Empey (until August 31,2022) Member of the Management Board of Fresenius Management SE (Chief Financial Officer) (until August 31, 2022)	Fresenius Kabi AG (Vice Chair) (until August 31, 2022) Bayerische Motoren Werke AG	–

T 4.5 COMMITTEES OF THE SUPERVISORY BOARD OF FRESENIUS MEDICAL CARE MANAGEMENT AG

Supervisory Board committee	Responsibility	Number of meetings
Human Resources Committee **Chair:** Mr. Michael Sen (since October 1, 2022) Mr. Stephan Sturm (until September 30, 2022) **Vice Chair:** Dr. Dieter Schenk **Other member:** Mr. Rolf A. Classon	Advice on complex special matters such as the appointment of Management Board members and their compensation	As required
Nomination Committee **Chair:** Mr. Michael Sen (since October 1, 2022) Mr. Stephan Sturm (until September 30, 2022) **Vice Chair:** Dr. Dieter Schenk	Preparing recommendations to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting on suitable candidates for an election to the Supervisory Board	As required

Composition

Mr. Michael Sen has been Chair of the Supervisory Board of Fresenius Medical Care Management AG since October 1, 2022. Mr. Stephan Sturm, the previous Chair of the Supervisory Board, stepped down from the Supervisory Board effective at the end of September 30, 2022.

Other members of the Supervisory Board of Fresenius Medical Care Management AG in the year under review were Dr. Dieter Schenk (Vice Chair), Mr. Rolf A. Classon, Ms. Rachel Empey (until August 31, 2022), Ms. Sara Hennicken (since September 1, 2022), Mr. Gregory Sorensen, MD, and Ms. Pascale Witz.

Dr. Dieter Schenk, Mr. Rolf A. Classon, Mr. Gregory Sorensen, MD, and Ms. Pascale Witz are at the same time members of the Supervisory Board of FMC AG & Co. KGaA. Further information on these and on the other members of the Supervisory Board of FMC AG & Co. KGaA are available in the section "Supervisory Board of the Company" and on the Company's website at www.freseniusmedicalcare.com in the "About us" section.

In addition, the information in TABLE 4.4 is provided for the year under review with regard to the mandates exercised by the members of the Supervisory Board of Fresenius Medical Care Management AG in office in the year under review, who are, or respectively were, not at the same time members of the Supervisory Board of FMC AG & Co. KGaA.

Fresenius Management SE is the general partner of Fresenius SE & Co. KGaA, which holds approximately 32% of the shares in FMC AG & Co. KGaA.

Dr. Ben Lipps stepped down as honorary chair of the Supervisory Board of Fresenius Medical Care Management AG in May 2022.

Independent members within the meaning of the Pooling Agreement

Irrespective of the independence requirements according to statutory rules and of the recommendations of the German Corporate Governance Code in its respectively applicable form, the so-called Pooling Agreement entered into, among others, between Fresenius Medical Care Management AG and Fresenius SE & Co. KGaA provides that at least one third (and at least two) of the members of the Supervisory Board of Fresenius Medical Care Management AG must be independent. Pursuant to the Pooling Agreement, an "independent member" is a member of the Supervisory Board with no substantial business or professional relationship with FMC AG & Co. KGaA, with its General Partner (Fresenius Medical Care Management AG), with Fresenius SE & Co. KGaA, or with its general partner (Fresenius Management SE), or with any affiliate of these companies. The Supervisory Board of Fresenius Medical Care Management AG has appointed Mr. Rolf A. Classon and Mr. Gregory Sorensen, MD, as independent members within the meaning of the Pooling Agreement. Independent within the meaning of this definition further are the Supervisory Board member Ms. Pascale Witz as well as also the members of the Supervisory Board of FMC AG & Co. KGaA Dr. Dorothea Wenzel and Prof. Dr. Gregor Zünd, who both, however, are not at the same time members of the Supervisory Board of Fresenius Medical Care Management AG.

Committees of the Supervisory Board of Fresenius Medical Care Management AG

For the efficient exercise of its responsibilities, the Supervisory Board of the General Partner has formed qualified committees from the midst of its members, which prepare the matters for deliberation and resolutions of the Supervisory Board. The Supervisory Board regularly and timely receives briefings on the committees' work.

The composition and responsibilities of the committees of the Supervisory Board of the General Partner are shown in TABLE 4.5 ON PAGE 129.

SUPERVISORY BOARD OF THE COMPANY

The Supervisory Board of FMC AG & Co. KGaA supervises and advises the management of the Company by the General Partner and performs the other duties assigned to it by law and the Articles of Association. In accordance with principle 6 of the Code, supervision and advice include sustainability matters. The Supervisory Board is further involved in strategy and planning as well as all matters of fundamental importance for the company.

Simultaneous membership in both the Supervisory Board and the Management Board is in principle not permissible. The members of the Company's Supervisory Board are independent in their decisions and are not bound by requirements or instructions of third parties.

Composition

The Supervisory Board of FMC AG & Co. KGaA in the year under review consisted of the following members: Dr. Dieter Schenk (Chair), Mr. Rolf A. Classon (Vice Chair), Mr. Gregory Sorensen, MD, Dr. Dorothea Wenzel, Ms. Pascale Witz and Prof. Dr. Gregor Zünd. The members of the Supervisory Board of FMC AG & Co. KGaA are introduced on the Company's website at www.freseniusmedicalcare.com in the "About us" section. The curricula vitae made available there in accordance with recommendation C.3 of the Code also include information on their term of office on the Company's Supervisory Board and information on positions held at group-internal and group-external listed and non-listed companies.

Dr. Ben Lipps also stepped down as honorary chair of the Supervisory Board of FMC AG & Co. KGaA in May 2022.

The Supervisory Board of the Company is composed exclusively of shareholder representatives. It does not include any members who were previously members of the Management Board.

The members of the Company's Supervisory Board are elected by the General Meeting of FMC AG & Co. KGaA as the competent election body according to the provisions of the German Stock Corporation Act by a simple majority of the votes cast. Fresenius SE & Co. KGaA is excluded from voting on this item; further explanations on this can be found in the section "General Meeting". The elections are conducted in accordance with recommendation C.15 of the Code as individual elections. In case of election proposals, a curriculum vitae is provided for each candidate in accordance with recommendation C.14 of the Code, and any personal or business relationship of a candidate with the enterprise, the corporate bodies of the Company or a significant shareholder of the Company are disclosed in accordance with recommendation C.13 of the Code.

The term of office of the members of the Supervisory Board is five years unless the General Meeting resolves a shorter term of office. The incumbent members of the Supervisory Board were elected by the 2021 Annual General Meeting of the Company for four years until the end of the Annual General Meeting which resolves on the discharge for the financial year 2024, i.e., until the end of the 2025 Annual General Meeting.

Rules of Procedure

Details on the election, constitution and term of office of the Supervisory Board, its meetings and the adoption of resolutions, as well as its rights and obligations, are set out in the Company's Articles of Association available on the Company's

website at www.freseniusmedicalcare.com in the "Investors" section. In accordance with recommendation D.1 of the Code, the Supervisory Board has furthermore adopted rules of procedure which set out, among other things, the modalities for convening meetings and the manner in which resolutions are adopted. In accordance with these, the Supervisory Board meets regularly at least twice per calendar half year. The convocation period for meetings of the Supervisory Board is generally two weeks. The deliberations of the Supervisory Board are chaired by the Chair or, if the Chair is unavailable, by the Vice Chair. The Chair of the meeting also determines the order of the agenda items and the voting procedure. As a rule, the Supervisory Board decides, if decisions are taken in physical meetings, by simple majority of votes cast, and otherwise with a simple majority of its members unless other majorities are prescribed by a mandatory provision of law in the individual case. The provisions of the rules of procedure for the Supervisory Board of the Company also apply to its committees, unless their rules of procedure contain deviating provisions. The Chair of the Supervisory Board coordinates the work and direction of the Supervisory Board and in principle also represents the Supervisory Board vis-à-vis third parties. The rules of procedure of the Supervisory Board of the Company are publicly available on the Company's website at www.freseniusmedicalcare.com in the "About us" section in the sub-section "Supervisory Board".

Age limit

The Supervisory Board has further resolved an age limit for the Supervisory Board members in accordance with recommendation C.2 of the Code. Accordingly, the Supervisory Board shall, as a rule, only include persons who have not reached the age of 75 years at the time of their election or appointment. The Supervisory Board will observe this standard age limit in its election proposals for membership in the Supervisory Board.

As part of its election proposal to the 2021 Annual General Meeting of the Company, the Supervisory Board of the Company resolved to propose Mr. Classon, who had already reached the aforementioned standard age limit, for re-election to the Supervisory Board on account of his extensive experience and special qualifications, making an exception to the standard age limit for the Supervisory Board. This was also disclosed in the invitation to the Annual General Meeting. Mr. Classon's current term of office remains unaffected by the standard age limit.

Independence

According to recommendation C.7 of the Code, more than half of the members of the Supervisory Board shall be independent from the Company and the Management Board. Members of the Supervisory Board are to be considered independent from the Company and its Management Board if they have no personal or business relationship with the Company or its Management Board that may cause a substantial – and not merely temporary – conflict of interest. When assessing the independence of members of the Supervisory Board from the Company and its Management Board, the Supervisory Board shall particularly take into consideration whether the respective Supervisory Board member or a close family member (a) was a member of the Company's Management Board in the two years prior to appointment, (b) is currently maintaining or has maintained a material business relationship with the Company or one of the entities dependent upon the company in the year up to his or her appointment, directly or as a shareholder, or in a leading position of a non-group entity, or (c) is a close family member of a Management Board member, or (d) has been a member of the Supervisory Board for more than twelve years.

The Supervisory Board resolved that at least four of its members shall be independent within the meaning of the Code. Independent within the meaning of recommendation C.7 of the Code are, in the view of the Supervisory Board, in any case Mr. Rolf A. Classon, Mr. Gregory Sorensen, MD, Dr. Dorothea Wenzel, Ms. Pascale Witz and Prof. Dr. Gregor Zünd. The Supervisory Board did not need to consider whether Dr. Dieter Schenk is to be regarded as independent within the meaning of recommendation C.7 of the Code in view of his term of office on the Supervisory Board of the Company of more than twelve years, because the number of those Supervisory Board members who have been members of the Supervisory Board for no more than twelve years and are otherwise to be qualified as independent already complies with recommendation C.7 of the Code.

Recommendation C.9 of the Code, according to which, in the event that the Company has a controlling shareholder within the meaning of the Code, in the case of a Supervisory Board with six or fewer members at least one shareholder representative shall be independent of the controlling shareholder, does not apply to the Company, because Fresenius SE & Co. KGaA is no controlling shareholder in this meaning given the lack of a sustainable majority at the Annual General Meeting. However, assuming the applicability of this recommendation, Mr. Classon, Mr. Sorensen, Dr. Wenzel, Ms. Witz and Prof. Dr. Zünd would be considered independent in this meaning.

Lead Independent Director

The Supervisory Board has introduced the function of a Lead Independent Director. The Lead Independent Director is to ensure that the interests of all shareholders are adequately taken into account in the actions, negotiations, discussions and decisions of the Supervisory Board. The tasks of the Lead Independent Director therefore include developing and maintaining a balanced understanding of the issues and concerns of the shareholders and other stakeholders. In addition to the willingness of the Chair of the Supervisory Board to discuss with investors topics specific to the Supervisory Board in accordance with suggestion A.6 of the Code, the Lead Independent Director within the framework of the statutory provisions, too,

is available for discussions with shareholders and other stakeholders. The Lead Independent Director is further responsible for dealing with affairs related to environmental, social and governance (ESG) aspects of the company and is entitled to develop and propose corresponding measures. This also ensures that the General Partner is supervised and advised by the Supervisory Board on sustainability issues in accordance with principle 6 of the Code.

The requirements for the person of the Lead Independent Director as well as the rights and duties associated with this function are governed by Article 11 of the rules of procedure of the Supervisory Board of the Company, which are publicly available on the Company's website at www.freseniusmedicalcare.com in the "About us" section in the sub-section "Supervisory Board". The function of the Lead Independent Director is exercised by Dr. Dorothea Wenzel.

Self-assessments

In accordance with recommendation D.12 of the Code, the members of the Supervisory Board regularly carry out self-assessments with regard to their work. These take place in the form of open discussions in plenary meetings and on the basis of a corresponding questionnaire. On these annual occasions, also the complexity and the design of the presentations as well as the procedure and structuring of the meetings of the Supervisory Board and its committees are discussed, such as their number and frequency. The quality and appropriateness of the information provided to the Supervisory Board and its committees, as well as the professional composition of the Supervisory Board and its committees, are also assessed. In the year under review, the Supervisory Board also sought the support of an external service provider specializing in self-assessments by supervisory boards of listed companies. The results of the self-assessment carried out in the year under review under the direction of the Lead Independent Director have shown that each of the Supervisory Board and its committees are efficiently organized and that the cooperation of the Supervisory Board and the Management Board works very well.

Professional competence

All members of the Supervisory Board have the capabilities as well as the knowledge required for the proper exercise of their duties. The Supervisory Board members are in their entirety familiar with the sector FMC AG & Co. KGaA operates in. The members of the Supervisory Board regularly update themselves via in-house sources and via external sources about the current status of supervisory requirements. Details of the support provided by the Company to the members of the Supervisory Board for their induction into office and for their training and development measures can be found in the Report by the Supervisory Board of the Company starting on PAGE 119 of the Annual Report.

Profile of skills and expertise as well as qualification matrix

The Supervisory Board in accordance with principle 11 of the Code in its own initiative pays attention to have in its entirety the knowledge, capabilities and professional expertise required for the due observation of the duties of the Supervisory Board of a listed company operating internationally in the dialysis business. Against this background and in accordance with the recommendations of the German Corporate Governance Code, the Supervisory Board has resolved specific objectives regarding its composition and a profile of skills and expertise for the entire Supervisory Board for the first time in 2018.

The Supervisory Board most recently updated the profile of skills and expertise in March 2022. In accordance with recommendation C.1 of the Code, the profile of skills and expertise also comprises expertise regarding sustainability matters relevant to the enterprise. The Supervisory Board further introduced a regular maximum tenure for serving on the Supervisory Board. Accordingly, the Supervisory Board shall, as a rule, not include more than two persons who at the time of their election or appointment have been members of the Supervisory Board for more than twelve years.

The profile of skills and expertise contains requirements for the individual Supervisory Board members as well as requirements for the entire Supervisory Board and is available on the Company's website at www.freseniusmedicalcare.com in the "About us" section.

When discussing its recommendations for the election of members of the Supervisory Board to the General Meeting, the Supervisory Board considers, in accordance with recommendation C.1 of the Code and within the framework of the profile of skills and expertise as determined by it, in particular the international activities of the company, what it considers to be an adequate number of independent Supervisory Board members, and diversity criteria. Pursuant to the profile of skills and expertise, the Supervisory Board is in accordance with section 111 paragraph 5 German Stock Corporation Act to be composed of at least 30% women and of at least 30% men. Comprising four male and two female of in total six Supervisory Board members, the proportion of male and female Supervisory Board members exceeds the Supervisory Board's respective self-defined target of 30% at the end of the year under review (see also the section "Gender diversity and targets").

The current composition of the Supervisory Board is in line with the profile of skills and expertise for the Supervisory Board and fulfills the objectives for the composition of the board designated therein. In accordance with recommendation C.1 of the Code, the implementation status of the profile of skills and expertise is disclosed in the form of the qualification matrix (SEE TABLE 4.7 ON PAGE 134). The assessment in the qualification matrix is based on a self-assessment by the individual Supervisory Board members,

taking into account the requirements set out in the profile of skills and expertise for knowledge, capabilities and professional experience. The qualification matrix on PAGE 134 also displays the diversity level of the Supervisory Board at the end of the year under review across selected aspects.

Committees of the Supervisory Board of the Company

For the efficient exercise of its responsibilities, the Supervisory Board of the Company has formed qualified committees from the midst of its members in accordance with principle 14 and recommendations D.2 through D.4 of the Code, which prepare the matters for deliberation and resolutions of the Supervisory Board. The Supervisory Board regularly and timely receives briefings on the committees' work. Details of the committees' activities can be found in the Report by the Supervisory Board of the Company starting on PAGE 119 of the Annual Report.

The composition and responsibilities of the committees of the Supervisory Board of the Company are shown in TABLE 4.6.

Audit and Corporate Governance Committee

The Supervisory Board of the Company has formed an audit committee, the Audit and Corporate Governance Committee (hereinafter: the Audit and Corporate Governance Committee). The Audit and Corporate Governance Committee with the consent of the Supervisory Board adopted rules of procedure which regulate the composition as well as the work and tasks of the Audit and Corporate Governance Committee on the basis of section 12 paragraph 2 of the Articles of Association of the Company.

Tasks

The Audit and Corporate Governance Committee shall in particular perform all the duties incumbent upon an audit committee pursuant to section 107 paragraph 3 sentence 2 German Stock Corporation Act and the applicable rules of the U.S. Securities and Exchange Commission (SEC) and the New York Stock Exchange. In addition to other tasks, the Supervisory Board of the Company has delegated to the Audit and Corporate Governance Committee the responsibility for adopting resolutions on the approval of transactions with related parties in accordance with sections 111a et seqq. of the German Stock Corporation Act. The Audit and Corporate Governance Committee also regularly assesses the quality of the audit of the financial statements and in accordance with recommendation D.10 of the Code discusses with the auditor the audit risk assessment, the audit strategy and audit planning, and the audit results.

Independence and financial expertise

According to the Articles of Association of the Company, the Audit and Corporate Governance Committee shall consist of at least three and not more than five exclusively independent members who, in particular, are to meet the independence criteria pursuant to section 12 paragraph 2 sentence 3 of the Articles of Association as well as pursuant to the applicable rules of the New York Stock Exchange. In addition, pursuant to section 107 paragraph 4 of the German Stock Corporation Act in connection with section 100 paragraph 5 of the German Stock Corporation Act, at least one member must have expertise in the field of accounting and at least one other member expertise in the field of auditing. In accordance with recommendation D.3 of

T 4.6 **COMMITTEES OF THE SUPERVISORY BOARD OF FMC AG & CO. KGAA**

Supervisory Board committee	Responsibility	Number of meetings
Audit and Corporate Governance Committee **Chair:** Ms. Pascale Witz (since January 1, 2023, until then Vice Chair) **Vice Chair:** Dr. Dorothea Wenzel (since January 1, 2023, until then other member) **Other member:** Rolf A. Classon (until December 31, 2022, Chair)	› Supervision of the accounting, the accounting process, the effectiveness of the internal control system, of the risk management system, of the internal audit system, the annual auditing and of compliance › Supervision of the annual auditing, in particular with regard to the independence of the auditor and the additional services provided by it, issuing the auditing mandate, determining the focus areas of the auditing and the fee agreement › Addressing the report pursuant to Form 20-F, which contains, inter alia, the consolidated group financial statements and the consolidated group financial report › Supervision of sustainability related objectives and the auditing or assurance of the sustainability reporting › Assessment of the General Partner's report on relations to affiliated companies › Review and, if required, approval of transactions of the Company with related parties	At least four times per year and additionally as required
Nomination Committee **Chair:** Dr. Dieter Schenk **Vice Chair:** Mr. Rolf A. Classon **Other member:** Dr. Dorothea Wenzel	› Preparing recommendations to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting on suitable candidates for an election to the Supervisory Board	As required

T 4.7 QUALIFICATION MATRIX FOR THE MEMBERS OF THE SUPERVISORY BOARD OF THE COMPANY

	Dr. Schenk	Classon	Sorensen	Dr. Wenzel	Witz	Prof. Dr. Zünd
Member since:	1996	2011	2021	2019	2016	2018
Elected until:	2025	2025	2025	2025	2025	2025
Independence[1]		●	●	●	●	●
Time availability and limitation of the number of mandates[2]	●	●	●	●	●	●
Diversity						
Gender	M	M	M	F	F	M
Year of birth (Standard age limit: 75 years)	1952	1945	1962	1969	1967	1959
Nationality	German	U.S.-American and Swedish	U.S.-American	German	French	Swiss
Educational Background	Law	Political Sciences and Chemical Engineering	Medicine	Business and Business Informatics	Biochemistry and Business Administration	Medicine
Individual knowledge / experience						
Corporate management	●	●	●	●	●	●
Sector knowledge and understanding of global activities	●	●	●	●	●	●
Command of the English language	●	●	●	●	●	●
Requirements for the entire Supervisory Board						
Sector experience	●	●	●	●	●	●
Financial knowledge: Accounting	●	●	●	●	●	
Financial knowledge: Auditing	●	●	●	●	●	
Legal, Regulatory, Compliance	●	●	●	●	●	●
Sustainability	●	●	●	●	●	●
Digitalization			●	●	●	●
Internationality	●	●	●	●	●	●
Management experience	●	●	●	●	●	●

[1] According to the German Corporate Governance Code in the version of April 28, 2022.
[2] According to the German Stock Corporation Act and the German Corporate Governance Code in the version of April 28, 2022.

the Code, detailed information on the expertise of the members of the Audit and Corporate Governance Committee in the aforementioned areas is provided in TABLE 4.7 ON PAGE 134.

Ms. Pascale Witz worked for more than 20 years in leadership roles at Sanofi and GE Healthcare, where she held financial controls responsibility in several of these roles. In particular, as Executive Vice President for the Diabetes & Cardiovascular Division of Sanofi, and as President & CEO of GE Healthcare Pharmaceutical Diagnostics, Ms. Witz functions included reviews and discussions with the auditors, supervising the CFO for this corporate division, and multiple accounting and financial reviews for reporting, auditing, risk management or mergers & acquisitions as well as divestments & joint ventures. In addition, she has been a member of audit committees of listed companies since 2017. She was a member of the audit committee for Regulus Therapeutics, Inc., USA from 2017 until 2019, and since 2018 serves on the audit committee of Horizon Therapeutics plc., Ireland, and of PerkinElmer, Inc., USA. As such, Ms. Witz has been reviewing and approving transactions and financing operations and has been actively reviewing internal controls and risk management systems, as well as the application of accounting systems.

Dr. Dorothea Wenzel has a total of approximately twelve years of experience in management positions directly related to the fields of accounting and auditing, most of which she served as Chief Financial Officer (CFO) of the MerckSerono and Healthcare divisions of Merck KGaA, some of which as CFO of the Performance Materials division and some as Head of the Surface Solutions business unit. The activities of Dr. Wenzel in these functions included various aspects of accounting as well as corresponding reviews and discussions with the auditors. She is also chair of the audit committee of the Board of Directors of H. Lundbeck A/S, Denmark, as well as member of the Audit and Finance Committee of the Board of Directors of DENTSPLY SIRONA Inc., USA.

Mr. Rolf A. Classon has been in a responsible position for auditing financial statements for more than 25 years and has, among other things, more than 15 years of experience as a member and chair of audit committees of listed companies in the U.S. and Europe.

In the opinion of the Supervisory Board, the composition of the Audit and Corporate Governance Committee meets all aforementioned requirements as to the independence and financial expertise of its members. Ms. Pascale Witz, Dr. Dorothea Wenzel and Mr. Rolf A. Classon each are financial experts in the meaning of section 100 paragraph 5 German Stock Corporation Act as well as "audit committee financial experts" in the meaning of the applicable rules of the U.S. Securities and Exchange Commission (SEC). Due to their many years of experience, they each have expertise in both the accounting and auditing fields. That the members of the Audit and Corporate Governance Committee Ms. Witz and Mr. Classon are also members of the Supervisory Board of Fresenius Medical Care Management AG, which is an affiliate of the Company, does not preclude their independence under the applicable SEC audit committee rule, which permits such dual board membership by audit committee members, provided that they meet all other applicable requirements.

In particular due to their respective many years of activity as a member of audit committees, Ms. Pascale Witz (since January 1, 2023, Chair of the Audit and Corporate Governance Committee) and Mr. Rolf A. Classon (until December 31, 2022, Chair of the Audit and Corporate Governance Committee) each also have special knowledge and experience both in the application of accounting principles and internal control and risk management systems as well as in the auditing of financial statements. In accordance with recommendations D.3 and C.7 of the Code, each of Ms. Witz and Mr. Classon is in particular neither the Chair of the Supervisory Board of the Company nor a former member of the Management Board whose appointment has ended less than two years ago. All members of the Audit and Corporate Governance Committee are independent within the meaning of recommendation C.10 of the Code.

JOINT COMMITTEE

FMC AG & Co. KGaA has established a Joint Committee whose composition and activity are provided for in sections 13a et seqq. of the Articles of Association of the Company. The Joint Committee is convened only as required, namely for certain legal transactions defined in the Articles of Association to be qualified as substantial transactions and for which the General Partner requires the consent of the Joint Committee.

The composition and responsibilities of the Joint Committee are shown in TABLE 4.8 ON PAGE 136.

DIVERSITY CONCEPT AND TARGETS

Diversity concept for governance bodies

Fresenius Medical Care considers diversity, equity and inclusion a strength of the company. A high degree of diversity in the composition of the Management Board and Supervisory Board and the workforce is an important objective of Fresenius Medical Care and is in the interest of the Company because this creates an integrative working environment and lays the foundation for personal and corporate success. Diversity at Fresenius Medical Care is defined in a broad way, including – but not limited to – age, gender, nationality, cultural and ethnical origin, sexual orientation, disability, educational background, and work experience. The goal is the integration of differing perspectives and various aspects in the cooperation and decision-making in order to increase the understanding for the

T 4.8 **JOINT COMMITTEE**

Joint Committee	Responsibility	Number of meetings
Members from the Supervisory Board of Fresenius Medical Care Management AG Mr. Michael Sen (Chair) (since October 1, 2022) Mr. Stephan Sturm (Chair) (until September 30, 2022) Ms. Sara Hennicken (since September 1, 2022) Ms. Rachel Empey (until August 31, 2022)	Approval of certain legal transactions as defined in the Articles of Association, such as material acquisitions or divestments	As required
Members from the Supervisory Board of Fresenius Medical Care AG & Co. KGaA Mr. Rolf A. Classon Dr. Dorothea Wenzel (Vice Chair)		

T 4.9 **DIVERSITY LEVEL OF THE MANAGEMENT BOARD OF THE GENERAL PARTNER**

Management Board member	Gender	Nationality	Education	Age
Helen Giza	Female	British and U.S.-American	Business	54
Franklin W. Maddux, MD	Male	U.S.-American	Medicine and Mathematics	65
Dr. Katarzyna Mazur-Hofsäß	Female	Polish and German	Medicine	59
Rice Powell[1]	Male	U.S.-American	Biology	67
William Valle	Male	U.S.-American	Business	62

[1] Mr. Rice Powell retired from the Management Board at the end of the year under review.

manifold requirements on a globally active company with heterogeneous groups of customers. Diversity, equity and inclusion are an integral part of the sustainability program of Fresenius Medical Care.

The existing diversity concept for the composition of the Management Board of the General Partner and the Supervisory Board of the Company reflects this understanding and is part of the staffing processes. The individual qualification – this includes expertise as well as skills and experience – continues to be the core selection criterion for the proposals to the General Meeting for the election of new members to the Supervisory Board; diversity aspects are considered to ensure a comprehensive and balanced decision process. For preparation of any nomination proposal, the respective competent governance body or the competent committee, as the case may be, thoroughly evaluates the current composition of the body to be filled and carefully analyzes each potential candidate's profile with regard to the diversity criteria. Thereby, the above-mentioned standard age limits for the Management Board of the General Partner and for the Supervisory Board of the Company and the profile of skills and expertise for the Supervisory Board are taken into account.

Diversity is further actively managed in senior management levels below the Management Board in accordance with recommendation A.2 of the Code. To this end, diversity aspects such as gender are particularly considered in the evaluation of the "talent pipelines". Additional reports, for example on the number and share of female junior talents in talent evaluation and the succession planning process, support the focus on diversity in development planning and the preparation for filling vacancies. This serves to strengthen the pursued diversity concept and to identify suitable talents at an early stage.

The diversity level of the Management Board of the General Partner across selected aspects at the end of the year under review is displayed in TABLE 4.9. Corresponding information on the diversity level of the Supervisory Board of the Company can be found in the section "Profile of skills and expertise and qualification matrix".

Gender diversity and targets

The Supervisory Board of FMC AG & Co. KGaA is statutorily obliged to define targets for the representation of female members in the Supervisory Board as well as an implementation period and to report on the defined targets and their achievement during the relevant reference period, or in the event of a failure to meet these targets, on the reasons for this, as part of the Declaration on Corporate Governance. The definition of targets for the composition of the Management Board for companies which, like Fresenius Medical Care, are organized in the legal form of a partnership limited by shares, is by contrast expressly not required. Likewise, also the Supervisory Board of Fresenius Medical Care Management AG is not required to define targets for the Management Board, because Fresenius Medical Care Management AG is not in the scope of the relevant legal provisions. At the end of the year under review, two out of five members of the Management Board were female. With the departure of Mr. Rice Powell from the Management Board at the end of the year under review, two out of four, i.e. 50%, of the members of the Management Board are female.

The Supervisory Board of FMC AG & Co. KGaA had resolved in 2017 to set the target for the representation of female Supervisory Board members at 30% and had set an implementation period ending on May 9, 2022. In the reporting year, the Supervisory Board of FMC AG & Co. KGaA resolved to renew the aforementioned target for the representation of female Supervisory Board members and set an implementation period ending on May 9, 2027. According to the new target, at least 30% and in any case not less than two members of the Supervisory Board of FMC AG & Co. KGaA shall be female. With two female members out of a total of six (33%), the composition of the Supervisory Board in the year under review was in line with both the target figure applicable until May 9, 2022, and the new target figure.

The Management Board is statutorily obliged to determine targets for female representation in the two top management levels below the Management Board and a respective implementation period. The Management Board in November 2020 had determined targets for female representation in the two top management levels below the Management Board and corresponding new implementation periods. The positions of the first and second management levels were determined on the basis of a global job evaluation system considering impact and contribution of the position, the required skills relating to communication and innovation as well as general knowledge and expertise. The target figure for the first management level to be achieved by the end of the implementation period on December 31, 2025, was 22%. At the end of the year under review, 20.3% (2021: 17.5%) of managers in this first management level were female. The target figure for the second management level to be achieved by the end of the implementation period on December 31, 2025, was 32%. At the end of the year under review, 34.7% (2021: 27.9%) of managers in this second management level were female.

The respective share of women at the end of the respective year is shown in TABLE 4.10.

Since the aforementioned target figures for the share of women in the first two management levels below the Management Board set in 2020 were partially already overachieved in 2022 in the context of the organizational transformation under the FME25 program, the Management Board has set new target figures as well as implementation periods and revised the definition of the first and second management levels as follows:

The first management level now includes all managers worldwide who directly report to a member of the Management Board and participate in the group-wide long-term incentive program. The target figure for female representation is 35%. The implementation period ends on December 31, 2027. At the end of the year under review, 25.6% of managers in this first management level were female.

The second management level now includes all managers worldwide who directly report to a management executive of the first management level and participate in the group-wide long-term incentive program. The target figure for female representation is 45%. The implementation period ends on December 31, 2027. At the end of the year under review, 31% of managers in this second management level were female.

Overall, the recruiting and staffing practice of Fresenius Medical Care as well as the selection decisions regarding the hiring and promotion to top management levels will also in the future be taken with a focus on the specific qualifications of the individual. For this reason, the Management Board will select candidates for the top management of Fresenius Medical Care according to the candidate's excellence and suitability for the specific role and function in such management positions, regardless of their race, gender, or other non-performance related attributes. The number and proportion of female Supervisory Board members and Management Board members, the continuous achievement and increase of our diversity targets as well as the anchoring within the company's sustainability program demonstrate the considerable importance of diversity for Fresenius Medical Care.

T 4.10 **GENDER DIVERSITY AND TARGETS**
IN %

	Target figure	Status 2021	Status 2022
Supervisory Board of the Company	30[1]	33.3	33.3
Management Board	–[2]	25	40[3]
First Management Level	22[4]	17.5	20.3
Second Management Level	32[4]	27.9	34.7

[1] Implementation period until May 9, 2027.
[2] The definition of targets for the Management Board is not required.
[3] Since January 1, 2023, the share of women in the Management Board amounts to 50%.
[4] Original implementation period until December 31, 2025.

LONG-TERM SUCCESSION PLANNING

Together with the Management Board, the Supervisory Board of the General Partner takes care for the long-term succession planning in accordance with recommendation B.2 of the Code. For this purpose, the Chair of the Supervisory Board of the General Partner liaises with the respective members of the Management Board sufficiently in advance and, as a rule, not later than one year before the end of the respective term of office about their willingness to continue their respective mandate. In addition, the Supervisory Board of the General Partner continuously reviews whether the Management Board continues to be composed in the best possible way. To this end, the Chair of the Supervisory Board of the General Partner discusses with the Chair of the Management Board, in particular, what knowledge, experience and professional as well as personal competencies in the Management Board should be represented also with regard to the strategic development of the Company and a possible changing regulatory environment and to what extent the Management Board is already staffed in accordance with these requirements.

If there is need for action regarding the composition of the Management Board, potential internal or external candidates for the corresponding addition to the Management Board are identified. For the identification of suitable external candidates, the Supervisory Board of the General Partner obtains the support of external consultants, where necessary. When evaluating suitable candidates, not only their individual knowledge and experience, but also their personality and its added value to the best possible composition of the Management Board is taken into account. With the composition of the Management Board, a cooperative working environment across all departments shall be created in the interest of the entire company that not only allows but rather also promotes constructive criticism. The Chair of the Management Board is closely involved in the entire selection process.

The Supervisory Board of the General Partner pays attention to diversity in the composition of the Management Board in accordance with recommendation B.1 of the Code.

COMPLIANCE AND OTHER DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

Global business activities mean having global responsibility. As the global market leader in providing dialysis services and products, Fresenius Medical Care is aware of its responsibility. Every day, Fresenius Medical Care strives to improve the lives of its patients world-wide with high-quality products and services.

Highest medical standards form Fresenius Medical Care's benchmark for quality. The Company is committed to conducting its business activities in compliance with all relevant legal standards as well as internal and external provisions and requirements. The patients, customers, payors, investors and regulators of Fresenius Medical Care as well as all other stakeholders rightly expect Fresenius Medical Care's business to be conducted based on responsible management, as well as integrity, sound corporate governance and adherence to compliance principles to be the basis of entrepreneurial activities.

Fresenius Medical Care's Code of Ethics and Business Conduct

Fresenius Medical Care's Code of Ethics and Business Conduct is the basis for everything Fresenius Medical Care and its employees do, whether in their dealings with patients, colleagues and suppliers or with a view to communities in general. The Code of Ethics and Business Conduct defines corporate governance practices beyond the legal requirements. It covers non-financial topics material to Fresenius Medical Care such as patient care, quality and innovation, anti-corruption, worker protection, environment, health and safety, as well as non-discrimination. The Code of Ethics and Business Conduct together with the underlying global values also includes Fresenius Medical Care's commitment to respecting human rights. The Code of Ethics and Business Conduct applies to every function and division worldwide, to every employee of Fresenius Medical Care, and to the Company's direct and indirect majority-owned or controlled affiliates anywhere in the world. Employees must adhere to the principles in the Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct is publicly available on the Company's website at www.freseniusmedicalcare.com in the "About us" section in the sub-section "Compliance".

Ensuring compliance

Compliance with rules is essential for the long-term success of Fresenius Medical Care, determines the corporate culture and is an integral part of day-to-day work. Specialized functions at a global, regional and local level have the responsibility to implement and communicate these principles and global values within the organization. Code of Ethics and Business Conduct training programs increase awareness and an understanding of the applicable rules and help employees comply with these rules. These trainings are held regularly and are mandatory for all relevant employees. There are processes in place to enable employees to take part in the courses.

Fresenius Medical Care fosters an open working atmosphere and encourages its employees to question what does not seem to comply with the rules and to report any indications of possible violations to their superiors or the Compliance, Legal or Human Resources departments. In addition, both Fresenius

Medical Care employees and – in accordance with the corresponding suggestion in A.4 of the Code – external parties can anonymously (to the extent permitted by law) report suspected unethical or inappropriate business practices of employees via a hotline – the Compliance Action Line – and via appropriate e-mail addresses. In accordance with Fresenius Medical Care's policy, there must be no negative consequences for whistleblowers if they have made such report in good faith.

The company has made and continues to make further significant investments in its compliance and financial controls and in its compliance, legal and financial organizations. Fresenius Medical Care is fully committed to compliance with applicable anti-bribery laws. Further information regarding the investigations in connection with the U.S. Foreign Corrupt Practices Act (FCPA) and regarding the settlements reached with the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DoJ) in 2019 can be found on PAGE 69 of the Annual Report.

Further information on the compliance management system can be found in the "Compliance" section of the Non-Financial Group Report starting on PAGE 105 of the Annual Report.

RISK AND OPPORTUNITY MANAGEMENT

At Fresenius Medical Care, an integrated management system is in place to ensure that risks and opportunities are already identified at an early stage, optimizing the risk profile and minimizing the costs potentially related to the occurrence of risks through timely intervention. Fresenius Medical Care's risk management is therefore an important component of the corporate management of Fresenius Medical Care. The adequateness and effectiveness of the internal control systems of Fresenius Medical Care for the financial reporting are reviewed on a regular basis by the Management Board and the auditor.

Further information about the risk and opportunity management system can be found in the "Risks and opportunities report" section of the Management Report starting on PAGE 59 of the Annual Report.

GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION OF COMPLIANCE

The objective of the German Corporate Governance Code is to make the dual German corporate governance system transparent and understandable. The Code includes principles, recommendations and suggestions governing the management and monitoring of German listed companies that are accepted nationally and internationally as standards of good and responsible governance. It aims to promote confidence in the management and supervision of German listed companies by investors, customers, employees and the general public.

The Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & Co. KGaA as well as the Supervisory Board of Fresenius Medical Care Management AG endorse the standards set forth in the German Corporate Governance Code. The vast majority of the recommendations and suggestions in the Code have been an integral and active part of Fresenius Medical Care's day-to-day operations since the founding of the company.

The current, annually to be issued Declaration of Compliance according to section 161 of the German Stock Corporation Act issued by the Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & Co. KGaA as of December 2022 is reported hereinafter. They and previous Declarations of Compliance and other extensive information on corporate governance are permanently made publicly available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

The Supervisory Board in accordance with recommendation D.9 of the Code arrange for the external auditors to inform it and note in the audit report if, during the performance of the audit, the external auditors identify any facts that indicate an inaccuracy in the Declaration of Compliance regarding the recommendations of the Code issued by the Management Board of the General Partner and by the Supervisory Board.

Declaration by the Management Board of Fresenius Medical Care Management AG as the general partner of Fresenius Medical Care AG & Co. KGaA and by the Supervisory Board of Fresenius Medical Care AG & Co. KGaA on the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (Aktiengesetz)

The Management Board of Fresenius Medical Care Management AG (hereafter: the Management Board), as the general partner of Fresenius Medical Care AG & Co. KGaA, and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA declare that since issuance of the declaration of compliance in December 2021 and, respectively, the update of the declaration of compliance in January 2022 the recommendations of the "German Corporate Governance Code Government Commission" published in the official section of the Federal Gazette (hereafter: the Code) by the Federal Ministry of Justice and Consumer Protection in the version of December 16, 2019 have been complied with and by the Federal Ministry of Justice in the version of April 28, 2022 will be complied with in the future. Only the following recommendations of the Code in the version of December 16, 2019, and in the version of April 28, 2022, respectively, have not been complied with or will not be complied with to the extent described below:

Code recommendation C.10:

Pursuant to the Code recommendation C.10, the Chair of the Supervisory Board shall be independent of the Company and the Management Board.

As a precautionary measure, a deviation from this recommendation was and is declared with regard to the term of office of the Chair of the Supervisory Board, Dr. Dieter Schenk, on the Supervisory Board of the Company. Whether Dr. Schenk in view of his term of office on the Supervisory Board of the Company of more than 12 years is to be regarded as independent of the Company and the Management Board within the meaning of the Code does not need to be considered, because the number of those Supervisory Board members who have been members of the Supervisory Board for no more than 12 years and are otherwise to be qualified as independent already complies with the Code recommendation C.7, pursuant to which more than half of the shareholder representatives shall be independent of the Company and the Management Board.

In all other respects, the Code recommendation C.10 has been and will be complied with. The Chair of the Audit Committee has been and is independent within the meaning of this recommendation.

Code recommendation G.12:

Pursuant to the Code recommendation G.12, if a Management Board member's service agreement is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until termination of the service agreement shall be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the service agreement. A deviation from this recommendation was declared in January 2022, updating the declaration of compliance of December 2021.

As disclosed in January 2022 under update of the declaration of compliance of December 2021, the Supervisory Board of the general partner has agreed with Mr. Harry de Wit, who has resigned from the Management Board in the course of the implementation of the FME25 transformation program, that in deviation of the applicable plan terms the performance shares awarded to him under the long-term variable compensation in fiscal year 2021 will vest if any service relationship between Mr. de Wit and Fresenius Medical Care has definitively ended at December 31, 2023, Mr. de Wit has not been dismissed and has not and will not engage in any other service or employment relationship. Under these conditions, Mr. de Wit will in deviation of the applicable plan terms also not be required to invest the corresponding proceeds from the performance shares in shares of the Company. This agreement serves to avoid the forfeiture of the performance shares awarded to Mr. de Wit in 2021 and is in the opinion of the Supervisory Board appropriate in order to avoid undue hardship in the course of the implementation of FME25. The vesting dates and holding periods for all other variable compensation components of Mr. de Wit remain unaffected by the early termination of his Management Board service agreement in line with the Code recommendation G.12.

In all other respects, the Code recommendation G.12 has been and will be complied with.

Bad Homburg v.d. Höhe, December 2022

Management Board of the general partner
of Fresenius Medical Care AG & Co. KGaA,
Fresenius Medical Care Management AG, and
Supervisory Board of Fresenius Medical Care AG & Co. KGaA

FURTHER DETAILS ON CORPORATE GOVERNANCE

General Meeting

The shareholders of the Company exercise their rights and voting powers in the General Meeting. The share capital of FMC AG & Co. KGaA is divided exclusively into ordinary shares. Each share of FMC AG & Co. KGaA entitles the holder to one vote at the General Meeting. Shares with multiple or preference voting rights do not exist.

As a matter of principle, the General Partner (as far as it would be a shareholder in the Company, which was not the case in the year under review) respectively its sole shareholder, Fresenius SE & Co. KGaA, can exercise at the General Meeting the voting rights connected with the shares they hold in FMC AG & Co. KGaA. However, the General Partner and its sole shareholder are subject to various rules preventing them by law from voting on certain resolutions. These include, among others, the election of the Supervisory Board, the formal approval of the actions of the General Partner and the members of the Supervisory Board of FMC AG & Co. KGaA, as well as the election of the auditor of the annual financial statements. This is to guarantee that the other shareholders in the partnership limited by shares (KGaA) can solely decide on these matters concerning the control of the management.

Shareholders can exercise their voting rights at the General Meeting either themselves or by proxy via a representative of their choice or by a Company-nominated proxy acting on their instructions. Proxy voting instructions to a Company nominee can be issued before and during the General Meeting at least until the end of the general debate.

In accordance with suggestion A.7 of the Code, the Chair is guided by the principle that an Annual General Meeting should be concluded after four to six hours at the latest. The speech by the Chair of the Management Board is generally made publicly available on the Company's website one week before the General Meeting.

The 2022 Annual General Meeting of FMC AG & Co. KGaA took place at the Company's offices in Bad Homburg v.d. Höhe (Germany) on May 12, 2022 and, against the background of the COVID-19 pandemic, was held as a virtual General Meeting without the physical presence of shareholders or their proxies. Approximately 80.76% of the share capital was represented at the General Meeting. In addition to the legal requirements, shareholders were given the opportunity to submit statements in the form of video messages for publication prior to the General Meeting. At the General Meeting, resolutions were passed on the following topics:

- approval of the annual financial statements for fiscal year 2021,
- allocation of distributable profit,
- approval of the actions of the General Partner for fiscal year 2021,
- approval of the actions of the Supervisory Board for fiscal year 2021,
- election of the auditor and group auditor for fiscal year 2022 as well as the auditor for the potential review of the half year financial report for fiscal year 2022 and other interim financial information,
- approval of the compensation report for fiscal year 2021.

In the 2022 Annual General Meeting, the Management Board members Rice Powell and Helen Giza and the Supervisory Board members Dr. Dieter Schenk and Dr. Dorothea Wenzel were present in the meeting. To reduce the risk of COVID-19 infection, all other members of the Management Board and Supervisory Board were electronically connected to the General Meeting.

All documents and information on the Annual General Meeting are available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

Legal relationships with members of the Company's corporate bodies

When making decisions and in connection with the tasks and activities performed by them, the members of the Management Board of the General Partner and of the Supervisory Board of FMC AG & Co. KGaA, as well as the Supervisory Board of Fresenius Medical Care Management AG, do not pursue personal interests or give unjustified advantages to other people. Any business dealings with the Company by members of the corporate bodies are to be disclosed to the Chair of the Supervisory Board without undue delay and are subject to the Supervisory Board's approval, if necessary. The Supervisory Board in accordance with recommendation E.1 of the Code reports to the General Meeting on possible conflicts of interests of its members and on the treatment of such conflicts. In the year under review, there were no conflicts of interest of board members that would have been required to be disclosed to the Chair of the Supervisory Board and of which the Supervisory Board would inform the General Meeting.

Ms. Helen Giza, the Chair of Fresenius Medical Care Management AG's Management Board, is, with the approval of Fresenius Medical Care Management AG's Supervisory Board, at the same time a member of the management board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA. The same applied to Mr. Rice Powell and Dr. Carla Kriwet, respectively, to the extent each of them was simultaneously a member of the Management Board of Fresenius Medical Care

Management AG and Fresenius Management SE in the year under review.

The member of the Supervisory Board of FMC AG & Co. KGaA Dr. Dieter Schenk (Chair) is also a member and the Vice Chair of the Supervisory Board of Fresenius Medical Care Management AG and of the Supervisory Board of Fresenius Management SE.

Dr. Dieter Schenk further continues to be the Chair of the foundation board of the Else Kröner-Fresenius-Stiftung, which is the sole shareholder of Fresenius Management SE as well as a limited shareholder of Fresenius SE & Co. KGaA, and, in addition, continues to be a member and the Chair of the economic board of the Else Kröner-Fresenius-Stiftung, which tasks include the administration of the Else Kröner-Fresenius-Stiftung's participation in Fresenius SE & Co. KGaA and the exercise of the voting rights attached thereto.

The members of the Supervisory Board of FMC AG & Co. KGaA Mr. Rolf A. Classon and Mr. Gregory Sorensen, MD, as well as Ms. Pascale Witz are also members of the Supervisory Board of Fresenius Medical Care Management AG.

During the year under review, there were no consulting or other service relationships between members of the Supervisory Board and the Company.

Managers' transactions

According to Article 19 of the Regulation (EU) No. 596/2014 (Market Abuse Regulation), the members of the Management Board and the Supervisory Board as well as other persons discharging managerial responsibilities and all persons who are closely associated with the aforementioned persons shall notify the issuer (i.e., the Company) of any subsequent transaction with shares in the Company and additional related financial instruments conducted on their own account once a total amount of EUR 20,000 has been reached within a calendar year. The Company is required to publish the respective information.

The managers' transactions undertaken in the year under review are, inter alia, published on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

Transparency of reporting

Fresenius Medical Care meets all applicable transparency and external reporting requirements imposed by chapter F of the Code. Fresenius Medical Care attaches special importance to informing its shareholders simultaneously and uniformly about the company in its regular financial reporting events. Ad hoc releases and the website of Fresenius Medical Care play an essential role in these efforts. They provide investors and other interested persons equally with direct and timely access to the information Fresenius Medical Care releases.

Financial accounting and audit, stock exchange listing

Fresenius Medical Care prepares consolidated financial statements and a group management report as well as interim consolidated quarterly reports in accordance with the "International Financial Reporting Standards" (IFRS) as to be applied in the European Union as well as in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB). The financial reporting is based on these statements. The consolidated financial statements are published within the first 90 days of the end of each fiscal year, and the consolidated quarterly reports within the first 45 days of the end of each quarter in accordance with recommendation F.2 of the Code. The dates for the publication of the financial results can be found in the financial calendar published on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

The annual financial statements and the management report of FMC AG & Co. KGaA are prepared in accordance with the legal requirements of the German Commercial Code. The annual financial statements are decisive for the allocation of the annual profit and the distribution of a dividend. In addition, an Annual Report (Geschäftsbericht) of Fresenius Medical Care, which includes the consolidated financial statements and the group management report in accordance with IFRS and the German Commercial Code, is published each year. Since 2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has been the auditor. Mr. Peter Kartscher has been the responsible German Public Auditor (verantwortlicher Wirtschaftprüfer) since 2020.

Fresenius Medical Care's shares are listed in the U.S. on the New York Stock Exchange (in the form of so-called American Depositary Shares evidenced by American Depositary Receipts) and in Germany. Fresenius Medical Care is therefore subject to a number of regulations and recommendations regarding the management, administration and monitoring of the Company. In addition to mandatory requirements under stock corporation and commercial law, Fresenius Medical Care complies with the regulations of Deutsche Börse and adheres to most of the recommendations of the German Corporate Governance Code. Further, being a non-U.S. company (a so-called "foreign private issuer") Fresenius Medical Care is subject to the regulations connected to Fresenius Medical Care's listing in the U.S. In particular, filing of an annual report on Form 20-F and interim filings on Form 6-K in accordance with the regulations of the U.S. Securities and Exchange Commission (SEC) and the associated observance of the provisions of the Sarbanes-Oxley Act and the Dodd-Frank Act as well as of certain provisions of the Corporate Governance Rules of the New York Stock Exchange is required. The Sarbanes-Oxley Act mandated reforms to enhance corporate responsibility, enhance financial disclosures and combat corporate and accounting fraud, and created the "Public Company Accounting Oversight Board" to oversee the

activities of the auditing profession. The Dodd-Frank Act revised the U.S. regulatory system in a number of areas including but not limited to consumer protection, trading restrictions, credit ratings, regulation of financial products, corporate governance and disclosure, and transparency. The extension of regulations for financial reporting and internal control systems is intended to increase the trust of investors and other parties interested in the companies. Fresenius Medical Care fully complies with the current requirements applicable to the company.

COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Compensation Report for the year under review and the auditor's report pursuant to section 162 of the German Stock Corporation Act, the applicable compensation system pursuant to section 87a paragraph 1 and paragraph 2 sentence 1 of the German Stock Corporation Act for the members of the Management Board of the General Partner as approved by the Company's General Meeting as well as the latest resolution of the Company's General Meeting on the remuneration of the members of the Supervisory Board of the Company pursuant to section 113 paragraph 3 of the German Stock Corporation Act are made publicly available on the following Company's websites:

www.freseniusmedicalcare.com/en/about-us/management-board/compensation

www.freseniusmedicalcare.com/en/about-us/supervisory-board/remuneration

The 2022 Annual General Meeting of the Company approved the compensation report for the year under review with a majority of approximately 94.87% of the votes cast.

Hof an der Saale, March 2023

FRESENIUS MEDICAL CARE AG & CO. KGAA
represented by Fresenius Medical Care Management AG
as General Partner

COMPENSATION REPORT

The Compensation Report of Fresenius Medical Care AG & Co. KGaA (the Company) for the fiscal year 2022 (the Fiscal Year) was prepared in accordance with the requirements of section 162 of the German Stock Corporation Act (Aktiengesetz – AktG) as amended by the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie – ARUG II). The Compensation Report includes individualized and comprehensive information on the compensation within the meaning of section 162 para. 1 AktG awarded and due to current and former members of the management board and of the supervisory board in the Fiscal Year and benefits within the meaning of section 162 para. 2 AktG awarded and promised to members of the management board.

The Company is a partnership limited by shares. Its general partner is Fresenius Medical Care Management AG (the General Partner). Information on the management board relates to the management board of the General Partner (the Management Board).

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the Compensation Report from a formal perspective pursuant to section 162 para. 3 AktG. In addition to such audit from a formal perspective which is required by law with respect to the existence of the information required by law, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was instructed to carry out an audit from a substantive perspective of such information included in the Compensation Report. The auditor's report is annexed to this Compensation Report.

The 2022 Annual General Meeting of the Company approved the Compensation Report for 2021 with a majority of approximately 94.87% of the votes cast. The Management Board and the supervisory board of the Company (the Supervisory Board) see this as confirmation of the way in which the report is presented. The structure of the Compensation Report for the Fiscal Year and the level of detail of the information provided are essentially the same as in the previous year.

THE FISCAL YEAR IN RETROSPECT

The compensation awarded and due in the Fiscal Year rewarded the performance of the members of the Management Board in achieving the strategic goals in the Fiscal Year and, at the same time, provided effective incentives for the long-term value-creation of the Company – taking into account the interests of patients, shareholders, employees and other stakeholders. Therefore, the compensation of the members of the Management Board reported in this Compensation Report made a significant contribution to promoting the business strategy and the long-term sustainable development of the Company and the group.

Business performance and economic environment

As in previous years, Fresenius Medical Care's growth in the Fiscal Year was impacted by the ongoing COVID-19-related excess mortality among dialysis patients.

The company also operated in a difficult and inflationary macroeconomic environment during the Fiscal Year, resulting in high logistics costs, rising raw material and energy prices, and supply chain disruptions. This was exacerbated by the ongoing war in Ukraine and the resulting economic impact, which significantly impacted earnings development – particularly in the health care products business.

In the important U.S. market, Fresenius Medical Care was confronted with an unprecedented labor market situation for the company in the Fiscal Year. Staff shortages and high employee turnover rates at dialysis centers resulted in a greater need for agency staff, significantly higher costs for surcharges and retention payments, and significant wage inflation. In addition, some dialysis centers in the U.S. were able to accept new patients only to a limited extent due to the tight staffing situation. This had an additional negative impact on growth in the health care services business and in complementary business areas, and thus also on operating leverage in the areas concerned. The impact on earnings was only partially offset by financial support from the U.S. government to offset costs related to the COVID-19 pandemic. At the same time, the effects of the initiated improvement measures in the North American health care services business have been delayed against the company's original assumptions.

Against the background of the developments described above, revenue in the Fiscal Year increased by 10% to €19,398 M (2% at constant currency) and net income declined by 31% to €673 M (–37% at constant currency).

Short-term incentive target achievement for the Fiscal Year

In the Fiscal Year, the business performance was reflected by an overall target achievement of 37.27% for the short-term incentive for the Fiscal Year. For further details see the section "Short-term incentive – MBBP 2020+".

Multi-year variable compensation target achievement for the performance period ending at the end of the Fiscal Year

The performance period of the allocation made under the Management Board Long Term Incentive Plan 2020 (MB LTIP 2020) in the fiscal year 2020 also ended upon the end of the Fiscal Year. The annual target values and the target achievement for the 2020, 2021 and 2022 performance periods were each as shown in TABLE 4.11.

Payments under the MB LTIP 2020 will be possible for the first time in 2023. The amounts received are to be invested in shares of the Company which are to be held for at least one year. The members of the Management board will therefore not be able to dispose of the corresponding amounts before 2024.

T 4.11 **TARGET VALUES AND TARGET ACHIEVEMENT FOR THE ALLOCATION 2020 UNDER THE MB LTIP 2020**

	Target values			Actual values			Target achievement	
	0%	100%	200%	As reported	Adjustments [1]	According to plan terms	Per performance target	Annual
2020								
Revenue growth	≤ 1%	= 6%	≥ 11%	2.2%	3.1%	5.3%	85%	
Net income growth	≤ 0%	= 5%	≥ 10%	(2.9%)	17.8%	14.9%	200%	162%
Return on invested capital (ROIC)	≤ 5.5%	= 6.0%	≥ 6.5%	5.8%	0.8%	6.6%	200%	
2021								
Revenue growth	≤ 1%	= 6%	≥ 11%	(1.3%)	3.1%	1.8%	16%	
Net income growth	≤ 0%	= 5%	≥ 10%	(16.8%)	2.4%	(14.4%)	0%	5%
Return on invested capital (ROIC)	≤ 5.5%	= 6.0%	≥ 6.5%	4.9%	–%	4.9%	0%	
2022								
Revenue growth	≤ 1%	= 6%	≥ 11%	10.1%	(8.0%)	2.1%	22%	
Net income growth	≤ 0%	= 5%	≥ 10%	(30.5%)	(6.2%)	(36.7%)	0%	7%
Return on invested capital (ROIC)	≤ 5.5%	= 6.0%	≥ 6.5%	3.3%	–%	3.3%	0%	
OVERALL TARGET ACHIEVEMENT								**58%**

[1] Revenue growth and net income growth were determined at constant currency. Furthermore, as already reported for the first time in the 2020 Compensation Report, an impairment of goodwill and tradenames in the Latin America Segment has materialized with an impact of €194,468 THOUS as a consequence of the macro-economic down-turn and increasing risk adjustment rates for several countries in the Latin America Segment. In particular to ensure comparability of the underlying financial figures of the performance targets with the Company's operating performance and to adequately recognize the actual performance of the members of the Management Board, the supervisory board of the General Partner in February 2021 decided in the Fiscal Year to exclude the Latin America Segment impairment in question, which solely relates to the carrying amounts, when determining the relevant target achievement for the short-term incentive for the year 2020.

Compensation-relevant changes in the Management Board

The company has completed the realignment of its operating model under the "FME25" program and, since the beginning of 2023, has been operating under a significantly simplified structure with only two global segments: Care Enablement and Care Delivery. The realignment of the operating model has led to changes in the allocation of responsibilities among the members of the Management Board. According to the allocation of responsibilities implemented as of January 1, 2022, Dr. Katarzyna Mazur-Hofsäß (previously member of the Management Board for the Europe, Middle East and Africa region) is responsible for the new Care Enablement business segment and Mr. William Valle (previously member of the Management Board for the North America region) for the new Care Delivery business segment, under which to report as of 2023. Overall, the number of Management Board departments was reduced from eight to five in the course of this.

In view of the age limit set by the supervisory board of the General Partner, Mr. Rice Powell retired from the Management Board upon termination of his appointment at the end of the Fiscal Year. He had previously resigned as Chair of the Management Board with effect from the end of September 30, 2022. Dr. Carla Kriwet had been appointed member and Chair of the Management Board with effect from October 1, 2022, and at her own request and by mutual agreement retired from these positions effective at the end of December 5, 2022. More detailed information on the agreements concluded with Mr. Powell and Dr. Kriwet with a view to their departure from the Management Board can be found in the section "Agreements with members of the Management Board who resigned from office during or at the end of the Fiscal Year".

Ms. Helen Giza has been Chair of the Management Board since December 6, 2022, and will be acting Chief Financial Officer until a successor is appointed to this position. She had previously been appointed Deputy Chair of the Management Board with effect from May 16, 2022, and served as Chief Transformation Officer during the Fiscal Year, responsible for the implementation of the FME25 program.

The new and, also with a view to the reduction of the number of departments of the Management Board, in some cases significantly expanded responsibilities of the Management Board members Ms. Helen Giza, Dr. Katarzyna Mazur-Hofsäß and Mr. William Valle have been taken into account in the compensation through corresponding, appropriate increases in the respective base salary. For those members of the Management Board with whom the compensation benefits are contractually agreed in U.S. dollar, the strong deterioration of the euro against the U.S. dollar in the Fiscal Year generally led to a corresponding increase of the euro amounts presented in this Compensation Report, which is not accompanied by a corresponding increase of the contractually agreed U.S. dollar amounts. This currency effect also affects Ms. Helen Giza, who has been compensated in U.S. dollars since May 16, 2022. The amounts for the Fiscal Year and the previous year (in each case in the reporting currency euro) can be found in the section "Compensation tables for the current Management Board members or members in office until the end of the Fiscal Year".

As already announced in the Compensation Report for the fiscal year 2021, the elimination of management board functions with regional responsibility associated with the realignment of the operating model under the FME25 program had the effect that the short-term variable compensation for the Fiscal Year for all members of the Management Board, in accordance with the applicable "Compensation System 2020+," was subject exclusively to performance targets measured at group level and no longer also partially at regional level.

THE COMPANY'S STRUCTURE AND CORPORATE BODIES' COMPENSATION

The Company is a German partnership limited by shares (Kommanditgesellschaft auf Aktien), which does not have any management board itself but has a general partner, Fresenius Medical Care Management AG, which manages the Company's affairs according to the Articles of Association. Each of the Company and the General Partner has its own supervisory board, the activities of which are remunerated in accordance with the Articles of Association of the Company and the General Partner, respectively. For further information on the Company's corporate governance, please see the Company's Declaration on Corporate Governance (Erklärung zur Unternehmensführung), which is publicly available on the Company's website. Hence, the Company's Compensation Report includes not only information on the compensation of the General Partner and the Supervisory Board, but also on the compensation of the General Partner's Management Board and the General Partner's supervisory board.

General Partner's compensation

Pursuant to Article 7 para. 4 of the Company's Articles of Association, the General Partner receives non-profit-and-loss-related annual compensation of 4% of its share capital for managing the Company's affairs and the liability associated therewith. The General Partner's share capital amounted to €3 M in the Fiscal Year. The compensation due in this respect in the Fiscal Year was therefore €120 THOUS.

In addition, pursuant to Article 7 para. 3 of the Company's Articles of Association, the General Partner is reimbursed for any expenses incurred in connection with managing the Company's affairs. This includes, in particular, the compensation of its board members as set out in the following.

Management Board members' compensation

The General Partner's supervisory board is responsible for determining the compensation of the members of the Management Board. The General Partner's supervisory board is supported in this task by a personnel committee established from among its members, the Human Resources Committee, which is also responsible for the tasks of a compensation committee. In the Fiscal Year, the Human Resources Committee consisted of Mr. Stephan Sturm (until September 30, 2022, until then also Chair), Mr. Michael Sen (since October 1, 2022, since then also Chair), Mr. Rolf A. Classon and Dr. Dieter Schenk (also Vice Chair).

Unless otherwise indicated, the following information relates to the compensation of the current members of the Management Board or members in office until the end of the Fiscal Year. For the amounts, please see the section "Compensation tables for the current Management Board members or members in office until the end of the Fiscal Year".

For information on compensation of former members of the Management Board in the Fiscal Year, including the amounts of such compensation, please see the section "Former Management Board members' compensation". Former members of the Management Board within the meaning of this Compensation Report are those who ceased to hold office before expiry of the Fiscal Year.

Compensation systems applying to compensation in the Fiscal Year

The compensation of the Management Board members for the Fiscal Year was determined in accordance with the "Compensation System 2020+" as approved by the Company's Annual General Meeting on August 27, 2020 with a majority of more than 95% of the votes cast and as implemented with effect from January 1, 2020 in the service agreements of all members

of the Management Board. The compensation components awarded and due in the Fiscal Year under the provisions of the Compensation System 2020+ are in accordance with the Compensation System 2020+.

Details of the Compensation System 2020+ are available on the Company's website at www.freseniusmedicalcare.com/en/about-us/management-board/compensation/. The main elements of the Compensation System 2020+ are also set out in this Compensation Report in the section "The Compensation System 2020+".

The Compensation System 2020+ and the compensation awarded or due in the Fiscal Year are in each case in accordance with the relevant recommendations of the German Corporate Governance Code, both in its currently applicable version dated April 28, 2022, and in the version dated December 16, 2019, applicable in the Fiscal Year until then. Any deviations from the recommendations of the German Corporate Governance Code are disclosed in accordance with the legal requirements.

To the extent that compensation based on multi-year variable compensation, i.e. on cash-settled share-based compensation, which had been allocated in fiscal years preceding the Compensation System 2020+, was paid out to members of the Management Board in the Fiscal Year or to the extent that the latter exercised stock options awarded in fiscal years preceding the Compensation System 2020+, this was in each case done in accordance with the respectively applicable compensation systems approved by the Company's Annual General Meeting in 2010, 2011 and 2016.

Please refer to the section "Variable compensation components from allocations made prior to the Compensation System 2020+" for details on each such amount of multi-year variable compensation and for details on stock options.

Overview of the Management Board members' compensation in the Fiscal Year

The compensation awarded and due to the members of the Management Board in the Fiscal Year consisted of fixed and variable components:

- fixed compensation, consisting of a base salary and fringe benefits,
- one-year variable compensation (short-term incentive) and
- multi-year variable compensation, consisting of payments under share-based cash-settled compensation allocated in previous fiscal years.

In addition, some members of the Management Board exercised stock options awarded in previous fiscal years.

Payments under the multi-year variable compensation component provided for under the Compensation System 2020+, the MB LTIP 2020, will be possible for the first time only in 2023. The amounts received are to be transferred to a credit institution and invested for account of the Management Board members in shares of the Company, which are to be held for at least one year. The members of the Management Board will therefore be able to dispose of the corresponding amounts not before 2024. Details on the target values and target achievement to the allocation made in 2020 under the MB LTIP 2020 can be found in the section "Multi-year variable compensation target achievement for the performance period ending at the end of the Fiscal Year".

Horizontal and vertical compensation reviews

In determining the individual Management Board members' total compensation, the General Partner's supervisory board takes into account their different functions and responsibilities within the Management Board and the Company's economic situation. Furthermore, the General Partner's supervisory board takes into account that total compensation should also be appropriate considering the relevant market practice and benchmarks, using results of vertical and horizontal compensation reviews and external benchmark data. In addition, the total compensation contractually agreed with each member of the Management Board takes into account the best interest of the Company to retain the Management Board members and to attract potential new talent for the Management Board.

In order to assess the appropriateness of the compensation system and the individual compensation of the Management Board members, the General Partner's supervisory board conducts a horizontal review of compensation amounts and structures. The amounts of the target total direct compensation (base salary and the target short-term incentive amount and the allocation amount under the long-term incentive) and the relevant underlying components contractually agreed with each member of the Management Board are compared to compensation market data of companies of a comparable sector, country-coverage and size. In addition, the base salary as well as the target amounts of the variable compensation components of the Management Board members are benchmarked against those of companies of relevant peer groups (these include DAX companies as well as U.S. companies of comparable sector and size). For the Fiscal Year, the DAX companies in the composition of December 31, 2021 and – depending on the specific tasks of the relevant member of the Management Board – the following companies listed in the U.S. were used: Anthem Inc., Baxter International Inc., Boston Scientific Corporation, Cigna Corporation, CVS Health Corporation, DaVita Inc., Encompass Health Corporation, Humana Inc., McKesson Corporation, Medtronic plc and UnitedHealth Group Incorporated.

The General Partner's supervisory board also conducts a vertical review with respect to the compensation levels of the Company's employees when determining the compensation system and the compensation of the Management Board members. For this purpose, the ratio between the average compensation of the Management Board and that of the upper management of the Company's group in Germany was determined for the Fiscal Year in accordance with the Compensation System 2020+. The "upper management of the Company's group in Germany" included all employees having a position of Vice President and above and reporting to a Management Board member. In addition, the ratios between the average compensation of the Management Board, of the employees of the Company's group in Germany and of the employees of the Company's group worldwide were determined and, to the extent practicable, compared to corresponding ratios of companies included in the DAX. When conducting the vertical review, the General Partner's supervisory board also took into account the development of compensation levels over time.

THE COMPENSATION SYSTEM 2020+

The guiding principles and components of the Compensation System 2020+ and the compensation structure as well as the caps and maximum compensation under the Compensation System 2020+ are described in detail below.

Guiding principles of the Compensation System 2020+

The objective of the Compensation System 2020+ is to enable the members of the Management Board to participate reasonably in a sustainable and long-term development of the company's business and to reward them based on their duties and performance as well as their success in managing the company's economic and financial position giving due regard to the peer environment and to make a significant contribution to the implementation and further development of the business strategy.

The Compensation System 2020+ was developed based on the guiding principles shown in CHART 4.12, whereby, for the reasons stated in the section "The Fiscal Year in retrospect," namely the elimination of Management Board functions with regional responsibility associated with the realignment of the operation model under the FME25 program, only global performance targets were applied in the Fiscal Year and not also regional ones.

C 4.12 **GUIDING PRINCIPLES OF THE COMPENSATION SYSTEM 2020+**

GUIDING PRINCIPLES OF THE COMPENSATION SYSTEM 2020+	
Link to strategy	The Compensation System 2020+ for the Management Board members promotes the execution of the company's global strategy.
Alignment with shareholders' interests	With the aim of achieving sustainable and profitable growth, the Compensation System 2020+ is aligned with shareholders' interests. Feedback from many investors has been considered in the design of the system.
Simplified structure	The Compensation System 2020+ is simply structured and easy to understand.
Long-term focus	The compensation components and the long-term oriented compensation structure promote long-term and sustainable value creation.
Reward financial performance & sustainability	The applied performance targets reflect the Company's business strategy and ensure the Company's strong commitment towards environmental, social and governance aspects (ESG).
Collaboration across operating segments	Depending on the Management Board member's function, both regional and global performance targets are applied for the members of the Management Board. By measuring predominantly on a global basis, a close collaboration across the Company's operating segments is promoted.
Good corporate governance	The Compensation System 2020+ is designed to comply with the recommendations set forth in the German Corporate Governance Code in the version dated December 16, 2019.
Best market practice	The design of the Compensation System 2020+ is based on current best market practice.

Components of the Compensation System 2020+

The following illustration shows the compensation components and further design elements of the Compensation System 2020+, which are described in more detail in CHART 4.13 ON PAGE 149.

C 4.13 COMPONENTS OF THE COMPENSATION SYSTEM 2020+

COMPENSATION SYSTEM 2020+

Fixed components	Variable components	
Base salary	**Short-Term Incentive** (Multiplier: 1.05 times base salary)	**Long-Term Incentive** (Multiplier: 1.35 times base salary)
+	Financial performance targets	Financial performance targets
Fringe benefits	20% Revenue 20% Operating Income 40% Net Income	1/3 Revenue Growth 1/3 Net Income Growth 1/3 ROIC
+	Non-financial performance target	
Pension commitment	20% Sustainability	
	Target achievement cap: 120%	Target achievement cap for financial performance targets: 200% Overall proceeds cap incl. share price development: 400%

Maximum compensation amount

Maximum compensation for each Management Board member depending on the function

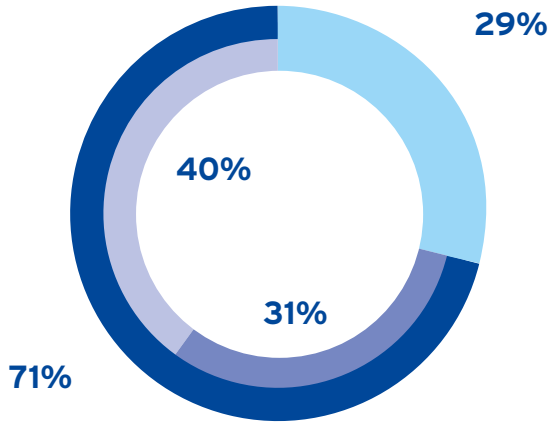
Further design elements

Share ownership

Malus and clawback

Severance payment cap

C 4.14 COMPENSATION STRUCTURE UNDER THE COMPENSATION SYSTEM 2020+



Compensation structure under the Compensation System 2020+

The compensation structure of the target total direct compensation for a full fiscal year consists of 29% base salary, 31% short-term incentive and 40% long-term incentive (SEE CHART 4.14).

Owing to a 71% share of performance-based variable compensation components in target total direct compensation, the compensation of the Management Board is, as a whole, perfor-

mance-based. Owing to a 40% long-term incentive share (56% of variable compensation components), the compensation of the Management Board is geared to promoting sustainable and long-term corporate development.

Caps and maximum compensation

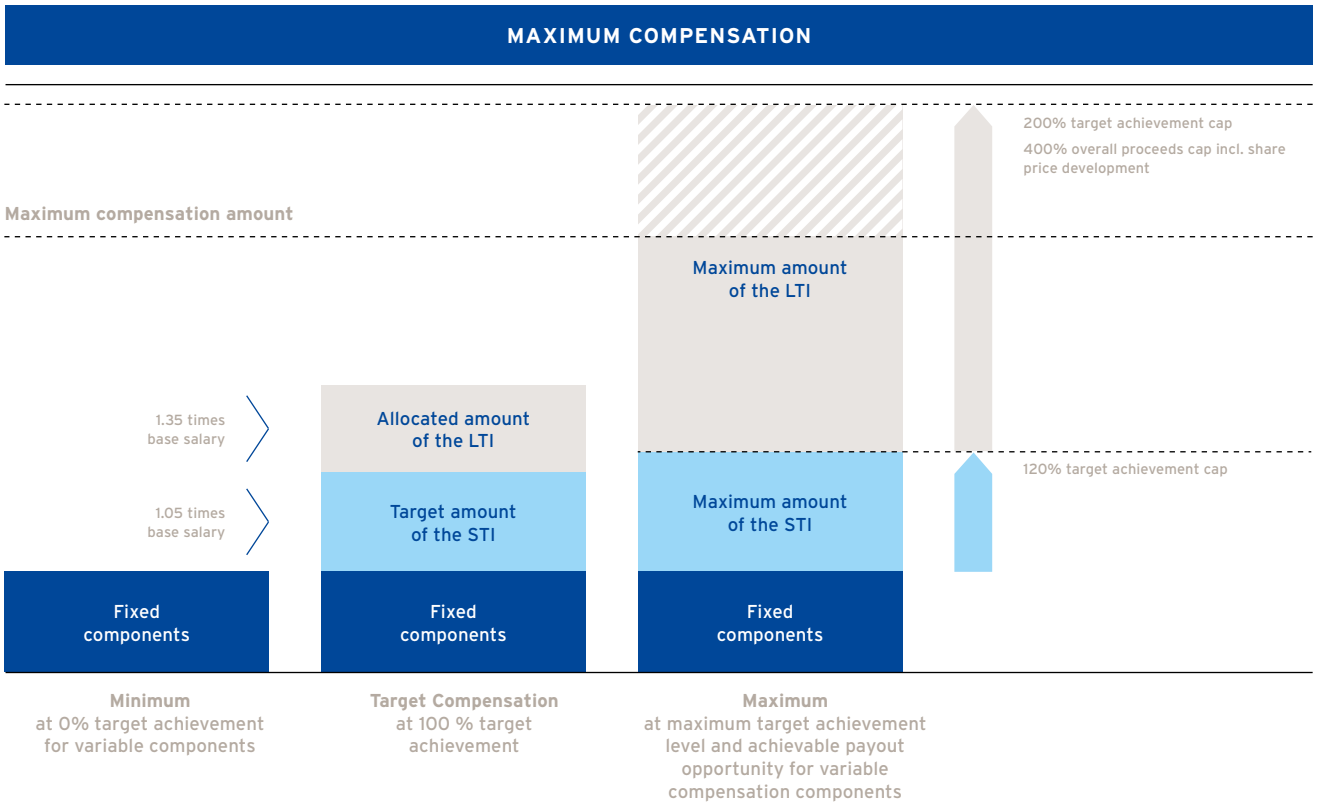
The Management Board members' total compensation under the Compensation System 2020+ is limited, for one thing, by a cap applying to each variable compensation component and, for another, by maximum compensation.

For the short-term incentive, the target achievement and payout are capped at 120% of the relevant target short-term incentive amount. For the long-term incentive, the target achievement is capped at 200% for each allocation. In addition, the amounts received from each allocation of the long-term incentive are capped at 400% of the allocation amount, thus also capping the opportunity of benefiting from the Company's share price development in the relevant vesting period. The General Partner's supervisory board has also agreed a cap option for the variable compensation components in the event that extraordinary developments occur.

The Compensation System 2020+ provides for a maximum amount of total compensation for each member of the Management Board (maximum compensation). Such maximum compensation limits the amounts potentially paid out to and received by a member of the Management Board as compensation from determinations or allocations for a fiscal year, irrespective of the dates on which such amounts are paid out or received. The maximum compensation takes into account all amounts paid out and received under the fixed and variable compensation components and the pension expense of the pension commitment attributable to the relevant fiscal year. A Management Board member's maximum compensation may be lower than the sum of the potentially achievable payouts from the individual compensation components determined or allocated for a fiscal year.

The maximum compensation for a fiscal year is determined based on the currency of the base salary as specified in the relevant Management Board member's service agreement. Under the Compensation System 2020+ and the allocation of responsibilities on which it is based, and in accordance with the respective service agreement, it amounts to €12,000 THOUS or $13,434 THOUS for the Chair of the Management Board (CEO), €9,500 THOUS or $10,635 THOUS for the CEO North America (now responsible for Care Delivery) and €7,000 THOUS or $7,836 THOUS for any other Management Board function. With a view to his resignation as Chair of

C 4.15 **CAPS AND MAXIMUM COMPENSATION COMPENSATION SYSTEM 2020+**



the Management Board at the end of September 30, 2022, the maximum compensation of Mr. Rice Powell for the Fiscal Year was reduced my mutual agreement from $13,434 THOUS to approximately $12,034 THOUS.

The review of compliance with the maximum compensation for 2020 may for the first time be conducted in 2023, i.e. when the vesting period of the long-term incentive allocated in 2020 has expired and the amount to be paid out has been finally determined.

The caps and maximum compensation under the Compensation System 2020+ are shown in CHART 4.15 ON PAGE 150.

MANAGEMENT BOARD MEMBERS' COMPENSATION IN THE FISCAL YEAR

The compensation in the Fiscal Year of the current Management Board members or members in office until the end of the Fiscal Year will be described in more detail below. The following tables show their respective total compensation are set out in the section "Compensation tables for the current Management Board members or members in office until the end of the Fiscal Year". Information on the compensation for Management Board members that ceased to hold office before expiry of the Fiscal Year are set out in the section "Former Management Board members' compensation".

Fixed compensation components

The Management Board members receive a base salary and fringe benefits as fixed compensation components.

In the Fiscal Year, the fringe benefits awarded or due to the Management Board members under their service agreements mainly consisted of the private use of company cars, housing, rent and relocation payments, reimbursement of fees for the preparation of tax returns, reimbursement of charges, contributions to pension schemes (other than the pension commitments set out herein), contributions to accident, life and health insurances or other insurances as well as tax equalization compensation due to varying tax rates applicable in Germany and the country in which the relevant Management Board member may be personally taxable. Please see the section "Further information" for details of such tax equalization compensation.

In addition, individual contractual pension commitments have been made to individual Management Board members. Payments to the Management Board members under pension commitments will only become payable when the covered event occurs. The pension commitments are set out in the section "Pension commitments".

Variable compensation components

The variable compensation components under the Compensation System 2020+ comprise a short-term and a long-term incentive component, the latter of which includes a mandatory share ownership element, as described in the section "Overview of the Management Board members' compensation in the Fiscal Year". Amounts from this long-term incentive component may be received for the first time in 2023 and are to be invested in shares of the Company which need to be held for at least one year. Details on the target values and target achievement to the allocation of the long-term incentive component made in 2020 can be found in the section "Multi-year variable compensation target achievement for the performance period ending at the end of the Fiscal Year".

In addition, some Management Board members received for their Management Board activities a long-term incentive from outstanding compensation components allocated in previous fiscal years under any of the compensation systems applicable until December 31, 2019. Furthermore, some Management Board members exercised stock options awarded in previous fiscal years. For more detailed information, please see the section "Variable compensation components from allocations made prior to the Compensation System 2020+".

Variable compensation components under the Compensation System 2020+

The variable compensation components applicable under the Compensation System 2020+ to activities in the Fiscal Year are shown in CHART 4.16 ON PAGE 152.

Short-term incentive – MBBP 2020+

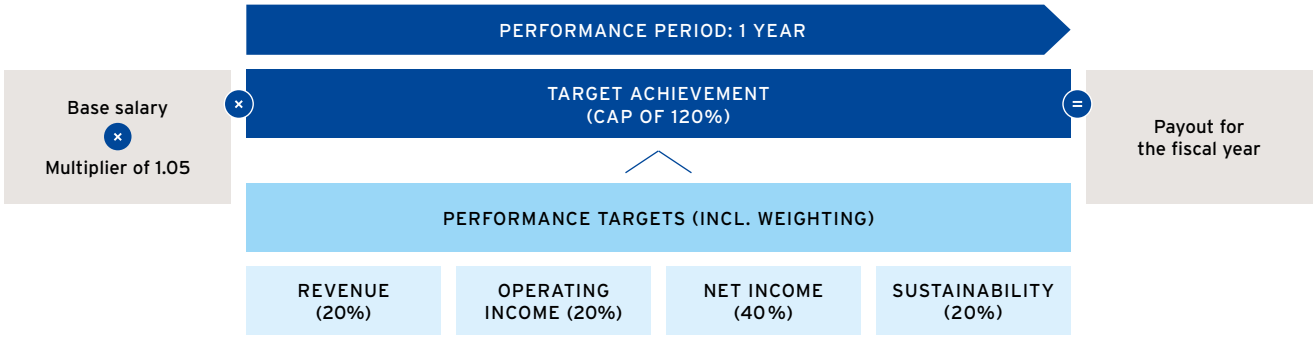
Under the Compensation System 2020+, the Management Board members are entitled to receive a short-term incentive in accordance with the Fresenius Medical Care Management Board Bonus Plan 2020+ (MBBP 2020+), which may result in a cash payment. The short-term incentive rewards the Management Board members for the Company's performance in the relevant fiscal year. The short-term incentive is linked to the achievement of three financial and one non-financial performance targets.

The target short-term incentive amount to be allocated to each Management Board member (which is paid out at a target achievement level of 100%) equals 105% (multiplier of 1.05) of the Management Board member's relevant base salary.

C 4.16 VARIABLE COMPENSATION COMPONENTS UNDER THE COMPENSATION SYSTEM 2020+

VARIABLE COMPENSATION	
SHORT-TERM INCENTIVE	Annual payment in cash after completion of the fiscal year
	Financial targets: Revenue, Operating income and Net income
	Non-financial targets: Sustainability
	Overall target achievement: 0 – 120%
LONG-TERM INCENTIVE	Performance Share Plan with a performance period of three years
	Investment of the proceeds in Company shares acquired on the stock exchange with a holding period of at least one year
	Targets: Revenue growth, Net income growth and Return on invested capital (ROIC)
	Overall target achievement: 0 – 200%

C 4.17 SHORT-TERM INCENTIVE – MBBP 2020+



Functioning

The functioning of the MBBP 2020+ is shown in CHART 4.17.

The short-term incentive is measured based on the achievement of four performance targets: 20% relate to revenue, 20% to operating income, 40% to net income and 20% to the achievement of specific and measurable sustainability criteria. For the reasons stated in the section "The Fiscal Year in retrospect", the performance targets are no longer measured in part also at regional level, but exclusively at group level.

The supervisory board of the General Partner defines for each performance target the specific target values that lead to a target achievement of 0% (lower threshold), 100% and 120% (cap).

The following applies to each of the performance targets: If the lower threshold of a target value is not exceeded, the target achievement is 0%. If the upper target value is reached or exceeded, the target achievement is 120% (cap). If the financial performance values achieved are between the relevant target values for a target achievement of 0% to 50%, 50% to 100% or 100% to 120%, the relevant target achievement is determined by linear interpolation. The same applies if the total score achieved for the sustainability target lies between the target values for target achievement of 0% to 100% or 100% to 120%.

The short-term incentive is paid out in the year following the year of target achievement.

Link to strategy

The financial performance targets (revenue, operating income, net income) reflect key performance indicators of the Company and support the Company's strategy of achieving sustainable and profitable growth. The key success factors for continuous growth in revenue are to attract new customers for products as

T 4.18 **SHORT-TERM INCENTIVE – TARGET VALUES AND TARGET ACHIEVEMENT IN THE FISCAL YEAR**

	Target values				Actual values			Target achievement
	0%	50%	100%	120%	As reported	Adjustments[1]	According to plan terms	
	in € M	in € M	in € M	in € M	in € M	in € M	in € M	in %
Revenue	≤ 16,589	= 17,510	= 18,432	≥ 18,801	19,398	(1,586)	17,812	66.36
Operating income	≤ 1,525	= 1,715	= 1,906	≥ 1,982	1,512	(172)	1,340	0.00
Net income	< 868	= 868	= 965	≥ 984	673	(90)	583	0.00

[1] According to the plan terms, the financial figures underlying the target achievement were translated at the exchange rates that were applied for the determination of the target values to ensure comparability. Furthermore, in accordance with the plan terms, the effects related to a merger (InterWell Health) were excluded when determining the target achievement.

T 4.19 **SHORT-TERM INCENTIVE – SUSTAINABILITY TARGET**

	Target values			Target achievement	
	0%	100%	120%	Absolute	Relative
Jahr	in points	in points	in points	in points	in %
2022	≤ 28.00	= 45.00	≥ 56.00	56.00	120.00
2021	≤ 18.00	= 28.00	≥ 34.00	40.25	120.00
2020	≤ 10.75	= 18.00	≥ 20.00	24.50	120.00

well as new patients to increase the number of treatments performed annually, and also to be successful in the other business areas in the health care sector. Operating income and net income reflect the company's ability to operate profitably and thus create value for its shareholders.

The non-financial performance target underlines the Company's commitment to implement its global sustainability program. The sustainability target, which relates to different sustainability areas, reflects the Company's commitment and strategy with respect to environmental, social and governance aspects (ESG).

Financial performance targets

By measuring the performance targets at group (global) level and – in the past depending on the relevant Management Board member's function – at regional level, both the financial performance of the individual regions and that of the group were reflected.

As already reported in the Compensation Report for the fiscal year 2021, the company is realigning its operating model under the FME25 program. Under the significantly simplified structure, the company will operate with only two global segments: Care Enablement and Care Delivery. As already announced in the Compensation Report for the fiscal year 2021, the elimination of Management Board functions with regional responsibility had the effect that the short-term variable compensation for the Fiscal Year for all members of the Management Board, in accordance with the Compensation System 2020+, was subject exclusively to performance targets measured at group level and no longer also partially at regional level.

The target values applied to the financial targets in the Fiscal Year and their achievement are set out in TABLE 4.18.

Sustainability target

In addition to the financial performance targets, the Compensation System 2020+ has incorporated sustainability as a non-financial performance target of the short-term incentive. This performance target underlines the Company's commitment to implement its Global Sustainability Program and is based on a qualitatively measurable sustainability target that relates to various environmental, social and governance aspects (ESG).

The achievement of the sustainability target is measured at the group level to ensure close collaboration across the Company's operating segments in the field of sustainability. For this purpose, eight material sustainability areas were defined: responsibility towards patients as well as employees, anti-bribery and anti-corruption, data protection and privacy, human and labor rights, sustainable supply, environment, and occupational health and safety. The progress in each sustainability area is measured by the degree of implementation of the following

pre-defined management concepts: purpose, goals and objectives, responsibility and ownership, coverage, reporting and communication, results and progress as well as policy, guideline and training. The eight sustainability areas and seven management concepts result in 56 sustainability criteria.

For the period from 2020 to 2022, the annual progress of the implementation of these sustainability criteria is measured in two steps using a control and calculation model. Further information can be found in the non-financial reporting of the company.

Within the control and calculation model, the degree of implementation of these sustainability criteria is evaluated in a first step using a predefined questionnaire. For each question, 0 points, 0.25 points, 0.5 points, 0.75 points or 1 point can be achieved depending on the degree of implementation. Based on the evaluation of the questionnaire, the score for each sustainability criterion is determined in a second step. The score for each sustainability criterion can also be 0 points, 0.25 points, 0.5 points, 0.75 points or 1 point. To calculate the achieved score for each sustainability criterion, the average of the points over the number of questions per sustainability criterion is calculated. If the thus calculated average deviates from the aforementioned scores, it is rounded down to the next lower score. For example, a score of 0.45 points would lead to a score of 0.25 points for a sustainability criterion.

To determine the total score for the sustainability target, the sum of the points achieved for the 56 sustainability criteria is calculated. The target values set by the General Partner's supervisory board for the Fiscal Year and for the two preceding years as well as the target achievement are set out in TABLE 4.19 ON PAGE 153.

Details on the sustainability target for the short-term variable compensation for the fiscal year 2023 can be found in the section "Outlook for compensation-related changes".

T 4.20 SHORT-TERM INCENTIVE – OVERALL TARGET ACHIEVEMENT IN THE FISCAL YEAR
IN %

Target achievement (weighting)				Overall target achievement
Revenue (20%)	Operating income (20%)	Net income (40%)	Sustainability target (20%)	
66.36	0.00	0.00	120.00	37.27

T 4.21 SHORT-TERM INCENTIVE – AMOUNTS TO BE PAID IN THE YEAR 2023 FOR THE PERFORMANCE IN THE FISCAL YEAR
IN € THOUS

	Base salary	Multiplier	Target amount	Cap (120%)	Overall target achievement in %	Payout amount
Helen Giza[1]	1,385	1.05	1,454	1,745	37.27	542
Franklin W. Maddux, MD[1]	921	1.05	967	1,160	37.27	360
Dr. Katarzyna Mazur-Hofsäß	1,064	1.05	1,117	1,340	37.27	416
Rice Powell[1]	2,013	1.05	2,114	2,537	37.27	788
William Valle[1]	1,567	1.05	1,645	1,974	37.27	613

[1] Please note for the amounts as set out herein that the compensation components for Ms. Helen Giza (since May 16, 2022) as well as Messrs. Franklin W. Maddux, MD, Rice Powell and William Valle are denominated in U.S. dollar and that the amounts may be subject to currency fluctuations. The translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year.

Overall target achievement

The degree of the overall target achievement for the short-term incentive is determined based on the weighted arithmetic mean of the target achievement level of each performance target. Multiplying the degree of the respective overall target achievement with the target short-term incentive amount results in the final short-term incentive amount. After the corresponding resolution of the General Partner's supervisory board, the final short-term incentive amount is paid to the respective Management Board member in cash. Since the overall target achievement is capped at 120%, the final short-term incentive amount is also capped at 120% of the respective target short-term incentive amount.

TABLE 4.20 shows the target achievement per performance target as well as the overall target achievement for the Fiscal Year.

The overall target achievement for the short-term variable compensation for the Fiscal Year is identical for all Management Board members because the financial performance targets for the short-term variable compensation are no longer measured in part also at regional level but exclusively at group level for the reasons stated in the section "The Fiscal Year in retrospect".

The amounts to be paid out to the individual Management Board members in 2023 on the basis of this overall target achievement for the Fiscal Year, taking into account the target amount (base salary multiplied by the multiplier) and in compliance with the cap, can be found in TABLE 4.21 ON PAGE 154.

The corresponding information on the short-term variable compensation paid out in the Fiscal Year for the performance in 2021 was previously disclosed in the Compensation Report for the fiscal year 2021.

Long-term incentive – MB LTIP 2020

On the basis of the Compensation System 2020+, so-called Performance Shares were allocated to the Management Board members in the Fiscal Year under the MB LTIP 2020 as a long-term incentive.

The Performance Shares allocated to the members of the Management Board under the MB LTIP 2020 are non-equity, cash-settled virtual compensation instruments with a performance period of three years. Any amounts received from the Performance Shares are subject to the achievement of three equally weighted performance targets and further depend on the development of the stock exchange price of the shares of the Company. The amounts received from the Performance Shares (after taxes and duties) are transferred to a credit institution which uses them to purchase shares of the Company on the stock exchange. The shares so acquired are subject to a holding period of at least one year. The amounts resulting from the long-term incentive are therefore not accessible to the Management Board members before the expiry of a period of at least four years.

The allocation amount for the Performance Shares equals 135% (multiplier of 1.35) of the relevant base salary of the respective Management Board member.

In order to determine the number of Performance Shares to be allocated to the relevant Management Board member, the relevant allocation amount is divided by the value per Performance Share determined in accordance with IFRS 2 and considering the average price of the Company's shares over a period of 30 calendar days prior to each relevant allocation date. The number of Performance Shares to vest for each Management Board member depends on the achievement of the performance targets.

Functioning

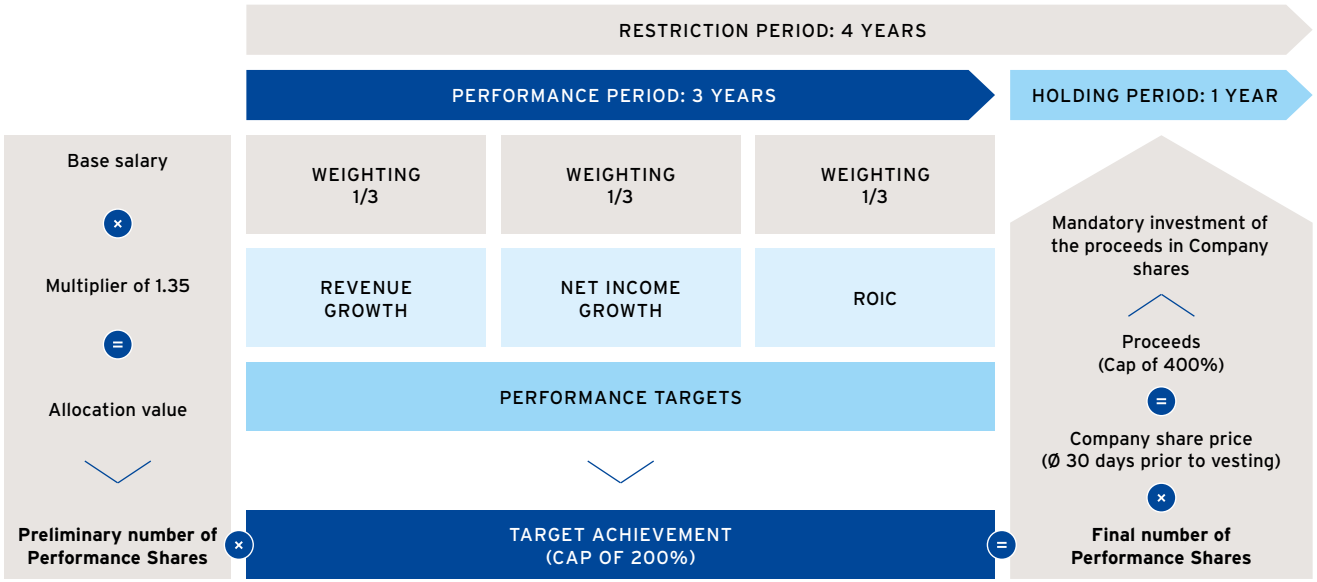
The functioning of the MB LTIP 2020 is shown in CHART 4.22.

Revenue growth and net income growth are determined at constant currency. According to the plan terms, the underlying financial figures of the financial performance targets may be adjusted for effects from changes in IFRS accounting standards to ensure comparability of the financial figures to the operational performance.

The supervisory board of the General Partner defines for each performance target the specific target values that lead to a target achievement of 0% (lower threshold), 100% and 200% (cap).

The following applies to each performance target: If the lower target value is not exceeded, a target achievement of 0% applies. If the upper target value is reached or exceeded, a target

C 4.22 **LONG-TERM INCENTIVE – MB LTIP 2020**



achievement of 200% (cap) applies. If the actual financial figures range between the relevant target values applicable to a target achievement of 0% to 100% or 100% to 200%, the target achievement is determined by linear interpolation. At the end of the three-year performance period, the supervisory board of the General Partner determines the overall target achievement by taking the average of the target achievement levels for the three performance targets in the applicable three-year performance period. The three performance targets are equally weighted.

Based on the degree of the overall target achievement, the number of Performance Shares to vest is determined for each member of the Management Board. The number of Performance Shares may increase or decrease over the performance period. A total loss as well as (at most) doubling of the allocated Performance Shares in case of a target achievement of 200% (cap) is possible. After the final determination of the overall target achievement, the number of Performance Shares to vest is multiplied by the average price of the Company's shares over the 30 calendar days preceding the relevant vesting date in order to calculate the corresponding amount received from the Performance Shares to vest. The total proceeds from the Performance Shares are capped at 400% of the relevant allocation amount.

Amounts from Performance Shares allocated under the MB LTIP 2020 may be received for the first time in 2023 (from the allocation in 2020). Given the fact that the amounts received will be invested in shares to be held for at least one year, the Management Board members will therefore not have access to the corresponding amounts before 2024.

C 4.23 **MB LTIP 2020 – LINK OF PERFORMANCE TARGETS TO STRATEGY**

PERFORMANCE TARGET	WEIGHTING	RATIONALE AND LINK TO STRATEGY
REVENUE GROWTH	1/3	The key to continue growing Revenue is to attract new product customers, new patients and increase the number of treatments performed each year as well as delivering in the other healthcare businesses. Revenue Growth also reflects the continuous importance of growth for the long-term success of the group.
NET INCOME GROWTH	1/3	On a group level, percentage growth in Net Income is a key performance indicator used for internal management. Net Income Growth reflects the long-term profitability of the group.
ROIC	1/3	ROIC is a profitability measure and expresses how efficiently capital under the Company's control is allocated in the long-term or how well the Company 's capital with regard to a specific investment project is employed.

Link to strategy

In order to achieve long-term profitable growth, the three performance targets revenue growth, net income growth and return on invested capital (ROIC) have been chosen as they reflect the Company's strategic priorities of increasing the business activities and at the same time ensuring a certain level of return of the Company's investments. These performance targets form part of the Company's key performance indicators and support the execution of the Company's long-term strategy (SEE CHART 4.23).

Measurement of target achievement for allocation in the Fiscal Year

For allocations in the Fiscal Year, the target achievement levels of the performance targets growth in revenue and net income growth are calculated based on a compound annual growth rate (CAGR) over the entire three-year performance period. The basis for the first annual growth rate is 2021. To ROIC, annual target values apply. The respective target values are disclosed after the end of the three-year performance period.

T 4.24 **PERFORMANCE SHARES ALLOCATED IN THE FISCAL YEAR UNDER THE MB LTIP 2020** [1]

	Base salary	Multiplier	Allocation amount	Value per Performance Share at allocation [2]	Number of Performance Shares	Cap (400 %)
	in € THOUS		in € THOUS	in €		in € THOUS
Helen Giza [3]	1,385	1.35	1,870	55.09	32,279	7,480
Franklin W. Maddux, MD [3]	921	1.35	1,243	55.09	20,974	4,972
Dr. Katarzyna Mazur-Hofsäß	1,064	1.35	1,436	55.09	26,074	5,744
Rice Powell [3]	2,013	1.35	2,718	55.09	45,841	10,872
William Valle [3]	1,567	1.35	2,115	55.09	35,678	8,460

[1] The former member of the Management Board Dr. Carla Kriwet received an allocation of 21,346 Performance Shares in the Fiscal Year, which were forfeited in accordance with the applicable plan terms upon her departure from the Management Board.
[2] The value per Performance Share as set out herein and relevant for the number of Performance Shares to be allocated is determined according to the plan terms considering the average price of the Company's shares over a period of 30 calendar days prior to the allocation date, which is why it may deviate from the Fair Value according to IFRS 2.
[3] Please note for the amounts as set out herein that the compensation components for Ms. Helen Giza (since May 16, 2022) as well as Messrs. Franklin W. Maddux, MD, Rice Powell and William Valle are denominated in U.S. dollar and that the amounts may be subject to currency fluctuations. The translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year.

Allocation in the Fiscal Year

In the Fiscal Year, the Performance Shares shown in TABLE 4.24 were allocated; their number was determined taking into account the allocation amount (basic compensation multiplied by the multiplier) and the value per Performance Share on the allocation date.

An overview of the status in the Fiscal Year of the Performance Shares allocated under the MB LTIP 2020 can be found in the section "Overview of outstanding share-based compensation components".

Variable compensation components from allocations made prior to the Compensation System 2020+

Individual members of the Management Board received variable compensation for their activities on the Management Board in the Fiscal Year based on outstanding compensation components allocated in previous fiscal years under one of the compensation systems applicable until December 31, 2019 or exercised stock options awarded to them in previous fiscal years under one of the compensation systems applicable until December 31, 2019. Further allocations based on these compensation components (including further awards of stock options) are no longer possible.

An overview of the status of these compensation components can be found in the section "Overview of outstanding share-based compensation components".

Share Based Award

To the extent members of the Management Board holding office at that time were entitled to the so-called Share Based Award under one of the compensation systems applicable until December 31, 2019, they may in principle receive share-based compensation, at the earliest, after a period of three years following the relevant allocation date. Such compensation is paid in cash in an amount that depends on the stock exchange price of the Company's shares on the exercise date. In special cases (e.g. disability to work, retirement, non-renewal of expired service agreements by the company) a shorter period may apply. The Share Based Award is to be classified as long-term compensation.

The Share Based Award is the amount of the one-year variable compensation component that under the compensation systems applicable until December 31, 2019 was to be converted into virtual shares of the Company not backed by equity of the Company as an amount to be deferred. In principle, 25% of the total amount of the one-year variable compensation was to be converted into such virtual shares; this amount was determined by multiplying the degree of the relevant overall target achievement by the relevant base salary and a further fixed multiplier. The amount to be paid out under Share Based Awards is calculated by multiplying the number of virtual shares by the stock exchange price of the Company's shares on the relevant exercise date.

In the Fiscal Year, individual current or former members of the Management Board received payments resulting from Share Based Awards allocated to them in 2019 for the achievement of the performance targets in 2018 (Allocation 2018) that vested in the Fiscal Year (SEE TABLE 4.25 ON PAGE 158).

An overview of the status in the Fiscal Year of the virtual shares allocated under the Share Based Award can be found in the section "Overview of outstanding share-based compensation components".

T 4.25 **PAYOUT FROM THE SHARE BASED AWARDS ALLOCATED IN THE YEAR 2019 FOR THE YEAR 2018** [1]

	Allocation amount	Number of virtual shares	Share price at exercise	Payout amount
	in € THOUS		in €	in € THOUS
Current members of the Management Board or members in office until the end of the Fiscal Year				
Dr. Katarzyna Mazur-Hofsäß	123	1,805	62.20	112
Rice Powell	977	15,003	60.34	905
William Valle	696	10,675	58.42	624
Former members of the Management Board				
Dr. Olaf Schermeier	323	4,739	59.02	280
Kent Wanzek	377	5,786	60.70	351
Harry de Wit	317	4,642	59.02	274

[1] The plan terms applicable to the Share Based Award entitle to payments in euro.

Long-term incentive plans

To the extent Performance Shares were allocated in earlier fiscal years to then members of the Management Board under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2016 (LTIP 2016) or the Fresenius Medical Care Management Board Long Term Incentive Plan 2019 (MB LTIP 2019), they may under certain conditions – under the LTIP 2016 for the last time in the Fiscal Year, and, under the MB LTIP 2019, for the first time in 2023 – receive a share-based, cash-settled compensation from these Performance Shares. Furthermore, under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011 (LTIP 2011) individual members of the Management Board may under certain conditions – and for the last time in 2023 – exercise previously awarded stock options.

An overview of the development in the Fiscal Year of the Performance Shares allocated under the LTIP 2016 and the MB LTIP 2019 as well as of the stock options awarded under the LTIP 2011 can be found in the section "Overview of outstanding share-based compensation components".

LTIP 2016

In the Fiscal Year, individual current or former members of the Management Board were awarded compensation from Performance Shares allocated to them in 2018 under the LTIP 2016. The Performance Shares allocated to the members of the Management Board under the LTIP 2016 are non-equity, cash-settled virtual compensation instruments with a performance period of three years. Performance Shares will generally vest, and will be paid out, at the end of a period of four years from each relevant allocation date.

In order to determine the number of Performance Shares to be allocated to the respective Management Board member, the relevant allocation amount was divided by the value per Performance Share determined in accordance with IFRS 2 and considering the average price of the Company's shares over a period of 30 calendar days prior to each relevant allocation date. The number of Performance Shares to vest for each member of the Management Board depended on the achievement of the performance targets. As regards the allocation in 2018, the performance targets relating to the 2018, 2019 and 2020 performance periods were decisive.

The degree of the overall target achievement during the three-year performance period was determined based on the three performance targets revenue growth, net income growth and return on invested capital (ROIC). The annual target values and target achievement for the 2018, 2019 and 2020 performance periods were each as follows, according to TABLE 4.26 ON PAGE 159.

If the actual financial figures were between the relevant target values for a target achievement of 0% and 100% or 100% and 200%, the target achievement was determined by linear interpolation. The average of the annual target achievement levels over the three-year performance period was used to determine the overall target achievement.

T 4.26 **LONG-TERM INCENTIVE – TARGET VALUES AND TARGET ACHIEVEMENT FOR THE ALLOCATION 2018 UNDER THE LTIP 2016**

	Target values			Actual values			Target achievement	
	0 %	100 %	200 %	As reported	Adjust-ments [1]	According to plan terms	Per performance target	Annual
2018								
Revenue growth	≤ 0 %	= 7 %	≥ 16 %	(7.0 %)	7.6 %	0.6 %	8 %	
Net income growth	≤ 0 %	= 7 %	≥ 14 %	54.9 %	4.8 %	59.7 %	200 %	136 %
Return on invested capital (ROIC)	≤ 7.5 %	= 7.7 %	≥ 7.9 %	12.4 %	0.0 %	12.4 %	200 %	
2019								
Revenue growth	≤ 0 %	= 7 %	≥ 16 %	5.6 %	(2.7 %)	2.9 %	41 %	
Net income growth	≤ 0 %	= 7 %	≥ 14 %	(39.5 %)	1.1 %	(38.4 %)	0 %	14 %
Return on invested capital (ROIC)	≤ 7.7 %	= 7.9 %	≥ 8.1 %	6.1 %	0.7 %	6.8 %	0 %	
2020								
Revenue growth	≤ 0 %	= 7 %	≥ 16 %	2.2 %	3.1 %	5.3 %	75 %	
Net income growth	≤ 0 %	= 7 %	≥ 14 %	(2.9 %)	17.8 %	14.9 %	200 %	92 %
Return on invested capital (ROIC)	≤ 7.9 %	= 8.1 %	≥ 8.3 %	5.8 %	1.7 %	7.5 %	0 %	
OVERALL TARGET ACHIEVEMENT							**81 %**	

[1] Revenue growth and net income growth were determined at constant currency. To ensure comparability, the figures underlying the achievement of the performance targets for the performance period 2019 and underlying the achievement of the ROIC performance target for the performance period 2020 were adjusted for effects resulting from the application of IFRS 16; the figures underlying the achievement of the revenue growth target and of the net income growth target were adjusted for effects resulting from the application of IFRS 15 for the performance period 2018.

Based on the degree of the overall target achievement, the number of Performance Shares to vest was determined for each member of the Management Board. The number of Performance Shares could increase or decrease over the performance period. A total loss as well as (at most) doubling of the allocated Performance Shares in case of a target achievement of 200% (cap) was possible. After the final determination of the overall target achievement, the number of Performance Shares to vest was multiplied by the average price of the Company's shares over the 30 calendar days preceding the relevant vesting date in order to calculate the corresponding amount received from the Performance Shares to vest.

TABLE 4.27 ON PAGE 160 provides the amounts paid out in the Fiscal Year from the Allocation 2018 under the LTIP 2016.

T 4.27 **LONG-TERM INCENTIVE – PAYOUT FROM THE ALLOCATION 2018 OF THE LTIP 2016**

	Fair Value at allocation	Number of allocated Performance Shares	Overall target achievement	Number of final Performance Shares	Share price at payout	Payout amount in
	in € THOUS		in %		in €	in € THOUS
Current members of the Management Board or members in office until the end of the Fiscal Year						
Franklin W. Maddux, MD [1, 2]	432	5,366	82 [2]	4,400	45.27	228
Dr. Katarzyna Mazur-Hofsäß	734	10,637	81	8,616	29.43 [3]	254
Rice Powell [1]	1,413	17,548	81	14,214	45.27	737
William Valle [1]	707	8,774	81	7,107	45.27	369
Former members of the Management Board						
Michael Brosnan [1]	707	8,774	81	7,107	45.27	369
Dr. Olaf Schermeier	757	9,404	81	7,617	45.27	345
Kent Wanzek [1]	707	8,774	81	7,107	45.27	369
Harry de Wit	757	9,404	81	7,617	45.27	345

[1] Please note for the amounts paid out that the compensation components for Messrs. Franklin W. Maddux, MD, Rice Powell, William Valle, Michael Brosnan and Kent Wanzek are denominated in U.S. dollar and that the amounts may be subject to currency fluctuations. The translation of U.S. dollar amounts for the awarded long-term incentive (payout amount) was done at the closing rates of the vesting date.

[2] The payout shown for Mr. Franklin W. Maddux, MD, was made based on an allocation prior to his appointment as a member of the Management Board. For plan participants who were not a member of the Management Board at the date of the allocation, the figures for the performance period 2020 for the allocation 2018 were also adjusted for effects of excess mortality rates of patients due to the COVID-19 pandemic. This adjustment ultimately only affected the achievement of the revenue growth target and resulted in the slightly higher overall target achievement reported herein.

[3] The Allocation 2018 for Dr. Katarzyna Mazur-Hofsäß, who was appointed as a member of the Management Board with effect from September 1, 2018, was made in December 2018 and vested in December 2022. The relevant share price at payout for Dr. Mazur-Hofsäß therefore differs from that for the other Management Board members, for whom the Allocation 2018 was made in July 2018 and vested in July 2022.

LTIP 2011

In the Fiscal Year, individual current or former members of the Management Board exercised stock options awarded to them in previous years under the LTIP 2011.

The stock options awarded under the LTIP 2011 – for the last time in 2015 – may be exercised after the expiry of a four-year vesting period, which begins on the award date, within a further four years – thus for the last time in 2023 – taking into consideration certain blackout periods, the achievement of the performance targets and, subject to deviating agreements in individual cases, the continuation of the service relationship.

The performance target will be achieved in each case if, within the vesting period, either the adjusted earnings per ordinary share have increased by at least 8% per year compared to the respective previous year or, if this is not the case, the compound annual growth rate of the adjusted earnings per ordinary share has increased by at least 8% per year in the four-year vesting period. If, with respect to one or more of the four reference periods within the vesting period, neither the adjusted earnings per share have increased by at least 8% per year compared to the respective previous year nor the compound annual growth rate of the adjusted earnings per share has increased by at least 8% per year in the four-year vesting period, the relevant stock options issued will be forfeited to the extent that the performance target has not been achieved within the vesting period, i.e. by one quarter, by two quarters, by three quarters or in full.

Stock options may generally be exercised at any time after the end of the vesting period outside blackout periods. Blackout periods under the LTIP 2011 are the periods (i) from December 15 to January 15, (ii) from the 21st calendar day before the Annual General Meeting of the Company until the expiry of the day of such Annual General Meeting, (iii) from the date on which the Company publishes an offer to its shareholders to

subscribe for new shares in an official stock exchange journal or in the Federal Gazette (Bundesanzeiger) until the date on which the shares of the Company entitled to subscription are listed "ex subscription right" for the first time on the Frankfurt Stock Exchange and (iv) from the 15th calendar day prior to the publication of the quarterly or annual results until the publication of such quarterly or annual results. Any restrictions under capital markets law regarding the exercise of stock options will remain unaffected by the blackout periods.

The exercise price is the closing price of the Company's shares in the electronic "Xetra" trading of Deutsche Börse AG in Frankfurt am Main or a comparable successor system on the 30 calendar days preceding the relevant award date in euro. The exercise price will be adjusted under certain circumstances (e.g. in the event of capital measures of the Company).

Proceeds from the exercise of stock options are, with a view to the new provisions of section 162 AktG, not regarded as compensation awarded or due and, hence, not included in this Compensation Report. An overview of the status of the stock options can be found in the following section "Overview of outstanding share-based compensation components". Information on reportable exercises of stock options is publicly available on www.eqs-news.com in the section "Directors' Dealings" and is posted on the Company's website in the "Investors" section.

Overview of outstanding share-based compensation components

The status of the outstanding share-based components of the Management Board compensation of the current or former members of the Management Board in the Fiscal Year as well as further information are set out in TABLES 4.28 TO 4.30.

The following overview shows the temporal profile of the outstanding share-based compensation components already described in detail in CHART 4.31 ON PAGE 166 and in the respective text sections.

Malus and clawback

Under the Compensation System 2020+, the supervisory board of the General Partner is entitled to withhold or reclaim variable compensation components in cases of a Management Board member's misconduct or non-compliance with his duties or internal Company guidelines, considering the characteristics of the individual case. Within this framework, the supervisory board ensures that contractual provisions are in place determining detailed requirements for withholding or reclaiming variable compensation components and setting forth the consequences thereof, including the forfeiture, in full or in part, of all or some variable compensation components.

In the Fiscal Year, there was no reason for the General Partner's supervisory board to make use of these authorizations.

T 4.28 **OVERVIEW OF OUTSTANDING PERFORMANCE SHARES (CONTINUATION SEE NEXT PAGE)**

	Allocation date	Vesting date	Fair Value at allocation in € THOUS	Number of allocated Performance Shares	Overall target achievement in %	Number of Performance Shares as of December 31, 2022
Current members of the Management Board or members in office until the end of the Fiscal Year						
Helen Giza						
Allocation 2019 (MB LTIP 2019)	December 2, 2019	December 2, 2023	812	13,399	38	5,092
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	1,070	17,465	58	10,130
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,138	20,941		20,941
Allocation 2022 (MB LTIP 2020)	March 1, 2022	March 1, 2025	1,688	32,279		32,279
TOTAL				**84,084**		**68,442**

OVERVIEW OF OUTSTANDING PERFORMANCE SHARES (CONTINUATION OF THE PREVIOUS PAGE)

	Allocation date	Vesting date	Fair Value at allocation in € THOUS	Number of allocated Performance Shares	Overall target achievement in %	Number of Performance Shares as of December 31, 2022
Current members of the Management Board or members in office until the end of the Fiscal Year						
Franklin W. Maddux, MD						
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	988	15,954	58	9,253
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,016	18,625		18,625
Allocation 2022 (MB LTIP 2020)	March 1, 2022	March 1, 2025	1,110	20,974		20,974
TOTAL				**55,553**		**48,852**
Dr. Katarzyna Mazur-Hofsäß						
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	803	12,927	38	4,912
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	1,139	18,588	58	10,781
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,225	22,533		22,533
Allocation 2022 (MB LTIP 2020)	March 1, 2022	March 1, 2025	1,359	26,074		26,074
TOTAL				**80,122**		**64,300**
Rice Powell						
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	1,575	25,127	38	9,548
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	2,170	35,030	58	20,317
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	2,231	40,894		40,894
Allocation 2022 (MB LTIP 2020)	March 1, 2022	March 1, 2025	2,425	45,841		45,841
TOTAL				**146,892**		**116,600**
William Valle						
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	788	12,564	38	4,774
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	1,676	27,053	58	15,691
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,723	31,582		31,582
Allocation 2022 (MB LTIP 2020)	March 1, 2022	March 1, 2025	1,888	35,678		35,678
TOTAL				**106,877**		**87,725**

OVERVIEW OF OUTSTANDING PERFORMANCE SHARES (CONTINUATION OF THE PREVIOUS PAGE)

	Allocation date	Vesting date	Fair Value at allocation in € THOUS	Number of allocated Performance Shares	Overall target achievement in %	Number of Performance Shares as of December 31, 2022
Former members of the Management Board						
Michael Brosnan						
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	788	12,564	38	4,774
TOTAL				**12,564**		**4,774**
Dr. Olaf Schermeier						
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	803	12,927	38	4,912
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	907	14,809	58	8,589
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,105	20,328		20,328
TOTAL				**48,064**		**33,829**
Kent Wanzek						
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	788	12,564	38	4,774
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	972	15,694	58	9,103
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,033	18,929		18,929
TOTAL				**47,187**		**32,806**
Harry de Wit						
Allocation 2019 (MB LTIP 2019)	July 29, 2019	July 29, 2023	803	12,927	38	4,912
Allocation 2020 (MB LTIP 2020)	November 2, 2020	November 2, 2023	920	15,014	58	8,708
Allocation 2021 (MB LTIP 2020)	March 1, 2021	March 1, 2024	1,012	18,614		18,614
TOTAL				**46,555**		**32,234**

T 4.29 **OVERVIEW OF OUTSTANDING VIRTUAL SHARES ALLOCATED UNDER THE SHARE BASED AWARD** [1]

	Number of virtual shares as of December 31, 2022
Current members of the Management Board or members in office until the end of the Fiscal Year	
Helen Giza	815
Dr. Katarzyna Mazur-Hofsäß	5,788
Rice Powell	9,913
William Valle	5,208
Former members of the Management Board	
Dr. Olaf Schermeier	3,839
Kent Wanzek	4,356
Harry de Wit	4,305

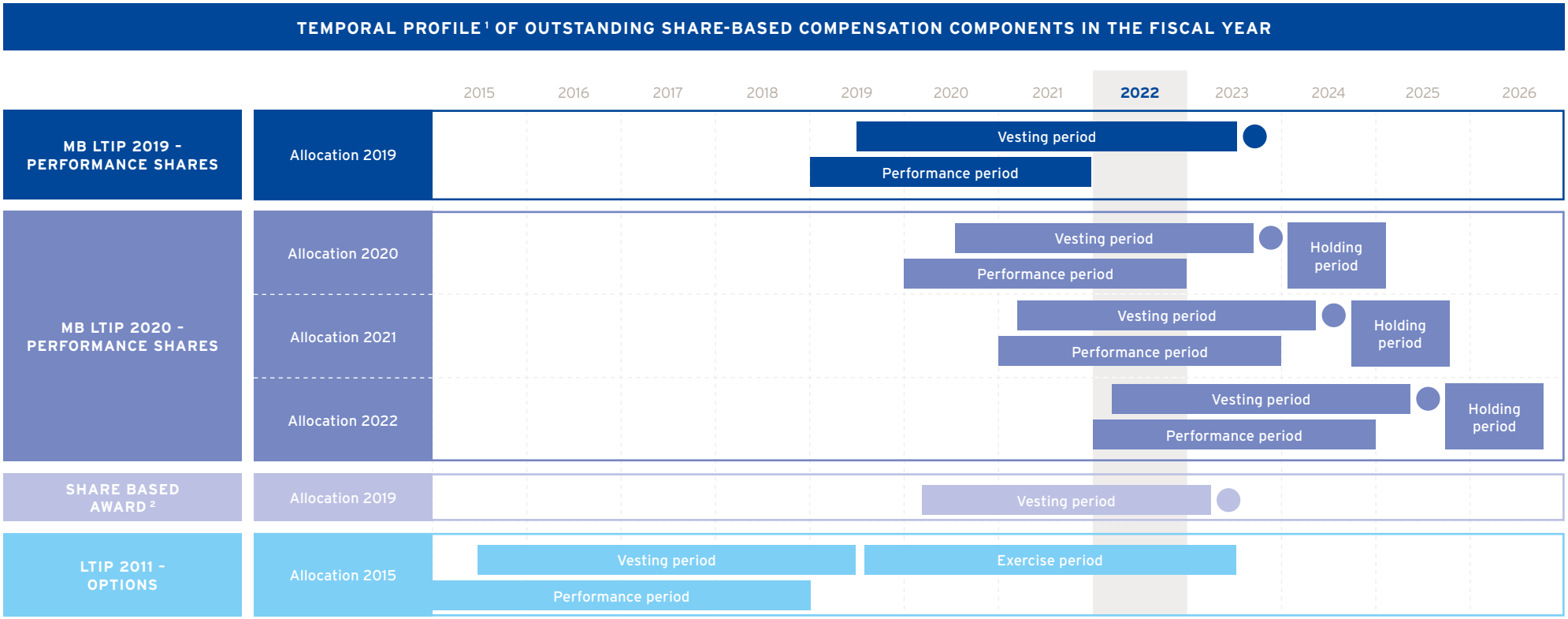
[1] All outstanding virtual shares under the Share Based Award were allocated as "allocation 2019" on March 10, 2022, and will in principle vest on March 10, 2023, according to the plan conditions.

T 4.30 **OVERVIEW OF THE STOCK OPTIONS OUTSTANDING IN THE FISCAL YEAR ALLOCATED UNDER THE LTIP 2011** [1]

				Development of the number in the Fiscal Year		
	Allocation date	End of term	Exercise price	January 1, 2022	Reductions	December 31, 2022
Current members of the Management Board or members in office until the end of the Fiscal Year						
Franklin W. Maddux, MD						
Allocation 2014 [2]	July 28, 2014	July 18, 2022	49.93	15,000	15,000	–
Allocation 2015 [2]	July 27, 2015	July 16, 2023	76.99	30,000	–	30,000
Rice Powell						
Allocation 2014	July 28, 2014	July 18, 2022	49.93	74,700	74,700	–
Allocation 2015	July 27, 2015	July 16, 2023	76.99	149,400	–	149,400
William Valle						
Allocation 2015 [2]	July 27, 2015	July 16, 2023	76.99	30,000	–	30,000
Former members of the Management Board						
Michael Brosnan						
Allocation 2014	July 28, 2014	July 18, 2022	49.93	37,350	37,350	–
Allocation 2015	July 27, 2015	July 16, 2023	76.99	74,700	–	74,700
Roberto Fusté						
Allocation 2014	July 28, 2014	July 18, 2022	49.93	24,900	24,900	–
Allocation 2015	July 27, 2015	July 16, 2023	76.99	59,760	–	59,760
Dr. Olaf Schermeier						
Allocation 2014	July 28, 2014	July 18, 2022	49.93	37,350	37,350	–
Allocation 2015	July 27, 2015	July 16, 2023	76.99	49,800	–	49,800
Kent Wanzek						
Allocation 2015	July 27, 2015	July 16, 2023	76.99	69,720	–	69,720
Dominik Wehner						
Allocation 2015	July 27, 2015	July 16, 2023	76.99	49,800	–	49,800

[1] The number of stock options allocated at the time equals the number of stock options outstanding at January 1, 2022. The target achievement for the allocation 2014 and the allocation 2015 each was 100%.
[2] These allocations for Messrs. Franklin W. Maddux, MD, and William Valle were made prior to their respective appointments as members of the Management Board.

C 4.31 **TEMPORAL PROFILE OF OUTSTANDING SHARE-BASED COMPENSATION COMPONENTS IN THE FISCAL YEAR**



[1] The temporal profile uses a simplified, schematic illustration of the allocations. The details can be found in the tables above and in the corresponding explanations in the text.
[2] The Share-Based Award can be exercised after a period of three years from the allocation date.

Compensation tables for the current Management Board members or members in office until the end of the Fiscal Year

TABLE 4.33 STARTING ON PAGE 168 shows the individualized compensation awarded and due in the Fiscal Year to each current Management Board member or member in office until the end of the Fiscal Year. In addition, the pension expense incurred for the individual contractual pension commitments is disclosed. The tabular presentation is based on the model tables of the German Corporate Governance Code in its previous version dated February 7, 2017.

Under the regime of section 162 AktG, no uniform practice has yet emerged on the question of the conditions under which compensation is to be regarded as "awarded". The reporting logic underlying TABLE 4.33 STARTING ON PAGE 168 is therefore explained below in the interests of clarity and comprehensibility of the Compensation Report.

For the purposes of TABLE 4.33 STARTING ON PAGE 168, compensation is deemed to have been "awarded in the fiscal year" if it has vested in the fiscal year. For this purpose, compensation is deemed to have vested in the year in which the underlying activity has been fully performed and the entitlement to payment of the compensation is no longer subject to any conditions precedent or conditions subsequent. In the case of long-term variable compensation, this generally corresponds to the year in which it is paid out.

Based on this understanding, the short-term incentive is considered to have vested in the fiscal year, and is shown in TABLE 4.33 STARTING ON PAGE 168 for the respective fiscal year, in which the underlying activity was performed. This facilitates comparison of the performance of the members of the Management Board in a fiscal year with the performance of the Company in the same fiscal year and to enable the short-term incentive to be allocated on an accrual basis to the year in which the performance was performed. The columns for the year 2022 therefore contain the short-term incentive for the Fiscal Year that will not be paid out until 2023, and the columns for the year 2021 contain the short-term incentive for 2021 that was paid out in the Fiscal Year.

Personal investment from variable compensation

In order to have the Management Board members adequately participate in the sustainable corporate development, the General Partner's supervisory board decided in 2021 that the Management Board members then in office – with their consent – would acquire shares in the Company on the stock exchange for a portion of the long-term incentive allocated to them as members of the Management Board in 2018 under the LTIP 2016 and in 2019 under the MB LTIP 2019. The shares so acquired may not be sold by the relevant Management Board member until the expiration of three years from the date of acquisition.

The portion of the long-term incentive for which a Management Board member acquired or has to acquire shares in the Company from the payout made in the Fiscal Year under the LTIP 2016 (Allocation 2018) depended on the overall target achievement for 2018, 2019 and 2020 as well as the stock market price of the Company's shares to be determined in accordance with the LTIP 2016. Details on the target achievement can be found in the section "LTIP 2016". The net amounts invested in the Fiscal Year or to be invested in 2023 by the current Management Board members or members in office until the end of the Fiscal Year are as follows in TABLE 4.32.

T 4.32 PERSONAL INVESTMENT FROM THE NET LONG-TERM INCENTIVE UNDER THE LTIP 2016 (ALLOCATION 2018)

IN THOUS	Amount	Currency
Dr. Katarzyna Mazur-Hofsäß [1]	36	€
Rice Powell	107	$
William Valle	54	$

[1] Dr. Katarzyna Mazur-Hofsäß was appointed as a member of the Management Board on September 1, 2018. Therefore, the Allocation 2018 for her was made in December 2018 and a compensation from this allocation was awarded in December 2022. Her personal investment from the Allocation 2018 shall be made in a timely manner after the earnings release for the Fiscal Year.

The allocation in 2018 for Mr. Franklin W. Maddux, MD, was made prior to his appointment to the Management Board and is therefore not subject to the aforementioned personal investment. Information on the aforementioned personal investments made by the former members of the Management Board Dr. Olaf Schermeier, Mr. Kent Wanzek and Mr. Harry de Wit can be found in TABLE 4.35 ON PAGE 171 at the end of this section.

The portion of the long-term incentive for which a member of the Management Board will acquire shares in the Company from the payout expected for 2023 under the MB LTIP 2019 (allocation in 2019) and the amounts to be awarded depend on the overall target achievement under the MB LTIP 2019 and the stock market price of the Company's shares to be determined in accordance with the MB LTIP 2019. Accordingly, the specific amounts to be invested from the amounts received may only be determined in 2023. The members of the Management Board are intended to acquire the shares in the Company after the amounts to be invested have been determined. The investment of the amounts received under the MB LTIP 2020 in shares in the Company as provided for under the MB LTIP 2020 remains unaffected.

Already in 2019 and 2021, the supervisory board of the General Partner had further decided that the Management Board members then in office – with their consent – would acquire shares

T 4.33 COMPENSATION OF THE CURRENT MEMBERS OF THE MANAGEMENT BOARD OR MEMBERS IN OFFICE UNTIL THE END OF THE FISCAL YEAR (CONTINUATION SEE NEXT PAGE)
IN € THOUS

	Helen Giza Chair and Chief Executive Officer as well as acting Chief Financial Officer Member of the Management Board since November 1, 2019				**Franklin W. Maddux, MD** Global Chief Medical Officer Member of the Management Board since January 1, 2020				**Dr. Katarzyna Mazur-Hofsäß** Chief Executive Officer for Care Enablement Member of the Management Board since September 1, 2018			
	2022		**2021**[1]		**2022**		**2021**[1]		**2022**		**2021**[1]	
	Absolute	**Ratio**	Absolute	Ratio	**Absolute**	**Ratio**	Absolute	Ratio	**Absolute**	**Ratio**	Absolute	Ratio
Base salary	1,385[2]		855		921		778		1,064[6]		920	
Fringe benefits	42		214[3]		174		162		57		60	
TOTAL NON-PERFORMANCE-BASED COMPENSATION	**1,427**	**72%**	**1,069**	**60%**	**1,095**	**65%**	**940**	**47%**	**1,121**	**59%**	**980**	**52%**
Short-term incentive	542	28%	712	40%	360	21%	648	33%	416	22%	892	48%
Long-term incentive	–	–	–	–	228	14%	398	20%	366	19%	–	–
Allocation 2017 (Share Based Award)			–				–				–	
Allocation 2018 (Share Based Award)	–				–				112			
Allocation 2017 (LTIP 2016)			–				398[4]				–	
Allocation 2018 (LTIP 2016)	–				228[4]				254			
TOTAL VARIABLE COMPENSATION	**542**		712		**588**		**1,046**		**782**		**892**	
TOTAL COMPENSATION ACCORDING TO SEC. 162 PARA. 1 SENT. 2 NO. 1 AKTG	**1,969**		**1,781**		**1,683**		**1,986**		**1,903**		**1,872**	
Pension expense	1,245[5]				961[5]				808		2,498[7]	
TOTAL COMPENSATION INCLUDING PENSION EXPENSE	**3,214**		1,781		**2,644**		**1,986**		**2,711**		**4,370**	

[1] Please note for purposes of comparison between the amounts indicated and those of the Fiscal Year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Ms. Helen Giza (until May 15, 2022) and Dr. Katarzyna Mazur-Hofsäß) or U.S. dollar (Ms. Helen Giza (since May 16, 2022) as well as Messrs. Franklin W. Maddux, MD, Rice Powell and William Valle). The plan terms of the Share Based Award entitle to payments in euro. In principle, the translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year. For the long-term incentive the translation of U.S. dollar amounts was done at the closing rates of the vesting date. The value of the euro against the U.S. dollar was considerably lower in the Fiscal Year than in the year 2021.
[2] The base salary of Ms. Helen Giza was increased in the Fiscal Year with a view to her additional responsibilities (Chair of the Management Board (since December 6, 2022), previously Deputy Chair (since May 16, 2022) and tasks (Chief Transformation Officer).
[3] The fringe benefits of Ms. Helen Giza include a payment of €200 THOUS for the year 2021, which Ms. Helen Giza received in connection with her appointment to the Management Board.
[4] The award shown for Mr. Franklin W. Maddux, MD, was made based on an allocation prior to his appointment as a member of the Management Board. The LTIP 2016 applied equally to members of the Management Board and to plan participants who were not members of the Management Board.
[5] The pension commitment was made in the year 2022. The pension expense set out herein includes the past service cost which refers to the service period rendered since the appointment as a member of the Management Board.
[6] Dr. Katarzyna Mazur-Hofsäß was Chief Executive Officer for Europe, Middle East and Africa (EMEA) until December 31, 2021. The base salary was increased in the Fiscal Year with a view to her new responsibilities as Chief Executive Officer for Care Enablement.
[7] The pension commitment was made in the year 2021. The pension expense set out herein includes the past service cost which refers to the service period rendered since the appointment as a member of the Management Board.

COMPENSATION OF THE CURRENT MEMBERS OF THE MANAGEMENT BOARD OR MEMBERS IN OFFICE UNTIL THE END OF THE FISCAL YEAR (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	Rice Powell Member of the Management Board (until September 30, 2022 also Chair and Chief Executive Officer) Member of the Management Board since December 21, 2005[8]				**William Valle** Chief Executive Officer for Care Delivery Member of the Management Board since February 17, 2017			
	2022		**2021**[1]		**2022**		**2021**[1]	
	Absolute	**Ratio**	Absolute	Ratio	**Absolute**	**Ratio**	Absolute	Ratio
Base salary	2013		1,708		1,567[9]		1,319	
Fringe benefits	215		315		284		242	
TOTAL NON-PERFORMANCE-BASED COMPENSATION	**2,228**	**48%**	**2,023**	**37%**	**1,851**	**54%**	**1,561**	**42%**
Short-term incentive	788	17%	1,422	26%	613	18%	1,017	27%
Long-term incentive	1,642	35%	1,979	36%	993	29%	1,131	30%
Allocation 2017 (Share Based Award)			677				480	
Allocation 2018 (Share Based Award)	905				624			
Allocation 2017 (LTIP 2016)			1,302				651	
Allocation 2018 (LTIP 2016)	737				369			
TOTAL VARIABLE COMPENSATION	**2,430**		**3,401**		**1,606**		**2,148**	
TOTAL COMPENSATION ACCORDING TO SEC. 162 PARA. 1 SENT. 2 NO. 1 AKTG	**4,658**		**5,424**		**3,457**		**3,709**	
Pension expense					1,469		1,348	
TOTAL COMPENSATION INCLUDING PENSION EXPENSE	**4,658**		**5,424**		**4,926**		**5,057**	

[1] Please note for purposes of comparison between the amounts indicated and those of the Fiscal Year that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Ms. Helen Giza (until May 15, 2022) and Dr. Katarzyna Mazur-Hofsäß) or U.S. dollar (Ms. Helen Giza (since May 16, 2022) as well as Messrs. Franklin W. Maddux, MD, Rice Powell and William Valle). The plan terms of the Share Based Award entitle to payments in euro. In principle, the translation of U.S. dollar amounts was done at the average exchange rates for the applicable calendar year. For the long-term incentive the translation of U.S. dollar amounts was done at the closing rates of the vesting date. The value of the euro against the U.S. dollar was considerably lower in the Fiscal Year than in the year 2021.

[8] The pension commitment was made in the year 2021. The pension expense set out herein includes the past service cost which refers to the service period rendered since the appointment as a member of the Management Board.

[9] Mr. William Valle was Chief Executive Officer for North America (NA) until December 31, 2021. The base salary was increased in the Fiscal Year with a view to his new responsibilities as Chief Executive Officer for Care Delivery.

in the Company on the stock exchange for a portion of their short-term incentive for 2018 and 2020, respectively, in order to adequately reflect the business development in those years. The shares so acquired may not be sold by the relevant Management Board member until the expiration of three years from the date of acquisition.

The number of shares (including American Depositary Shares (ADSs)) acquired by the current or former members of the Management Board in the course of the aforementioned personal investments are shown in TABLE 4.35 ON PAGE 171, with two ADSs representing one share. Reportable disposals of shares after the end of the respective holding period are published on www.eqs-news.com in the section "Directors' Dealings".

Other benefits and commitments

The following information concern benefits and commitments to members of the Management Board within the meaning of section 162 para. 2 AktG and related disclosures.

Benefits from third parties

Unless otherwise stated in this Compensation Report, no benefits were awarded or promised to the members of the Management Board by a third party in the Fiscal Year with regard to their activities as members of the Management Board, and compensation awarded to members of the Management Board for management activities or supervisory board mandates in companies of the Company's group is offset against the compensation of the respective member of the Management Board. If the supervisory board of the General Partner resolves that compensation awarded to members of the Management Board for supervisory board activities outside the Company's group shall be deducted in full or in part from the compensation of the respective member of the Management Board, this will be made transparent accordingly.

Pension commitments

The General Partner made the following pension commitments to the current Management Board members or members in office during the Fiscal Year.

Defined benefit pension commitments

The Management Board members Dr. Katarzyna Mazur-Hofsäß, Rice Powell and William Valle, each of whom were appointed to the Management Board before January 1, 2019, were each made an individual, performance-based (i.e., defined benefit) contractual pension commitment.

The defined benefit pension commitments each provide for a retirement pension and survivor benefits (Hinterbliebenenversorgung) as of the time of conclusively ending active work (at age 65 at the earliest) or upon occurrence of disability or incapacity to work (Berufs- oder Erwerbsunfähigkeit) or of a full or partial reduction in earning capacity (Erwerbsminderung), calculated by reference to the amount of the recipient's most recent base salary. Management Board members who have been members of the Management Board for at least ten years at the time of conclusively ending active work have this entitlement after having reached the age of 63 (early retirement); in this case, the benefits are reduced by 0.5% for each calendar month that the Management Board member retires from active work before reaching the age of 65.

The retirement pension is based on 30% of the last base salary (for the Management Board members Dr. Katarzyna Mazur-Hofsäß and Rice Powell) or the 5-year average of the last base salaries (for the Management Board member William Valle) and will increase for each complete year of service by 1.5 percentage points up to a maximum of 45%. Current retirement pensions increase according to statutory requirements (section 16 of the German Act for the Improvement of Company Pension Plans (BetrAVG)). As a general rule, 30% of the gross amount of any post-retirement income from an activity of the Management Board member is to be offset against the pension. If a Management Board member dies, the surviving spouse receives a pension amounting to 60% of the pension claim applicable at that time. Furthermore, the deceased Management Board member's natural legitimate children (leibliche eheliche Kinder) receive an orphan's pension amounting to 20% of the pension claim applicable at that time until they complete their education, but no

T 4.34 **DEVELOPMENT AND STATUS OF PENSION COMMITMENTS**
IN € THOUS

	January 1, 2022	Change [1]	December 31, 2022 [2]
Dr. Katarzyna Mazur-Hofsäß	2,498	(510)	1,988
Rice Powell [3]	15,420	(1,849)	13,571
William Valle	5,964	(539)	5,425
TOTAL	**23,882**	**(2,898)**	**20,984**

[1] The decrease in the Fiscal Year was mainly attributable to adjustments to the discount rate.
[2] The pension commitment of Messrs. Rice Powell and William Valle is denominated in U.S. dollar. For the calculation of the pension provisions an exchange rate of €0,95 /$1 was applied.
[3] The amounts shown for Mr. Rice Powell include vested benefits from his participation in employee pension plans of Fresenius Medical Care North America, which provide for payment of a retirement pension after having reached the age of 65 and the payment of reduced benefits after having reached the age of 55. In March 2002, the claims under the pension plans were frozen at the level then applicable.

T 4.35 **INFORMATION ON THE PERSONAL INVESTMENT FROM THE VARIABLE COMPENSATION**

	Underlying compensation component	Date of the personal investment	End of the holding period	Type of the equity instruments	Number of purchased equity instruments
Current members of the Management Board or members in office until the end of the Fiscal Year					
Helen Giza	Short-Term Incentive for the year 2020	February 24, 2021	February 24, 2024	ADSs	8,700
Franklin W. Maddux, MD	Short-Term Incentive for the year 2020	February 25, 2021	February 25, 2024	ADSs	8,000
Dr. Katarzyna Mazur-Hofsäß	Short-Term Incentive for the year 2018	March 8, 2018	March 8, 2022	Shares	1,205
	Short-Term Incentive for the year 2020	February 25, 2021	February 25, 2024	Shares	3,295
Rice Powell	Short-Term Incentive for the year 2018	March 7, 2019	March 7, 2022	ADSs	6,000
		March 8, 2019	March 8, 2022	ADSs	6,000
		March 11, 2019	March 11, 2022	ADSs	4,560
	Short-Term Incentive for the year 2020	March 12, 2021	March 12, 2024	ADSs	16,415
	Allocation 2018 under the LTIP 2016	December 2, 2022	December 2, 2025	ADSs	6,569
William Valle	Short-Term Incentive for the year 2018	March 5, 2019	March 5, 2022	Shares	4,000
	Short-Term Incentive for the year 2020	March 22, 2021	March 22, 2024	ADSs	8,850
	Allocation 2018 under the LTIP 2016	December 14, 2022	December 14, 2025	ADSs	3,295
Former members of the Management Board					
Michael Brosnan	Short-Term Incentive for the year 2018	March 4, 2019	March 4, 2022	ADSs	8,350
Dr. Olaf Schermeier	Short-Term Incentive for the year 2018	February 26, 2019	February 26, 2022	Shares	3,550
	Short-Term Incentive for the year 2020	February 24, 2021	February 24, 2024	Shares	3,730
	Allocation 2018 under the LTIP 2016	December 5, 2022	December 5, 2025	Shares	1,630
Kent Wanzek	Short-Term Incentive for the year 2018	February 27, 2019	February 27, 2022	Shares	3,855
		March 1, 2019	March 1, 2022	Shares	509
	Short-Term Incentive for the year 2020	February 25, 2021	February 25, 2024	ADSs	7,639
	Allocation 2018 under the LTIP 2016	December 1, 2022	December 1, 2025	ADSs	3,397
Harry de Wit	Short-Term Incentive for the year 2018	February 27, 2019	February 27, 2022	Shares	2,425
	Short-Term Incentive for the year 2020	February 24, 2021	February 24, 2024	Shares	2,650
	Allocation 2018 under the LTIP 2016	December 1, 2022	December 1, 2025	Shares	1,630

longer than they reach 25 years of age. However, all orphan's pensions and the surviving spouse's pension, taken together, must not exceed 90% of the Management Board member's pension claim. If a Management Board member leaves the Management Board before reaching the age of 65, the rights to the aforementioned benefits survive, however the pension to be paid is reduced – unless the Management Board member ceases to hold office because a covered event occurs (disability or incapacity to work, payment of a survivor's pension in case of death or, if applicable, early retirement) – in proportion to the ratio of the actual years of service as a Management Board member to the potential years of service until reaching the age of 65.

The development and status of the pension commitments pursuant to IAS 19 are shown in TABLE 4.34 ON PAGE 170.

Defined contribution pension commitments

The Management Board members Helen Giza and Franklin W. Maddux, MD, each of whom were appointed to the Management Board after January 1, 2019, were each made a pension commitment within the framework of a defined contribution plan. The corresponding pension commitment that had been made to Dr. Carla Kriwet in the Fiscal Year forfeited as a result of her departure from the Management Board.

The pension commitments to Helen Giza and Franklin W. Maddux, MD, each were made upon the prolongation of their respective service agreement. During the first three years from the granting of the pension commitment, there is generally a waiting period for the granting of benefits. Under the defined contribution plan, an annual insurance contribution amounting to 40% of the base salary is paid for the respective Management Board member retrospectively for the period from the appointment as a member of the Management Board, which determines the future benefit amount. After reaching the relevant retirement age under the defined contribution plan, payments can be made either as a one-off payment or optionally in ten annual installments. An annuity payment is not provided. The defined contribution plan provides for survivors' benefits (Hinterbliebenenversorgung) and benefits after the occurrence of a full or partial reduction in earning capacity (Erwerbsminderung). The implementation of the defined contribution plan is carried out in the form of external financing as a defined contribution plan with a reinsurance policy. The risks of death and occupational disability are covered already upon granting of the pension commitment.

The insurance contributions in the Fiscal Year and the present value as of December 31 of the Fiscal Year are as follows:

T 4.36 **DEFINED CONTRIBUTION PENSION COMMITMENTS**
IN € THOUS

	Insurance contribution 2022	Present value as of December 31, 2022
Helen Giza	1,245	1,180
Franklin W. Maddux, MD	961	932
TOTAL	**2,206**	**2,112**

U.S.-based 401(k) Savings Plan

Based on individual contractual commitments, the Management Board members Helen Giza, Franklin W. Maddux, MD, Rice Powell and William Valle additionally participated in the U.S.-based 401(k) Savings Plan in the Fiscal Year; in this context, an amount of $9,150 (€8,689) (2021: $8,700 (€7,356)) vested in the Fiscal Year in each case. This plan generally allows employees in the U.S. to invest a limited portion of their gross salaries in retirement pension programs. The company supports its employees at this with benefits of up to 50% of the annual payments.

Post-employment non-competition covenant

A post-employment non-competition covenant was agreed with each member of the Management Board. If such covenant becomes applicable, the member of the Management Board will receive, for a period of up to two years, non-compete compensation in principle amounting to half of the respective annual base salary for each year the non-competition covenant is applied.

Change of control

The service agreements of the Management Board members contain no express provisions for the event of a change of control.

Severance payment cap

The service agreements concluded with the Management Board members provide for a severance payment cap. Under this cap, payments in connection with the early termination of a Management Board activity may not exceed the value of two years' compensation and may not compensate for more than the remaining term of the service agreement. To calculate the relevant annual compensation, only the fixed compensation components are applied. If the General Partner has terminated the service agreement for good cause or would be entitled to do so, no severance payments will be made.

Continued compensation in cases of sickness

All Management Board members have received individual contractual commitments to obtain continued compensation in cases of sickness for a maximum of twelve months; after six months of sick leave, insurance benefits may be offset against such payments. If a Management Board member dies, the surviving dependents will be paid three more monthly installments after the month of death, not to exceed, however, the amount

due between the time of death and the scheduled expiration of the relevant service agreement.

Agreements with members of the Management Board who resigned from office during or at the end of the Fiscal Year

Dr. Carla Kriwet was a member and Chair of the Management Board from October 1, 2022 to December 5, 2022. The supervisory board of the General Partner has agreed with Dr. Carla Kriwet with a view to her departure from the Management Board that her service agreement ended with the expiry of the Fiscal Year. Dr. Kriwet was entitled to payment of her base salary until this date. In addition, Dr. Kriwet is entitled to short-term variable compensation for the Fiscal Year in accordance with the relevant plan conditions and the targets agreed upon therein. The entitlement to payments of up to €1,300 THOUS for forfeited compensation benefits from a previous service relationship agreed with Dr. Kriwet on conclusion of her service agreement remains unaffected; corresponding payments can become due in March 2024 and in March 2025. Dr. Kriwet has no entitlement to the long-term variable compensation allocated to her in the Fiscal Year and no entitlement to pension payments. It was agreed with Dr. Carla Kriwet that she is entitled to a severance payment in the amount of an annual base salary of €1,800 THOUS. A post-contractual non-competition clause was agreed with Dr. Kriwet for the period from December 6, 2022 to December 5, 2024. The compensation that Dr. Kriwet receives for the two-year post-employment non-competition covenant amounts to €1,800 THOUS. Dr. Kriwet is entitled to use of her company car for the period until December 5, 2024. Furthermore, it was agreed with Dr. Kriwet that she will be reimbursed for the costs of legal advice she retained in connection with her departure from the Management Board.

Mr. Rice Powell was a member of the Management Board until the end of the Fiscal Year. The supervisory board of the General Partner has agreed with Mr. Rice Powell with a view to his retirement from the Management Board that the short-term and long-term variable compensation components allocated to him until the end of the Fiscal Year are exercisable and payable in accordance with the respective plan conditions and the targets and due dates agreed upon therein. Beginning January 1, 2023, Mr. Powell is entitled to a retirement pension in accordance with the pension commitment described above. A post-employment non-competition covenant was agreed with Mr. Rice Powell for the period from January 1, 2023 to December 31, 2023. The compensation that Mr. Powell receives for the one-year post-employment non-competition covenant amounts to $1,060 THOUS (€994 THOUS) and is to be offset against his retirement pension. The supervisory board of the General Partner has agreed with Mr. Powell that he will be available as a consultant to the Management Board for the period from January 1, 2023 to December 31, 2023 and will receive a consulting fee for this in the amount of up to $25 THOUS (€23 THOUS) per month and, if necessary, reimbursement of reasonable expenses.

Further information

Compensation of the U.S. members of the Management Board Helen Giza, Franklin W. Maddux, MD, Rice Powell and William Valle, was partly paid in the U.S. (in U.S. dollar) and partly in Germany (in euro). With respect to the amount paid in Germany, it was agreed with the aforementioned Management Board members that due to varying tax rates in both countries, the increased or lower tax burden to such members of the Management Board arising from German tax rates in comparison to U.S. tax rates will be balanced or will be paid back by them (net compensation). Pursuant to a modified net compensation agreement, these Management Board members will be treated as if they were taxed in the United States only. Therefore, the gross amounts may be retroactively changed. Since the actual tax burden can be calculated only in connection with the preparation of the Management Board members' tax returns, subsequent adjustments may have to be made, which will then be retroactively covered in future Compensation Reports.

To the extent permitted by law, the General Partner undertook to indemnify the Management Board members from claims asserted against them arising out of their work for the Company and its affiliates, to the extent such claims exceed their liability under German law. To secure such obligations, a Directors & Officers liability insurance is in place having a deductible that corresponds to the specifications under German stock corporation law.

In accordance with applicable legal requirements, no loans or advance payments on future compensation components were awarded to members of the Management Board in the Fiscal Year.

FORMER MANAGEMENT BOARD MEMBERS' COMPENSATION

Dr. Carla Kriwet was a member of the Management Board until December 5, 2022. In the Fiscal Year, Dr. Kriwet was awarded payments on her base salary of €450 THOUS for the period from October 1, 2022 to December 31, 2022, as well as a severance payment amounting to an annual base salary of €1,800 THOUS. For her willingness to take up her post early on October 1, 2022 rather than on January 1, 2023, Dr. Kriwet received an inaugural bonus of €100 THOUS. In addition, Dr. Kriwet received a payment of €600 THOUS for forfeited compensation benefits from a previous service relationship. In accordance with the applicable plan conditions, Dr. Kriwet was awarded short-term variable compensation for the Fiscal Year in the amount of €176 THOUS. Dr. Kriwet also was awarded fringe benefits in the form of the use of a company car and

the reimbursement of the costs for legal advice she retained in connection with her departure from the Management Board as well as contributions to accident, long-term care and health insurances in the amount of €47 THOUS in the Fiscal Year. The total compensation of €3,173 THOUS (2021: €0 THOUS) awarded to Dr. Kriwet in the Fiscal Year consists of 94% fixed compensation components and 6% short-term variable compensation components.

Dr. Olaf Schermeier was a member of the Management Board until December 31, 2021. In the Fiscal Year, Dr. Schermeier was awarded long-term variable compensation in the amount of €625 THOUS (2021: €969 THOUS). Dr. Schermeier also received fringe benefits in the form of the reimbursement of the costs for legal advice he retained in connection with his resignation from the Management Board in the amount of €19 THOUS in the Fiscal Year (2021: €88 THOUS in relation to the total fringe benefits received as a Management Board member in office at the time). The total compensation of €644 THOUS (2021: €2,860 THOUS) awarded to Dr. Schermeier in the Fiscal Year is composed of 3% fixed compensation components and 97% long-term variable compensation components.

Mr. Kent Wanzek was a member of the Management Board until December 31, 2021. In the Fiscal Year, Mr. Wanzek was awarded long-term variable compensation in the amount of €720 THOUS (2021: €947 THOUS). In the Fiscal Year, Mr. Wanzek also received fringe benefits in the form of equalization payments with regard to the tax burden resulting from different tax rates in Germany and the U.S. (net compensation) in the amount of €20 THOUS (2021: €68 THOUS, or respectively, in relation to the total fringe benefits received as a Management Board member in office at the time, €158 THOUS). The total compensation of €740 THOUS (2021: €3,024 THOUS) awarded to Mr. Wanzek in the Fiscal Year is composed of 3% fixed compensation components and 97% long-term variable compensation components.

Mr. Harry de Wit was a member of the Management Board until December 31, 2021. In the Fiscal Year, Mr. de Wit was awarded long-term variable compensation in the amount of €619 THOUS (2021: €944 THOUS). In the Fiscal Year, Mr. de Wit also received fringe benefits in the form of premiums for life insurance policies in the amount of €18 THOUS (2021: €18 THOUS, or respectively, in relation to the total fringe benefits received as a Management Board member in office at the time, €331 THOUS). The total compensation of €637 THOUS (2021: €3,362 THOUS) awarded to Mr. de Wit in the Fiscal Year is composed of 3% fixed compensation components and 97% long-term variable compensation components.

Mr. Michael Brosnan was a member of the Management Board until October 31, 2019. In the Fiscal Year, Mr. Brosnan was awarded long-term variable compensation in the amount of €369 THOUS (2021: €651 THOUS). In the Fiscal Year, Mr. Brosnan also received fringe benefits in the form of equalization payments with regard to the tax burden resulting from different tax rates in Germany and the U.S. (net compensation) in the amount of €13 THOUS (2021: €0 THOUS). The total compensation of €382 THOUS (2021: €651 THOUS) awarded to Mr. Brosnan in the Fiscal Year is composed of 3% fixed compensation components and 97% long-term variable compensation components.

Mr. Roberto Fusté was a member of the Management Board until March 31, 2016. In the Fiscal Year, Mr. Fusté received pension payments in the amount of €293 THOUS (2021: €274 THOUS). The total compensation of €293 THOUS (2021: €274 THOUS) granted to Mr. Fusté in the Fiscal Year is composed of 100% fixed compensation components.

Prof. Emanuele Gatti was a member of the Management Board until March 31, 2014. In the Fiscal Year, Prof. Gatti received pension payments in the amount of €378 THOUS (2021: €355 THOUS). The total compensation of €378 THOUS (2021: €355 THOUS) granted to Prof. Gatti in the Fiscal Year is composed of 100% fixed compensation components.

Dr. Rainer Runte was a member of the Management Board until March 31, 2014. In the Fiscal Year, Dr. Runte received pension payments in the amount of €12 THOUS (2021: €0 THOUS). The total compensation of €12 THOUS (2021: €0 THOUS) granted to Dr. Runte in the Fiscal Year is composed of 100% fixed compensation components.

Members of the Management Board who ceased to hold office prior to the end of 2012 in total received pension payments of €5 THOUS (2021: €0 THOUS) in the Fiscal Year.

For an explanation as to how the compensation components correspond to the relevant compensation system, as to how compensation promotes the long-term development of the Company, as to how the performance criteria were applied as and as to how the compensation "awarded" in the Fiscal Year is defined, please refer to the respective aforementioned statements regarding the compensation for the current Management Board members or members in office until the end of the Fiscal Year. To the extent the aforementioned former members of the Management Board were awarded long-term variable compensation in the Fiscal Year, this is based on the Allocation 2018 under the LTIP 2016 or under the Share Based Award, respectively.

COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The supervisory board advises and monitors the management and is involved in the strategy and planning and in all matters of fundamental importance to the Company. In view of these tasks which carry a high degree of responsibility, the members of the

supervisory board are intended to receive appropriate compensation, which also takes sufficient account of the time required to hold the supervisory board office. In addition, supervisory board compensation that is appropriate also with respect to the market environment ensures that the Company will continue to have qualified candidates for the supervisory board in the future. Thus, appropriate compensation of the supervisory board members contributes to the promotion of the business strategy and the long-term development of the Company.

The Annual General Meeting of the Company on August 27, 2020 approved both the compensation for the Supervisory Board applicable at that time and the compensation applicable since January 1, 2021 by a majority of more than 98% of the votes cast. The resolution of the Company's general meeting on the Supervisory Board members' compensation can be found on the Company's website at www.freseniusmedicalcare.com/en/about-us/supervisory-board/remuneration.

The compensation of the members of the Supervisory Board and the General Partner's supervisory board is governed by Article 13 of the Company's and the General Partner's respective Articles of Association, which are largely identical. This ensures that compensation of the Supervisory Board members on the one hand and the General Partner's supervisory board members on the other hand are aligned with each other. Unless otherwise indicated, the following statements therefore refer to compensation of both the Supervisory Board members and the General Partner's supervisory board members.

The members of the Supervisory Board receive compensation from the Company and the members of the General Partner's supervisory board from the General Partner. The compensation paid to the members of the General Partner's supervisory board and to the members of its committees is charged to the Company in accordance with Article 7 para. 3 of the Company's Articles of Association.

Compensation as provided for in Article 13 of the Articles of Association

According to Article 13 of the respective Articles of Association, the members of the supervisory board receive fixed compensation, fringe benefits (comprising the reimbursement of expenses and insurance coverage) and, if they serve in committees of the supervisory board, compensation for these committee activities. If a fiscal year does not comprise a full calendar year, the compensation related to a full fiscal year is to be paid pro rata temporis.

In the Fiscal Year, the members of the supervisory board received compensation on the basis of and in accordance with Article 13 of the respective Articles of Association in the version applicable in the Fiscal Year as follows:

Activities on the supervisory board

Each supervisory board member received fixed compensation of $160 THOUS (2021: $160 THOUS) for the full Fiscal Year, payable in four equal installments at the end of a calendar quarter. The chair of the supervisory board received additional compensation of $160 THOUS (2021: $160 THOUS) and the vice chair received additional compensation of $80 THOUS (2021: $80 THOUS), in each case for the full Fiscal Year.

Activities in committees

As a member of a committee, a supervisory board member additionally received $40 THOUS (2021: $40 THOUS) for the full Fiscal Year. A member of a committee who served as chair or vice chair of a committee additionally received $40 THOUS and $20 THOUS for the full Fiscal Year, respectively (2021: $40 THOUS and $20 THOUS, respectively), payable in identical installments at the end of a calendar quarter. No separate compensation was awarded to supervisory board members who were members of the Joint Committee of the Company or performed the functions of chairs and vice chairs. In accordance with Article 13e para. 3 of the Articles of Association of the Company, the members of the Joint Committee are, however, entitled to receive an attendance fee in the amount of $3.5 THOUS.

Deduction and offset clauses

To the extent a member of the Supervisory Board at the same time is a member of the General Partner's supervisory board and receives compensation for these activities, such compensation will be reduced by half. The same applies to the additional compensation paid to the chair and the vice chair of the supervisory board if a person performs this function on the Supervisory Board and the General Partner's supervisory board at the same time. If the vice chair of the Supervisory Board or the General Partner's supervisory board at the same time is the chair of the General Partner's supervisory board or the Supervisory Board, that person will not receive additional compensation for the activity as vice chair. If a member of a committee of the Supervisory Board at the same time is a member of a committee of the General Partner's supervisory board and receives compensation for these activities, these compensation payments will be offset against each other in the corresponding amount, provided that the committees have the same type of functions and competences.

T 4.37 COMPENSATION AWARDED OR DUE OF THE CURRENT OR FORMER MEMBERS OF THE SUPERVISORY BOARD [1]
IN € THOUS

	Compensation for supervisory board activities for the General Partner		Compensation for supervisory board activities for the Company		Compensation for committee services for the General Partner		Compensation for committee services for the Company		Overall compensation awarded or due	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Current members of the supervisory board										
Dr. Dieter Schenk	76	71	228	212	76	78	57	46	437	407
Michael Sen[2]	76	–	–	–	38	–	–	–	114	–
Rolf A. Classon	76	71	152	141	38	56	133	130	399	398
Sara Hennicken[3]	50	–	–	–	–	–	–	–	50	–
Gregory Sorensen, MD[4]	76	43	76	43	–	–	–	–	152	86
Dr. Dorothea Wenzel[5]	–	–	152	141	–	–	76	43	228	184
Pascale Witz[6]	76	43	76	98	–	–	57	46	209	187
Prof. Dr. Gregor Zünd[7]	–	–	152	141	–	–	–	–	152	141
Former members of the supervisory board										
Rachel Empey[8]	102	141	–	–	–	–	–	–	102	141
Stephan Sturm[9]	228	283	–	–	114	141	–	–	342	424
TOTAL	**760**	**652**	**836**	**776**	**266**	**275**	**323**	**265**	**2,185**	**1,968**

[1] Shown without value added tax and without withholding tax; translation of U.S. dollar amounts at average exchange rates for the applicable calendar year.
[2] Member and Chair of the supervisory board of the General Partner, but not a member of the supervisory board of the Company; compensation paid by the General Partner.
[3] Member of the supervisory board of the General Partner, but not a member of the supervisory board of the Company; compensation paid by the General Partner.
[4] Please note for purposes of comparison of the amounts indicated for the Fiscal Year that Mr. Gregory Sorensen, MD, was appointed as a member of the supervisory board of the General Partner and of the Company as of May 20, 2021 and, therefore, received compensation payments to be set out herein as of this date.
[5] Member of the supervisory board of the Company, but not a member of the supervisory board of the General Partner; compensation paid by the Company.
[6] Please note for purposes of comparison of the amounts indicated for the Fiscal Year that Ms. Pascale Witz was appointed as a member of the supervisory board of the General Partner as of May 20, 2021 and, therefore, received compensation payments to be set out herein as of this date.
[7] Member of the supervisory board of the Company, but not a member of the supervisory board of the General Partner; compensation paid by the Company.
[8] Former member of the supervisory board of the General Partner, but not a member of the supervisory board of the Company; compensation paid by the General Partner. Please note for purposes of comparison of the amounts indicated for the Fiscal Year that Ms. Rachel Empey was a member of the supervisory board of the General Partner only until August 31, 2022, and, therefore, received compensation payments for these activities to be set out herein only until this date.
[9] Former member and Chair of the supervisory board of the General Partner, but not a member of the supervisory board of the Company; compensation paid by the General Partner. Please note for purposes of comparison of the amounts indicated for the Fiscal Year that Mr. Stephan Sturm was a member and Chair of the supervisory board of the General Partner only until September 30, 2022, and, therefore, received compensation payments for these activities to be set out herein only until this date.

Fringe benefits and insurance protection

Furthermore, members of the supervisory board are reimbursed for the expenses incurred in the exercise of their office, including the statutory value-added tax owed by them.

A Directors & Officers liability insurance in favor of the supervisory board members is in place, having a deductible corresponding to the specifications applying to management board members under German stock corporation law.

No variable compensation

The compensation awarded and due to the supervisory board members in the Fiscal Year exclusively comprises fixed compensation components.

Compensation awarded and due in the Fiscal Year

The compensation awarded and due in the Fiscal Year to the current or former members of the Supervisory Board and the General Partner's supervisory board, including the amount charged by the General Partner to the Company, is shown in TABLE 4.37 ON PAGE 176.

In the Fiscal Year, no compensation was awarded or due to supervisory board members who ceased to hold office prior to the beginning of the Fiscal Year.

COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF THE COMPENSATION

The development of the compensation awarded and due to the current or former members of the Management Board as well as of the Supervisory Board and the General Partner's supervisory board, the development of the Company's earnings and the development of the average compensation of employees on a full-time equivalent (FTE) basis are shown comparatively in TABLE 4.38 STARTING ON PAGE 178.

Key indicators for the performance of the Company

For the purposes of a comparative presentation of the Company's performance, in addition to the Company's annual results for the year under German commercial law, which shows the Company's earnings development, revenue and net income as well as operating income and return on invested capital (ROIC) are also used, each of which serve as key performance indicator of the group and as performance targets for the Management Board members' variable compensation.

Information on the compensation awarded and due

Since the compensation report for the 2021 fiscal year, the compensation has been reported in accordance with the new section 162 AktG introduced at the time. In order to obtain a reasonable comparison between the individual years, the information contained in TABLE 4.38 STARTING ON PAGE 178 on the compensation of the members of the Management Board and the respective supervisory board in 2018, 2019, 2020 and 2021, too, is reported in accordance with the reporting logic applied in the compensation tables in the section "Compensation tables for the current Management Board members or members in office until the end of the Fiscal Year". The amounts disclosed for previous years therefore differ in some cases from the corresponding disclosures in the Compensation Reports for fiscal years 2018, 2019 and 2020.

Financial figures

The figures set out in the compensation comparison are disclosed at current currency and in accordance with the accounting standards applied by the Company in the relevant fiscal year, while the figures relating to the Management Board members' compensation are in principle determined at constant currency.

As disclosed in the Compensation Reports for the relevant fiscal years, the figures used for determining the level of target achievement and for determining the Management Board members' compensation were and are, in some cases, adjusted for certain effects, including, without limitation, effects resulting from a change in the applicable accounting standards. For instance, the Company implemented IFRS 15 in 2018 and IFRS 16 in 2019. The initial application of each of these accounting standards has a material impact on some of the figures shown in the compensation comparison (revenue, net income, operating income, ROIC), making it more difficult to compare these figures for 2018 to those for 2019.

Consequently, there is only a limited degree of comparability between the figures relating to each fiscal year shown in TABLE 4.38 STARTING ON PAGE 178 and the corresponding amounts of the Management Board members' compensation and, in particular, between these figures in terms of their respective annual change.

T 4.38 **COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF THE COMPENSATION (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	2022	Change in %	2021	Change in %	2020	Change in %	2019	Change in %	2018
Revenue	19,398,017	10	17,618,685	(1)	17,859,063	2	17,476,555	6	16,546,873
Operating income	1,511,755	(18)	1,852,290	(20)	2,304,409	2	2,269,558	(25)	3,037,798
Net income	673,405	(31)	969,308	(17)	1,164,377	(3)	1,199,619	(39)	1,981,924
ROIC	3.3 %	(33)	4.9 %	(16)	5.8 %	(5)	6.1 %	(51)	12.4 %
Annual result according to the statutory financial statements of Fresenius Medical Care AG & Co. KGaA	(1,141,219)	n. a.	1,737,017	n. a.	(1,357,242)	n. a.	676,709	n. a.	(937,906)
Average employees' compensation	52.3	15	45.4	(2)	46.2	2	45.5	2	44.6
Current members of the Management Board or members in office until the end of the Fiscal Year									
Helen Giza	1,969	11	1,781	(12)	2,014	185	707	n. a.	–
Franklin W. Maddux, MD	1,683	(15)	1,986	(33)	2,949	n. a.	–	n. a.	–
Dr. Katarzyna Mazur-Hofsäß	1,903	2	1,872	(6)	1,993	4	1,925	33	1,447
Rice Powell	4,658	(14)	5,424	(29)	7,642	88	4,060	(1)	4,082
William Valle	3,457	(7)	3,709	(16)	4,402	88	2,345	(8)	2,548
Former members of the Management Board									
Michael Brosnan	382	(41)	651	(83)	3,813	(16)	4,561	107	2,207
Roberto Fusté	293	7	274	(87)	2,157	245	626	97	317
Prof. Emanuele Gatti	378	6	355	–	355	–	355	(51)	729
Dr. Carla Kriwet	3,173	n. a.	–	n. a.	–	n. a.	–	n. a.	–
Dr. Rainer Runte	12	n. a.	–	n. a.	–	n. a.	–	n. a.	–
Dr. Olaf Schermeier	644	(75)	2,578	(15)	3,042	42	2,136	14	1,868
Kent Wanzek	740	(71)	2,554	(30)	3,654	77	2,059	8	1,911
Harry de Wit	637	(77)	2,814	(13)	3,243	91	1,698	(3)	1,745

COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF THE COMPENSATION (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	2022	Change in %	2021	Change in %	2020	Change in %	2019	Change in %	2018
Current members of the supervisory boards									
Dr. Dieter Schenk	437	7	407	32	308	4	296	–	296
Michael Sen	114	n. a.	–	n. a.	–	n. a.	–	n. a.	–
Rolf A. Classon	399	0	398	42	280	(2)	285	(7)	305
Sara Hennicken	50	n. a.	–	n. a.	–	n. a.	–	n. a.	–
Gregory Sorensen, MD	152	77	86	n. a.	–	n. a.	–	n. a.	–
Dr. Dorothea Wenzel	228	24	184	139	77	71	45	n. a.	–
Pascale Witz	209	12	187	24	151	9	139	(3)	143
Prof. Dr. Gregor Zünd	152	8	141	83	77	(3)	79	216	25
Former members of the supervisory boards									
Rachel Empey	102	(28)	141	83	77	(3)	79	(45)	143
Stephan Sturm	342	(19)	424	60	265	3	257	(9)	282

Compensation of the Management Board

In accordance with the respectively applicable plan terms, an award in the meaning of this Compensation Report from the long-term variable compensation to the members of the Management Board is generally made no earlier than four (LTIP 2011, LTIP 2016 and MB LTIP 2019) or three (MB LTIP 2020, Share Based Award) years after the respective allocation. As a result, compensation awarded or due to Management Board members is usually lower in the first years of their Management Board activity than in subsequent years.

Compensation of the supervisory boards

The variable compensation component previously in place for the respective supervisory boards was eliminated with effect from January 1, 2021 and, to compensate for this, the fixed compensation of the members of the respective supervisory boards was increased in view of the significant increase in the scope of monitoring and advisory activities.

Compensation of the employees

Employee compensation is based on the average wages and salaries of all employees on a full-time equivalent basis at group companies worldwide in the respective fiscal year in order to enable reporting that is consistent with the corresponding figures from reports for previous years as well as the most comprehensive comparison possible over the entire comparative period.

OUTLOOK FOR COMPENSATION-RELATED CHANGES

The company intends to complete the realignment of its operating model under the FME25 program in 2023. Under the new model, the Company will operate with a significantly simplified structure of only two global segments in the future: Care Enablement and Care Delivery. The already described, associated elimination of Management Board functions with regional responsibility will have the effect that in 2023, as was the case in the Fiscal Year, the short-term incentive for the members of the Management Board in accordance with the Compensation System 2020+ will be measured exclusively on a global level and no longer also in part on a regional level.

The non-financial performance target for the short-term incentive of the members of the Management Board described in the section "Sustainability target" was initially set for the years 2020 to 2022. The supervisory board of the General Partner has therefore set a new non-financial performance target for 2023, with an unchanged weighting of 20% for the short-term incentive. Under the new sustainability target for the short-term incentive, there are three equally weighted sustainability criteria: patient satisfaction, employee satisfaction, and the sustainability assessment of the company's products and services portfolio. The target achievement for the sustainability target will be determined on the basis of third-party assurance.

The Supervisory Board will submit a fully revised compensation system for approval at the Company's 2024 Annual General Meeting.

AUDITOR'S REPORT

To Fresenius Medical Care AG & Co. KGaA, Hof an der Saale

We have audited the remuneration report of Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, for the financial year from January 1 to December 31, 2022 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Fresenius Medical Care AG & Co. KGaA are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2022, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor's report on the basis of the engagement agreed with Fresenius Medical Care AG & Co. KGaA. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Frankfurt am Main, February 24, 2023

PRICEWATERHOUSECOOPERS GMBH
Wirtschaftsprüfungsgesellschaft

(SGD. PETER KARTSCHER)
Wirtschaftsprüfer
(German Public Auditor)

(SGD. HOLGER LUTZ)
Wirtschaftsprüfer
(German Public Auditor)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME

T 5.1 **CONSOLIDATED STATEMENTS OF INCOME**
IN € THOUSANDS (THOUS), EXCEPT PER SHARE DATA

	Note	2022	2021	2020
Revenue:				
Health care services		15,418,069	13,876,282	14,114,399
Health care products		3,979,948	3,742,403	3,744,664
	4 a, 26	**19,398,017**	**17,618,685**	**17,859,063**
Costs of revenue:				
Health care services		11,854,213	10,637,279	10,575,424
Health care products		2,233,552	1,904,377	1,746,194
		14,087,765	**12,541,656**	**12,321,618**
GROSS PROFIT		**5,310,252**	**5,077,029**	**5,537,445**
Operating (income) expenses:				
Selling, general and administrative	4 b	3,784,634	3,096,132	3,133,780
Research and development	4 c	228,624	220,782	193,774
Income from equity method investees	26	(66,559)	(92,175)	(94,518)
Remeasurement Gain from InterWell Health	3	(148,202)	-	-
OPERATING INCOME		**1,511,755**	**1,852,290**	**2,304,409**

	Note	2022	2021	2020
Other (income) expense:				
Interest income	4 f	(67,663)	(73,170)	(41,959)
Interest expense	4 f	360,139	353,599	409,978
INCOME BEFORE INCOME TAXES		**1,219,279**	**1,571,861**	**1,936,390**
Income tax expense	4 g	324,954	352,833	500,558
NET INCOME		**894,325**	**1,219,028**	**1,435,832**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		**220,920**	**249,720**	**271,455**
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA		**673,405**	**969,308**	**1,164,377**
BASIC EARNINGS PER SHARE	19	**2.30**	**3.31**	**3.96**
DILUTED EARNINGS PER SHARE	19	**2.30**	**3.31**	**3.96**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

T 5.2 **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
IN € THOUS

	Note	2022	2021	2020
NET INCOME		**894,325**	**1,219,028**	**1,435,832**
Other comprehensive income (loss):				
Components that will not be reclassified to profit or loss:				
Equity method investees - share of OCI	24	22,705	(25,334)	58,166
FVOCI equity investments	24	2,883	37,660	19,439
Actuarial gain (loss) on defined benefit pension plans	16, 24	318,595	(15,781)	4,176
Income tax (expense) benefit related to components of other comprehensive income not reclassified	24	(94,294)	(4,085)	(3,517)
TOTAL		**249,889**	**(7,540)**	**78,264**
Components that may be reclassified subsequently to profit or loss:				
Gain (loss) related to foreign currency translation	24	826,847	1,034,239	(1,359,397)
FVOCI debt securities	24	(44,996)	(9,892)	29,096
Gain (loss) related to cash flow hedges	23, 24	13,583	(1,019)	(188)
Cost of hedging	24	(1,170)	(163)	2,967
Income tax (expense) benefit related to components of other comprehensive income that may be reclassified	24	4,849	1,889	(5,797)
TOTAL		**799,113**	**1,025,054**	**(1,333,319)**
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**1,049,002**	**1,017,514**	**(1,255,055)**
TOTAL COMPREHENSIVE INCOME		**1,943,327**	**2,236,542**	**180,777**
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		**280,219**	**339,583**	**171,810**
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA		**1,663,108**	**1,896,959**	**8,967**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

T 5.3 **CONSOLIDATED BALANCE SHEETS**
IN € THOUS, EXCEPT SHARE DATA

	Note	2022	2021
Assets			
Cash and cash equivalents	6	1,273,787	1,481,655
Trade accounts and other receivables from unrelated parties	7	3,574,270	3,409,061
Accounts receivable from related parties	5	140,072	162,361
Inventories	8	2,296,214	2,038,014
Other current assets	9	919,112	876,151
TOTAL CURRENT ASSETS		**8,203,455**	**7,967,242**
Property, plant and equipment	10	4,152,682	4,235,027
Right-of-use assets	21	4,187,126	4,316,440
Intangible assets	11	1,518,677	1,459,393
Goodwill	11	15,791,181	14,361,577
Deferred taxes	4 g	312,679	315,360
Investment in equity method investees		773,724	786,905
Other non-current assets	23	814,590	924,614
TOTAL NON-CURRENT ASSETS		**27,550,659**	**26,399,316**
TOTAL ASSETS		**35,754,114**	**34,366,558**
Liabilities			
Accounts payable to unrelated parties		813,255	736,069
Accounts payable to related parties	5	118,083	121,457
Current provisions and other current liabilities	12	3,355,144	3,676,875
Short-term debt from unrelated parties	13	665,013	1,178,353
Short-term debt from related parties	13	4,000	77,500
Current portion of long-term debt	14	694,062	667,966
Current portion of lease liabilities from unrelated parties	21	649,844	639,947
Current portion of lease liabilities from related parties	5	23,981	21,631
Income tax liabilities		143,932	137,836
TOTAL CURRENT LIABILITIES		**6,467,314**	**7,257,634**

	Note	2022	2021
Long-term debt, less current portion	14	7,170,734	6,646,949
Lease liabilities from unrelated parties, less current portion	21	3,875,216	3,990,153
Lease liabilities from related parties, less current portion	5	129,722	97,650
Non-current provisions and other non-current liabilities	15	1,183,910	707,563
Pension liabilities	16	514,219	782,622
Income tax liabilities		27,345	36,498
Deferred taxes	4 g	936,475	868,452
TOTAL NON-CURRENT LIABILITIES		**13,837,621**	**13,129,887**
TOTAL LIABILITIES		**20,304,935**	**20,387,521**
Shareholders' equity:			
Ordinary shares, no par value, €1.00 nominal value, 362,370,124 shares authorized, 293,413,449 issued and outstanding as of December 31, 2022 (December 31, 2021: 293,004,339)	17	293,413	293,004
Additional paid-in capital	17	3,372,799	2,891,276
Retained earnings	17	10,711,709	10,826,140
Accumulated other comprehensive income (loss)	24	(388,468)	(1,311,637)
TOTAL FMC AG & CO. KGAA SHAREHOLDERS' EQUITY		**13,989,453**	**12,698,783**
Noncontrolling interests	17	1,459,726	1,280,254
TOTAL EQUITY		**15,449,179**	**13,979,037**
TOTAL LIABILITIES AND EQUITY		**35,754,114**	**34,366,558**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

T 5.4 **CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	Note	2022	2021	2020
Operating activities				
Net income		894,325	1,219,028	1,435,832
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, amortization and impairment loss	10, 11, 21, 26	1,838,363	1,623,676	1,785,899
Change in deferred taxes, net		(41,471)	67,259	111,104
(Gain) loss from the sale of fixed assets, right-of-use assets, investments and divestitures		(99,268)	44,088	(58,364)
Income from equity method investees		(66,559)	(92,175)	(94,518)
Interest expense, net	4 f	292,476	280,429	368,019
Changes in assets and liabilities, net of amounts from businesses acquired:				
Trade accounts and other receivables from unrelated parties		(76,658)	(100,548)	11,611
Inventories		(204,307)	(48,530)	(355,831)
Other current and non-current assets		154,031	164,201	(178,473)
Accounts receivable from related parties		29,976	(62,649)	60,084
Accounts payable to related parties		(8,726)	19,696	(16,311)
Accounts payable to unrelated parties, provisions and other current and non-current liabilities		(348,063)	(383,651)	1,389,928
Income tax liabilities		325,680	313,713	324,455
Received dividends from investments in equity method investees		95,213	58,472	89,419
Paid interest		(350,681)	(341,629)	(379,994)
Received interest		67,663	73,170	41,959
Paid income taxes		(334,615)	(345,052)	(301,663)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**2,167,379**	**2,489,498**	**4,233,156**
Investing activities				
Purchases of property, plant and equipment and capitalized development costs		(723,988)	(854,360)	(1,051,983)
Acquisitions, net of cash acquired, investments and purchases of intangible assets	3, 25	(59,133)	(434,171)	(258,985)
Investments in debt securities	3	(105,641)	(129,081)	(96,401)
Proceeds from sale of property, plant and equipment		36,205	24,424	15,578
Proceeds from divestitures	3, 25	60,161	52,444	14,608
Proceeds from sale of debt securities	3	57,671	144,516	42,241
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		**(734,725)**	**(1,196,228)**	**(1,334,942)**
Financing activities				
Proceeds from short-term debt from unrelated parties		633,094	1,716,261	213,116
Repayments of short-term debt from unrelated parties		(1,144,751)	(600,484)	(1,304,526)
Proceeds from short-term debt from related parties		84,000	87,946	581,711
Repayments of short-term debt from related parties		(157,500)	(26,766)	(587,180)
Proceeds from long-term debt		986,922	1,244,094	2,120,905
Repayments of long-term debt		(744,620)	(2,083,000)	(1,586,218)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	Note	2022	2021	2020
Repayments of lease liabilities from unrelated parties		(752,884)	(675,639)	(683,614)
Repayments of lease liabilities from related parties		(22,268)	(21,315)	(20,185)
Increase (decrease) of accounts receivable facility		94,962	-	(373,840)
Proceeds from exercise of stock options		20,153	6,511	12,653
Purchase of treasury stock	17	-	-	(365,988)
Dividends paid	17	(395,556)	(392,455)	(351,170)
Distributions to noncontrolling interests		(307,417)	(334,844)	(366,277)
Contributions from noncontrolling interests		88,505	55,309	46,586
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(1,617,360)**	**(1,024,382)**	**(2,664,027)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(23,162)**	**131,228**	**(160,371)**
Cash and cash equivalents:				
Net increase (decrease) in cash and cash equivalents		(207,868)	400,116	73,816
Cash and cash equivalents at beginning of period		1,481,655	1,081,539	1,007,723
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**1,273,787**	**1,481,655**	**1,081,539**

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

T 5.5 **CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUATION SEE NEXT PAGE)**
IN € THOUS, EXCEPT SHARE DATA

		Ordinary shares		Treasury stock				Accumulated other comprehensive income (loss)						
	Note	Number of shares	No par value	Number of shares	Amount	Additional paid-in capital	Retained earnings	Foreign currency translation	Cash Flow Hedges	Pensions	Fair value changes	Total FMC AG & Co. KGaA shareholders' equity	Non-controlling interests	Total equity
BALANCE AT DECEMBER 31, 2019		**304.436.876**	**304.437**	**(6.107.629)**	**(370.502)**	**3.607.662**	**9.454.861**	**(664.987)**	**(10.460)**	**(363.098)**	**-**	**11.957.913**	**1.269.324**	**13.227.237**
Proceeds from exercise of options and related tax effects	20	234,796	235	-	-	12,476	-	-	-	-	-	12,711	-	12,711
Purchase of treasury stock	17	-	-	(5,687,473)	(365,988)	-	-	-	-	-	-	(365,988)	-	(365,988)
Withdrawal of treasury stock	17	(11,795,102)	(11,795)	11,795,102	736,490	(724,695)	-	-	-	-	-	-	-	-
Dividends paid	17	-	-	-	-	-	(351,170)	-	-	-	-	(351,170)	-	(351,170)
Purchase / sale of noncontrolling interests		-	-	-	-	(22,813)	-	-	-	-	-	(22,813)	(69,132)	(91,945)
Contributions from / to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(255,772)	(255,772)
Put option liabilities	23	-	-	-	-	-	(24,540)	-	-	-	-	(24,540)	-	(24,540)
Transfer of cumulative gains / losses of equity investments	23	-	-	-	-	-	11,385	-	-	-	(11,385)	-	-	-
Net Income		-	-	-	-	-	1,164,377	-	-	-	-	1,164,377	271,455	1,435,832
Other comprehensive income (loss) related to:														
Foreign currency translation	24	-	-	-	-	-	-	(1,271,726)	724	13,831	(2,581)	(1,259,752)	(99,645)	(1,359,397)
Cash flow hedges, net of related tax effects	24	-	-	-	-	-	-	-	2,030	-	-	2,030	-	2,030
Pensions, net of related tax effects	16	-	-	-	-	-	-	-	-	2,985	-	2,985	-	2,985
Fair value changes	24	-	-	-	-	-	-	-	-	-	99,327	99,327	-	99,327
Comprehensive income		-	-	-	-	-	-	-	-	-	-	8,967	171,810	180,777
BALANCE AT DECEMBER 31, 2020		**292,876,570**	**292,877**	**-**	**-**	**2,872,630**	**10,254,913**	**(1,936,713)**	**(7,706)**	**(346,282)**	**85,361**	**11,215,080**	**1,116,230**	**12,331,310**

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS, EXCEPT SHARE DATA

		Ordinary shares		Treasury stock				Accumulated other comprehensive income (loss)						
	Note	Number of shares	No par value	Number of shares	Amount	Additional paid-in capital	Retained earnings	Foreign currency translation	Cash Flow Hedges	Pensions	Fair value changes	Total FMC AG & Co. KGaA shareholders' equity	Non-controlling interests	Total equity
BALANCE AT DECEMBER 31, 2020		**292,876,570**	**292,877**	**-**	**-**	**2,872,630**	**10,254,913**	**(1,936,713)**	**(7,706)**	**(346,282)**	**85,361**	**11,215,080**	**1,116,230**	**12,331,310**
Proceeds from exercise of options and related tax effects	20	127,769	127	-	-	5,463	-	-	-	-	-	5,590	-	5,590
Dividends paid	17	-	-	-	-	-	(392,455)	-	-	-	-	(392,455)	-	(392,455)
Purchas / sale of noncontrolling interests		-	-	-	-	13,183	-	-	-	-	-	13,183	87,289	100,472
Contributions from / to noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(262,848)	(262,848)
Put option liabilities	23	-	-	-	-	-	(39,574)	-	-	-	-	(39,574)	-	(39,574)
Transfer of cumulative gains / losses of equity investments	23	-	-	-	-	-	33,948	-	-	-	(33,948)	-	-	-
Net Income		-	-	-	-	-	969,308	-	-	-	-	969,308	249,720	1,219,028
Other comprehensive income (loss) related to:														
Foreign currency translation	24	-	-	-	-	-	-	954,207	(634)	(12,342)	3,145	944,376	89,863	1,034,239
Cash flow hedges, net of related tax effects	24	-	-	-	-	-	-	-	(775)	-	-	(775)	-	(775)
Pensions, net of related tax effects	16	-	-	-	-	-	-	-	-	(11,374)	-	(11,374)	-	(11,374)
Fair value changes	24	-	-	-	-	-	-	-	-	-	(4,576)	(4,576)	-	(4,576)
Comprehensive income		-	-	-	-	-	-	-	-	-	-	1,896,959	339,583	2,236,542
BALANCE AT DECEMBER 31, 2021		**293,004,339**	**293,004**	**-**	**-**	**2,891,276**	**10,826,140**	**(982,506)**	**(9,115)**	**(369,998)**	**49,982**	**12,698,783**	**1,280,254**	**13,979,037**

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS, EXCEPT SHARE DATA

		Ordinary shares		Treasury stock				Accumulated other comprehensive income (loss)						
	Note	Number of shares	No par value	Number of shares	Amount	Additional paid-in capital	Retained earnings	Foreign currency translation	Cash Flow Hedges	Pensions	Fair value changes	Total FMC AG & Co. KGaA shareholders' equity	Non-controlling interests	Total equity
BALANCE AT DECEMBER 31, 2021		**293,004,339**	**293,004**	**-**	**-**	**2,891,276**	**10,826,140**	**(982,506)**	**(9,115)**	**(369,998)**	**49,982**	**12,698,783**	**1,280,254**	**13,979,037**
Proceeds from exercise of options and related tax effects	20	409,110	409	-	-	19,996	-	-	-	-	-	20,405	-	20,405
Dividends paid	17	-	-	-	-	-	(395,556)	-	-	-	-	(395,556)	-	(395,556)
Transactions with noncontrolling interests without loss of control	17	-	-	-	-	461,527	-	-	-	-	-	461,527	29,639	491,166
Noncontrolling interests due to changes in consolidation group		-	-	-	-	-	-	-	-	-	-	-	142,310	142,310
Contributions from / to noncontrolling interests	17	-	-	-	-	-	-	-	-	-	-	-	(272,696)	(272,696)
Put option liabilities	3, 23	-	-	-	-	-	(458,814)	-	-	-	-	(458,814)	-	(458,814)
Transfer of cumulative gains / losses of equity investments	23	-	-	-	-	-	66,534	-	-	-	(66,534)	-	-	-
Net Income		-	-	-	-	-	673,405	-	-	-	-	673,405	220,920	894,325
Other comprehensive income (loss) related to:														
Foreign currency translation	24	-	-	-	-	-	-	775,296	(723)	(10,061)	3,036	767,548	59,299	826,847
Cash flow hedges, net of related tax effects	24	-	-	-	-	-	-	-	9,211	-	-	9,211	-	9,211
Pensions, net of related tax effects	16	-	-	-	-	-	-	-	-	224,533	-	224,533	-	224,533
Fair value changes	24	-	-	-	-	-	-	-	-	-	(11,589)	(11,589)	-	(11,589)
Comprehensive income		-	-	-	-	-	-	-	-	-	-	1,663,108	280,219	1,943,327
BALANCE AT DECEMBER 31, 2022		**293,413,449**	**293,413**	**-**	**-**	**3,372,799**	**10,711,709**	**(207,210)**	**(627)**	**(155,526)**	**(25,105)**	**13,989,453**	**1,459,726**	**15,449,179**

The following notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The Company

Fresenius Medical Care AG & Co. KGaA (FMC AG & Co. KGaA or the Company), a German partnership limited by shares (Kommanditgesellschaft auf Aktien) registered in the commercial registry of Hof an der Saale under HRB 4019, with its business address at Else-Kröner-Str. 1, 61352 Bad Homburg v. d. Höhe, Germany, is the world's leading provider of products and services for individuals with renal diseases based on publicly reported revenue and number of patients treated. The Company provides dialysis and related services for individuals with renal diseases as well as other health care services. The Company also develops, manufactures and distributes a wide variety of health care products. The Company's health care products include hemodialysis machines, peritoneal dialysis cyclers, dialyzers, peritoneal dialysis solutions, hemodialysis concentrates, solutions and granulates, bloodlines, renal pharmaceuticals, systems for water treatment and acute cardiopulmonary and apheresis products. The Company supplies dialysis clinics it owns, operates or manages with a broad range of products and also sells dialysis products to other dialysis service providers. The Company's other health care services include value and risk-based care programs, pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology and cardiology services and ambulant treatment services.

In these notes, "FMC AG & Co. KGaA," the "Company" or the "Group" refers to Fresenius Medical Care AG & Co. KGaA or Fresenius Medical Care AG & Co. KGaA and its subsidiaries on a consolidated basis, as the context requires. "Fresenius SE" and "Fresenius SE & Co. KGaA" refer to Fresenius SE & Co. KGaA. "Management AG" and the "General Partner" refer to Fresenius Medical Care Management AG which is FMC AG & Co. KGaA's general partner and is wholly owned by Fresenius SE. "Management Board" refers to the members of the management board of Management AG and, except as otherwise specified, "Supervisory Board" refers to the supervisory board of FMC AG & Co. KGaA. The term "North America Segment" refers to the North America operating segment, the term "EMEA Segment" refers to the Europe, Middle East and Africa operating segment, the term "Asia-Pacific Segment" refers to the Asia-Pacific operating segment, and the term "Latin America Segment" refers to the Latin America operating segment. For further discussion of the Company's operating and reportable segments, SEE NOTE 26.

Basis of presentation

FMC-AG & Co. KGaA as a stock exchange listed company in a member state of the European Union ("EU") fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS"), as they are to be applied in the EU, as well as applying section 315e of the German Commercial Code ("HGB"), using the euro as the Company's reporting and functional currency.

The consolidated financial statements of FMC-AG & Co. KGaA at December 31, 2022 have been prepared and are published in accordance with the standards valid on the balance sheet date issued by the International Accounting Standards Board ("IASB") and the mandatory Interpretations of the International Financial Reporting Interpretations Committee ("IFR IC"), which are binding to be applied in the EU.

Furthermore, the Company prepares consolidated financial statements in accordance with IFRS as issued by the IASB which is filed on Form 20-F with the Securities and Exchange Commission ("SEC"). At December 31, 2022, there were no IFRS or IFR IC interpretations as endorsed by the EU relevant for reporting that differed from IFRS as issued by the IASB.

Moreover, the notes include information required by HGB according to Section 315e (1) HGB. In addition to the IFRS consolidated financial statements, a group management report must be prepared according to section 315 HGB.

The Company is included in the IFRS consolidated financial statements of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, pursuant to Section 315e of the German Commercial Code (HGB), published in the Federal Gazette and drawn up for the smallest circle of companies. The consolidated financial statements for the largest circle of companies are drawn up by Fresenius Management SE, Bad Homburg v. d. Höhe, and also published in the Federal Gazette.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Such financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the periods presented. All such adjustments are of a normal recurring nature. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in all future periods affected.

In order to improve clarity of presentation, various items are aggregated in the consolidated balance sheets and consolidated statements of income. These items are analyzed separately in the notes where this provides useful information to the users of the consolidated financial statements.

The consolidated balance sheets contain all information required to be disclosed by IAS 1, Presentation of Financial Statements (IAS 1) and is classified on the basis of the liquidity of assets and liabilities. The consolidated statements of income are classified using the cost-of-sales accounting format.

The Company applies IAS 29, Financial Reporting in Hyperinflationary Economies (IAS 29), in its Argentine, Lebanese and Turkish subsidiaries due to inflation in these countries. TABLE 5.6 details the date of initial application of IAS 29 and the specific inputs used to calculate the loss on net monetary position on a country-specific basis for the year ended December 31, 2022. The hyperinflationary accounting effects of the initial application on the opening balance sheet are presented within accumulated other comprehensive income (loss) related to foreign currency translation, in the amount of €22,919, and ongoing re-translation effects of comparative amounts are recorded in other comprehensive income (loss) within the Company's consolidated financial statements. The impacts of applying IAS 29 were not significant in all years presented. The subsequent gains or losses on net monetary position are recorded in selling, general and administrative expense within the Company's consolidated statements of income and within other current and non-current assets within the Company's consolidated statements of cash flows.

T 5.6 INPUTS FOR THE CALCULATION OF LOSSES ON NET MONETARY POSITIONS

	Argentina	Lebanon	Turkiye
Date of IAS 29 initial application	July 1, 2018	December 31, 2020	June 30, 2022
Consumer price index	National Institute of Statistics & Censuses	Central Administration of Statistics	Turkish Statistical Institute
Index at December 31, 2022	1,134.6	2,045.46	1,128.45
Calendar year increase	95%	122%	64%
Loss on net monetary position in € THOUS	39,056	121	7,384

In the consolidated statements of shareholders' equity, the Company started presenting transactions with noncontrolling interests without a loss of control separately from changes in noncontrolling interests due to changes in the consolidation group primarily related to an increase in noncontrolling interests resulting from the business combination completed among Fresenius Health Partners, Inc. (FHP), InterWell Health LLC, and Cricket Health, Inc. (Cricket) (for further information on this business combination, SEE NOTE 3). Previously, these changes in noncontrolling interests were combined within the line item "Purchase/sale of noncontrolling interests" due to immateriality.

At the end of February 2022, Russia invaded Ukraine (Ukraine War), triggering sanctions by various countries against Russia. The resulting uncertainties led to a further deterioration in the macroeconomic environment for 2022, resulting in accelerating inflationary developments, supply chain disruptions and capital market volatility. These developments, combined with complications in the labor market, in particular in the United States (U.S.), had a negative impact on the Company's operations, specifically within health care services revenue and costs of revenues as well as selling, general & administrative expenses, with related effects flowing through to net income. The Company continues to monitor the situation. As of December 31, 2022, the Company's assets in Russia and Ukraine totaled less than 1% of the Company's total assets.

At February 24, 2023, the Management Board authorized the consolidated financial statements for issue and passed them through to the Supervisory Board for review and authorization.

Significant accounting policies

A) Principles of consolidation and composition of the group

The financial statements of consolidated entities have been prepared using uniform accounting methods in accordance with IFRS 10, Consolidated Financial Statements (IFRS 10). Acquisitions of companies are accounted for under the acquisition method.

Besides FMC AG & Co. KGaA, the consolidated financial statements include all material subsidiaries according to IFRS 10 over which the Company has control. FMC AG & Co. KGaA controls an entity if it has power over the entity through existing rights that give the Company the current ability to direct the activities that significantly affect the entity's return. In addition, the Company is exposed to, or has rights to, variable returns from the involvement with the entity and the Company has the ability to use its power over the entity to affect the amount of the Company's return.

The equity method is applied in accordance with IAS 28, Investments in Associates and Joint Ventures (IAS 28). Generally, equity method investees are entities in which FMC AG & Co. KGaA, directly or indirectly, holds 50% or less of the voting power and can exercise significant influence over their financial and operating policies. While the Company's investment in Vifor Fresenius Medical Care Renal Pharma Ltd. makes up a large portion of its equity method investees, there are no investments in equity method investees that are individually material to the Company.

Acquisitions of companies are accounted for in accordance with IFRS 3, Business Combinations (IFRS 3) at the date of acquisition. Initially, all identifiable assets and liabilities of subsidiaries as well as the noncontrolling interests are recognized at their fair values. The cost is then compared with the fair value of the assets acquired and liabilities assumed. Any remaining balance is recognized as goodwill and is tested at least once a year for impairment. Generally, adjustments made to the fair value of identifiable assets and liabilities subsequent to final purchase price allocation are recognized immediately in profit or loss.

Intercompany revenues, expenses, income, receivables, payables, accruals, provisions and commitments and contingencies, are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other group entities are also eliminated.

Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interest (NCI) is the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent and is recognized at its fair value at the date of first consolidation using the full goodwill method. Profits and losses attributable to the noncontrolling interests are separately disclosed in the consolidated statements of income. Summarized financial information relating to our U.S.-based subsidiary, InterWell Topco L.P. (NewCo), in which the noncontrolling interests hold 17% and 8%, respectively, can be found in NOTE 3. The book value of these noncontrolling interests at December 31, 2022 was $188,008 (€176,269).

The Company writes put options on certain noncontrolling interests. A portion of these put options relate to dialysis clinics in which nephrologists or nephrology groups own an equity interest. In addition, as part of the transaction with Cricket, and InterWell Health LLC, the Company also granted put options to minority shareholders of the newly created value-based kidney care entity (SEE NOTE 3 for further information). Generally, the put options associated with this business model are valid for an unlimited time. Accordingly, the put options represent a long-term investment into a dialysis clinic for the NCI holder. The put options provide for settlement in cash.

For these put options, IAS 32, Financial Instruments: Presentation (IAS 32) paragraph 23 requires the Company to recognize a liability for the present value of the exercise price of the option. The put option liability is recorded in other current provisions and other current liabilities and other non-current provisions and other non-current liabilities at present value of the redemption amount at the balance sheet date. The Company believes the accounting treatment of the changes to the put option liability under IFRS to this date has not been finally clarified. In the absence of IFRS guidance specifically applicable to the accounting for put options on NCI, the Company, in line with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) paragraph 10, applied the present access method. According to the present access method, NCI are recorded in equity when the risks and rewards of ownership reside with the NCI holders. The initial recognition of the put option liability, as well as valuation differences, is recorded in equity with no impact to the income statement (SEE NOTE 1 H). This presentation results in information that is relevant to the economic decision-making needs of users and to provide reliable financial information as the Company considers these NCI with written put options as equity holders and accordingly attributes net income to NCI. For further information regarding the valuation of the put option liabilities, SEE NOTE 23.

The consolidated financial statements for 2022 include FMC AG & Co. KGaA as well as 2,346 companies (2021: 2,343). In 2022, 79 companies were accounted for by the equity method (2021: 50), 68 companies were first-time consolidations (2021: 90) and 27 companies were deconsolidated (2021: 52).

The principal subsidiaries of the Company are those with the most significant contribution to the Company's revenue, net income or net assets. The Company's interest in these subsidiaries for the years ended December 31, 2022 and 2021 are listed in TABLE 5.7 ON PAGE 194.

The complete list of participations in affiliated and associated companies of FMC AG & Co. KGaA will be submitted to the Federal Gazette and the electronic companies register as well as published on https://www.freseniusmedicalcare.com/en/investors/publications/ as part of the annual report of FMC-AG & Co. KGaA according to German law.

For 2022, the following fully consolidated German subsidiaries of the Company will apply the exemption provided in Section 264 (3) or Section 264b of the HGB and therefore will be exempt from applying certain legal requirements to prepare notes to the statutory standalone financial statements and a management report as well as the requirements of an independent audit and public disclosure (SEE TABLE 5.8 ON PAGE 195).

T 5.7 **PRINCIPAL SUBSIDIARIES**

Name	Country	Main activity	Ownership
Fresenius Medical Care (FMC) Argentina S.A.	Argentina	Provision of health care services	100%
		Sale of health care products	
FMC Australia Pty. Ltd.	Australia	Provision of health care services	100%
		Sale of health care products	
FMC Colombia S.A.	Colombia	Provision of health care services	100%
		Sale of health care products	
FMC Deutschland GmbH	Germany	Sale of health care products	100%
		Production of health care products	
		Research and development	
FMC France S.A.S.	France	Sale of health care products	100%
FMC GmbH	Germany	Sale of health care products	100%
FMC Holdings, Inc.	USA	Provision of health care services	100%
		Sale of health care products	
		Production of health care products	
		Research and development	
FMC Italia S.p.A.	Italy	Sale of health care products	100%
FMC Korea Ltd.	South Korea	Sale of health care products	100%
FMC Ltda.	Brazil	Sale of health care products	100%
FMC Shanghai Ltd.	China	Sale of health care products	100%
FMC (U.K.) Ltd.	United Kingdom	Provision of health care services	100%
		Sale of health care products	
		Production of health care products	
National Medical Care of Spain, S.A.U.	Spain	Provision of health care services	100%
NephroCare Portugal, S.A.	Portugal	Provision of health care services	100%
		Sale of health care products	
JSC Fresenius SP	Russian Federation	Provision of health care services	100%
		Sale of health care products	

B) Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term investments (measured at fair value through profit and loss) with original maturities of up to three months. Short-term investments are highly liquid and readily convertible into known amounts of cash. The risk of changes in value is insignificant.

C) Trade accounts and other receivables from unrelated parties

Trade accounts and other receivables from unrelated parties are recognized initially at fair value and subsequently at amortized cost. For information regarding expected credit losses, SEE NOTE 2 C.

D) Inventories

Inventories are stated at the lower of cost (determined by using the average or first-in, first-out method) or net realizable value (SEE NOTE 8). Costs included in inventories are based on invoiced costs and/or production costs as applicable. Included in production costs are material, direct labor and production overhead and applicable depreciation charges.

E) Property, plant and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation (SEE NOTE 10). Maintenance and repair costs (day-to-day servicing) are expensed as incurred. The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing parts and major inspections if it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 4 to 50 years for buildings and improvements with a weighted average life of 15 years and 3 to 19 years for machinery and equipment with a weighted average life of 11 years. Internal use platform software that is integral to the computer equipment it supports is included in property, plant and equipment.

T 5.8 **COMPANIES EXEMPT FROM APPLYING CERTAIN LEGAL REQUIREMENTS**

Name of the company	Registered office of the company
Ärztliches Versorgungszentrum Ludwigshafen GmbH im Lusanum	Ludwigshafen am Rhein, Germany
DiZ München Nephrocare GmbH	Munich, Germany
ET Software Developments GmbH	Heidelberg, Germany
Fresenius Medical Care Beteiligungsgesellschaft mbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Data Solutions GmbH	Berlin, Germany
Fresenius Medical Care Deutschland GmbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Frankfurt am Main GmbH	Frankfurt am Main, Germany
Fresenius Medical Care GmbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Investment GmbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care US Beteiligungsgesellschaft mbH	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care US Vermögensverwaltungs GmbH & Co. KG	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care US Zwei Vermögensverwaltungs GmbH & Co. KG	Bad Homburg v. d. Höhe, Germany
Fresenius Medical Care Ventures GmbH	Bad Homburg v. d. Höhe, Germany
Medizinisches Versorgungszentrum Berchtesgaden GmbH	Berchtesgaden, Germany
MVZ Gelsenkirchen-Buer GmbH	Gelsenkirchen, Germany
Nephrocare Ahrensburg GmbH	Ahrensburg, Germany
Nephrocare Augsburg GmbH	Augsburg, Germany
Nephrocare Berlin-Weißensee GmbH	Berlin, Germany
Nephrocare Betzdorf GmbH	Betzdorf, Germany
Nephrocare Bielefeld GmbH	Bielefeld, Germany
Nephrocare Buchholz GmbH	Buchholz, Germany
Nephrocare Daun GmbH	Daun, Germany
Nephrocare Deutschland GmbH	Bad Homburg v. d. Höhe, Germany
Nephrocare Döbeln GmbH	Döbeln, Germany
Nephrocare Dortmund GmbH	Dortmund, Germany
Nephrocare Friedberg GmbH	Friedberg, Germany
Nephrocare Grevenbroich GmbH	Grevenbroich, Germany
Nephrocare Hagen GmbH	Hagen, Germany
Nephrocare Hamburg-Altona GmbH	Hamburg, Germany
Nephrocare Hamburg-Barmbek GmbH	Hamburg, Germany
Nephrocare Hamburg-Süderelbe GmbH	Hamburg, Germany
Nephrocare Ingolstadt GmbH	Ingolstadt, Germany
Nephrocare Kaufering GmbH	Kaufering, Germany
Nephrocare Krefeld GmbH	Krefeld, Germany
Nephrocare Lahr GmbH	Lahr, Germany
Nephrocare Leverkusen GmbH	Leverkusen, Germany
Nephrocare Ludwigshafen GmbH	Ludwigshafen am Rhein, Germany
Nephrocare Mannheim GmbH	Mannheim, Germany
Nephrocare Mettmann GmbH	Mettmann, Germany
Nephrocare Mönchengladbach GmbH	Mönchengladbach, Germany
Nephrocare Mühlhausen GmbH	Mühlhausen, Germany
Nephrocare München-Ost GmbH	Munich, Germany
Nephrocare Münster GmbH	Münster, Germany
Nephrocare MVZ Aalen GmbH	Aalen, Germany
Nephrocare Oberhausen GmbH	Oberhausen, Germany
Nephrocare Papenburg GmbH	Papenburg, Germany
Nephrocare Pirmasens GmbH	Pirmasens, Germany
Nephrocare Püttlingen GmbH	Püttlingen, Germany
Nephrocare Recklinghausen GmbH	Recklinghausen, Germany
Nephrocare Rostock GmbH	Rostock, Germany
Nephrocare Salzgitter GmbH	Salzgitter, Germany
Nephrocare Schrobenhausen GmbH	Schrobenhausen, Germany
Nephrocare Schwandorf-Regenstauf GmbH	Schwandorf, Germany
Nephrocare Starnberg GmbH	Starnberg, Germany
Nephrocare Wetzlar GmbH	Wetzlar, Germany
Nephrocare Witten GmbH	Witten, Germany
Nephrologisch-Internistische Versorgung Ingolstadt GmbH	Ingolstadt, Germany
Nova Med GmbH Vertriebsgesellschaft für medizinischtechnische Geräte und Verbrauchsartikel	Bad Homburg v. d. Höhe, Germany
VIVONIC GmbH	Sailauf, Germany
Zentrum für Nieren- und Hochdruckkrankheiten Bensheim GmbH	Bensheim, Germany

F) Leases

A lease is defined as a contract that conveys the right to use an underlying asset for a period of time in exchange for consideration. According to IFRS 16, a contract is or contains a lease if:

› the underlying asset is identified in the contract, and
› the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Under IFRS 16, the Company is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments for almost all leases.

The Company applies both the short-term and low-value lease exemption. These leases are exempt from balance sheet recognition and lease payments will be recognized as expenses over the lease term.

IFRS 16 is not applied to leases of intangible assets.

Lease liabilities

Lease liabilities are initially recognized at the present value of the following payments:

› fixed lease payments (including in-substance fixed payments), less any lease incentives receivable,
› variable lease payments (linked to an index or interest rate),
› expected payments under residual value guarantees,
› the exercise price of purchase options, where exercise is reasonably certain,
› lease payments in optional renewal periods, where exercise of extension options is reasonably certain, and
› penalty payments for the termination of a lease, if the lease term reflects the exercise of the respective termination option.

Lease payments are discounted using the implicit interest rate underlying the lease if this rate can be readily determined. Otherwise, the incremental borrowing rate of the lessee is used as the discount rate.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Furthermore, lease liabilities may be remeasured due to lease modifications or reassessments of the lease.

For lease contracts that include both lease and non-lease components that are not separable from lease components, no allocation is performed. Each lease component and any associated non-lease components are accounted for as a single lease. If the lease contracts include the lease and non-lease costs separately, the lease contract costs are divided into lease and non-lease components.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the respective lease. Right-of-use assets are stated at cost less accumulated depreciation. Upon initial recognition, cost comprises of:

› the initial lease liability amount,
› initial direct costs incurred when entering into the lease
› (lease) payments before commencement date of the respective lease, and
› an estimate of costs to dismantle and remove the underlying asset,
› less any lease incentives received.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. Where a lease agreement includes a transfer of ownership at the end of the lease term or the exercise of a purchase option is deemed reasonably certain, right-of-use assets are depreciated over the useful life of the underlying asset using the straight-line method. In addition, right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements.

Right-of-use assets are classified into right-of-use assets relating to land, buildings and improvements or machinery and equipment. In addition, prepayments on right-of-use assets are presented separately (SEE NOTE 21).

G) Intangible assets and goodwill

Intangible assets such as non-compete agreements, technology, distribution agreements, patents, licenses to treat, licenses to manufacture, distribute and sell pharmaceutical drugs, exclusive contracts and exclusive licenses, trade names, management contracts, application software, acute

care agreements, customer relationships and emission certificates are recognized and reported apart from goodwill (SEE NOTE 11). If acquired, those intangible assets are recorded at estimated fair value at the date of the acquisition. Patient relationships, however, are not reported as separate intangible assets due to the missing contractual basis but are part of goodwill.

Expenditures related to application software, either hosted by the Company or within a software as a service arrangement, that fully meet the criteria for the recognition of an intangible asset set out in IAS 38, Intangible Assets (IAS 38) are capitalized as intangible assets.

Goodwill and identifiable intangibles with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment. The Company identified certain trade names and qualified management contracts as intangible assets with indefinite useful lives because there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Company.

Intangible assets with finite useful lives are amortized over their respective useful lives to their residual values. The Company amortizes non-compete agreements over their useful lives which, on average, are 7 years. Technology is amortized over its average useful lives of 12 years. Internally developed intangibles are amortized on a straight-line basis over their average useful lives of 6 years. Licenses to manufacture, distribute and sell pharmaceutical drugs, exclusive contracts and exclusive licenses are amortized over their useful lives which on average is 12 years. Customer relationships are amortized over their average useful lives of 16 years. All other intangible assets are amortized over their weighted average useful lives of 7 years. The weighted average useful life of all amortizable intangible assets is 9 years. Intangible assets with finite useful lives are evaluated for impairment when events have occurred that may give rise to an impairment (SEE NOTE 1 O).

To perform the annual impairment test of goodwill, the Company identified its groups of cash generating units (CGUs) and determined their carrying value by assigning the operating assets and liabilities, including the existing goodwill and intangible assets, to those groups of CGUs. Groups of CGUs reflect the lowest level on which goodwill is monitored for internal management purposes.

One group of CGUs was identified in each of the Company's operating segments. For the purpose of goodwill impairment testing, all corporate assets and liabilities are allocated to the groups of CGUs. At least once a year, the Company compares the recoverable amount of each group of CGUs to the group of CGUs' carrying amount. The recoverable amount is defined as the higher of the value in use or the fair value less cost of disposal of a group of CGUs. In the first step, the value in use of the group of CGUs is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the group of CGUs. In case that the value in use of the group of CGUs is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carrying amount of the goodwill.

For further information SEE NOTE 2 A.

H) Financial instruments

The Company classifies its financial instruments in accordance with IFRS 9 in the following measurement categories: at amortized cost, at fair value through profit and loss (FVPL) and at fair value through other comprehensive income (FVOCI).

Financial assets are classified depending on the business model in which the financial assets are held and the contractual terms of the cash flows. Financial assets are only reclassified when the business model for managing those assets changes. During the reporting period, no financial instruments were reclassified. Purchases and sales of financial assets are recognized or derecognized on the trading date. The Company makes use of the fair value option, which allows financial instruments to be classified at FVPL upon initial recognition, in very rare cases. At initial recognition financial assets and financial liabilities are measured at fair value. Subsequent measurement is either at cost, FVPL or FVOCI.

In general, financial liabilities are classified and subsequently measured at amortized cost, with the exception of contingent consideration resulting from a business combination, put option liabilities as well as derivative financial liabilities.

Investments in equity instruments are recognized and subsequently measured at fair value. The Company's equity investments are not held for trading. In general, changes in the fair value of equity investments are recognized in the income statement. However, at initial recognition the Company elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic equity investments in other comprehensive income (loss) (OCI).

The Company invested in several debt securities, with the objective to achieve both collecting contractual cash flows and selling the financial assets. All debt securities are consequently measured at fair value. Some of these securities give rise on specified dates to cash flows that are

solely payments of principal and interest. These securities are subsequently measured at FVOCI. Other securities are measured at FVPL.

The Company, as option writer of existing put options, can be obligated to purchase the noncontrolling interests held by third parties. The obligations are in the form of put liabilities and are exercisable at the third-party owners' discretion within specified periods or upon the occurrence of certain events as outlined in each specific put option. If these put option liabilities were exercised, the Company would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise. The initial recognition and subsequent measurement are recognized in equity of the Company. For further information related to the estimation of these fair values, SEE NOTE 23.

Certain put option arrangements contain contingent triggers based on changes in legislation, which the Company has concluded are not genuine using the guidance in IFRS 9 B4.1.18 and IAS 32.25. The Company considers this subset of contracts as being non-genuine as the trigger in these clauses is considered to be an event that is extremely rare, highly abnormal and very unlikely to occur. Therefore, the Company has not recorded a liability on the balance sheet relating to this subset of puts option contracts.

Derivative financial instruments which primarily include foreign currency forward contracts are recognized as assets or liabilities at fair value in the balance sheet (SEE NOTE 23). From time to time, the Company may enter into other types of derivative instruments, such as interest rate swaps, which are dealt with on a transaction by transaction basis.

Changes in the fair value of derivative financial instruments designated and qualifying as cash flow hedges are recognized in accumulated OCI (AOCI) in shareholders' equity. The Company only designated the change in fair value of the spot element of foreign exchange forward contracts as the hedging instrument in cash flow hedging relationships and uses a hedge ratio for designated risks of 1:1. The forward elements are separately accounted for as cost of hedging in a separate component within AOCI. The ineffective portion of cash flow hedge is recognized in the income statement.

The amounts recorded in AOCI are subsequently reclassified into earnings as a component of revenue for those foreign exchange contracts that hedge forecasted sales or as an adjustment of cost of revenue for those contracts that hedge forecasted intercompany product purchases. In connection with intercompany loans in foreign currency, the Company uses foreign exchange swaps to assure that no foreign exchange risks arise from those loans, which, if they qualify for cash flow hedge accounting, are also reported in AOCI and subsequently reclassified to selling, general and administrative expenses. The amounts recorded in AOCI are reclassified in the same period in which the hedged transaction affects earnings. Amounts recorded in AOCI for cash flow hedges related to product purchases from third parties are removed from AOCI and included directly in the carrying amount of the asset at initial recognition. Product purchases and sales designated in a cash flow hedging relationship are expected to affect profit and loss in the same period in which the cash flows occur. The critical terms of the forward exchange contracts generally align with the hedged item. The economic relationship between forward exchange contracts and the hedged forecast transaction is based on the timing, currency and amount of the hedged cash flows. Ineffectiveness could arise in case the timing of the hedged transaction or the credit default risk changes.

From time to time, the Company enters into derivatives, (particularly interest rate swaps and, to a certain extent, interest rate options) to protect against the risk of rising interest rates. When applicable, these interest rate derivatives are designated as cash flow hedges and have been entered into in order to effectively convert payments based on variable interest rates into payments at a fixed interest rate. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, maturities and the notional amounts. As applicable, the effective portion of gains and losses of derivatives designated as cash flow hedges is deferred in AOCI; the amount of gains and losses reclassified from AOCI are recorded in interest income and interest expenses.

The change in fair value of derivatives that do not qualify for hedge accounting is recorded in the income statement and usually offsets the change in value recorded in the income statement for the underlying asset or liability.

Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

l) Impairment of financial assets

The impairment of financial assets is based on the expected credit loss approach, as introduced by IFRS 9. The expected credit loss approach requires that all impacted financial assets will carry a loss allowance based on their expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses over the contractual life of the financial assets.

This model comprises a three-stage approach. Upon recognition, the Company shall recognize losses that are expected within the next 12 months. If credit risk deteriorates significantly, from that time, impairment losses shall amount to lifetime expected losses. When assessing for significant increases in credit risk, the Company shall compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. The Company should consider reasonable and supportable information including historic loss rates, present developments such as liquidity issues and information about future economic conditions, to ensure foreseeable changes in the customer-specific or macroeconomic environment are considered. Separately, there is the rebuttable presumption that the credit risk has increased significantly since the initial recognition when contractual payments are overdue by more than 30 days.

In case of objective evidence of impairment there is an assignment to stage 3. The assignment of a financial asset to stage 3 should rely on qualitative knowledge on the customers' unfavorable financial position (for example bankruptcy, lawsuits with private or public payers), or quantitative criteria, based on an individual maturity analysis. Independently, there is an assignment to stage 3 if the contractual payments are overdue by more than 360 days. When a counterpart defaults, all financial assets against this counterpart are considered impaired. The definition of default is mainly based on payment practices specific to individual regions and businesses.

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, contract assets and lease receivables as well as in investments in debt securities measured at fair value through other comprehensive income. The financial assets mainly comprise of accounts receivable as well as cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instrument. Financial assets whose expected credit loss is not assessed individually are grouped on the basis of geographical regions and the impairment is generally assessed on the basis of macroeconomic indicators such as credit default swaps.

For accounts receivable, the Company uses the simplified method which requires recognizing lifetime expected credit losses at inception. However, expected credit losses on cash and cash equivalents are measured according to the general method based on IFRS 9.

Based on the external credit ratings of the counterparties the Company considers that its cash and cash equivalents have a low credit risk (as the counterparties are generally investment grade). A significant increase in credit risk will be assessed based on qualitative as well as quantitative information.

J) Foreign currency translation

For purposes of these consolidated financial statements, the euro is the reporting currency. The requirement to report in euro arises from Section 315e HGB and Section 244 HGB. Substantially all assets and liabilities of foreign subsidiaries that use a functional currency other than the euro are translated at year-end exchange rates, while profit and loss positions are translated at average exchange rates. Adjustments for foreign currency translation fluctuations are excluded from net earnings and are reported in AOCI. In addition, the translation adjustments of certain intercompany borrowings, which are of a long-term nature, are reported in AOCI. Transactions in foreign currencies recorded by subsidiaries are accounted for at the prevailing spot rate on the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are generally recognized in profit and loss. Financial instruments denominated in a foreign currency are revalued at the spot rate as of the date of the consolidated statement of financial position. On the disposal of a foreign operation, all of the foreign currency translation differences accumulated in AOCI in respect of that disposed operation are reclassified to the consolidated statements of income. On a partial disposal of a subsidiary that includes a foreign operation that does not result in the loss of control over the subsidiary, the proportionate share of accumulated foreign currency translation differences is re-attributed to noncontrolling interests.

The exchange rates of the U.S. dollar affecting foreign currency translation developed as follows:

T 5.9 **EXCHANGE RATES**
1 US -DOLLAR IN EURO

December 31, 2022	December 31, 2021	2022	2021	2020
spot exchange rate in €	spot exchange rate in €	average exchange rate in €	average exchange rate in €	average exchange rate in €
0.93756	0.88292	0.94962	0.84549	0.87550

K) Revenue recognition

For both health care services revenue and health care products revenue, amounts billed to patients, third party payors and customers are recorded net of contractual allowances, discounts or rebates to reflect the estimated amounts to be receivable from these payors.

Health care services

Health care services revenue, other than insurance revenues discussed below, are recognized on the date the patient receives treatment and includes amounts related to certain services, products and supplies utilized in providing such treatment at an amount to which the Company expects to be entitled. The patient is obligated to pay for health care services at amounts estimated to be receivable based upon the Company's standard rates or at rates determined under reimbursement arrangements. In the U.S., these arrangements are generally with third party payors, such as Medicare, Medicaid or commercial insurers. Outside the U.S., the reimbursement is usually made through national or local government programs with reimbursement rates established by statute or regulation.

For services performed for patients where the collection of the billed amount or a portion of the billed amount cannot be determined at the time services are performed, the Company concludes that the consideration is variable (implicit price concession) and records the difference between the billed amount and the amount estimated to be collectible as a reduction to health care services revenue. Implicit price concessions include such items as amounts due from patients without adequate insurance coverage, patient co-payment and deductible amounts due from patients with health care coverage. The Company determines implicit price concessions based primarily upon past collection history. Upon receipt of new information relevant for the determination of the implicit price concession, the Company constrains, or adjusts the constraints for the variable consideration of the transaction price.

The Company has entered into sub-capitation and other shared savings arrangements with certain payors to provide care to certain End-Stage Kidney Disease (ESKD) and chronic kidney disease patients. Under these arrangements, a baseline per patient per month amount is established. If the Company provides complete care for less than the baseline, it retains the difference. If the cost of complete care exceeds the baseline, the Company may owe the payor the difference.

In the U.S., the Company generates revenue from insurance contracts in accordance with IFRS 4, Insurance Contracts (IFRS 4). Insurance premium revenue is recognized as earned each month and risk adjustments are offset against revenue.

Revenue from insurance contracts is disclosed as part of "Other revenue" separately from "Revenue from contracts with customers" in the notes to the consolidated financial statements.

Health care products

In the health care product business, major revenues are generated from the sale of dialysis machines and water treatment systems, home hemodialysis products, disposable products and maintenance agreements for the Company's health care products. Revenues from the sale of dialysis machines and water treatment system are typically recognized upon installation and provision of the necessary technical instructions as only thereafter the customer obtains control of the medical device. A small portion of the Company's revenue is recognized from sales of dialysis machines, home hemodialysis products and other products used for in-center hemodialysis treatment to distributors. When the distributor is the principal in the contract, the revenue allocated to the machine or the products will be recognized upon transfer of control to the distributor. In case the Company is committed to perform the installation, revenue allocated to the installation, as a separate performance obligation, would be recorded upon installation of the machine at the end-customers' premises. In case the distributor is only an agent in the contract, revenue for sale of the machine would be recorded upon installation.

Under consignment arrangements revenue is recognized upon withdrawal of the products by the customer.

Maintenance is provided over time, and as such revenue is typically recognized on a straight-line basis as the customer is simultaneously receiving and consuming the benefits provided by the Company's performance.

All other dialysis and non-dialysis product revenues are recognized upon transfer of control to the customer. Product revenues are normally based upon pre-determined rates that are established by contractual arrangement.

A portion of dialysis product revenues is generated from arrangements which give the customer, typically a health care provider, the right to use dialysis machines. In the same contract the customer agrees to purchase the related treatment disposables at a price marked up from the standard price list. If the right to use the machine is conveyed through an operating lease and the customer agrees to purchase a minimum number of related treatment disposables, FMC AG & Co. KGaA does not recognize revenue upon delivery of the dialysis machine but recognizes revenue on the sale of disposables upon transfer of control with revenue for the use of dialysis machines recognized straight-line over the term of the lease contract. When there is no such agreement that the customer purchases a minimum number of related treatment disposables, revenue is

recognized only on the sale of disposables unless the timing of the first purchase order of related treatment disposables justifies a combination of contracts according to IFRS 15.

If the lease of the machines is a finance lease, ownership of the dialysis machine is transferred to the user upon installation of the dialysis machine at the customer site. In this type of contract, revenue is recognized in accordance with the accounting principles for finance leases under IFRS 16. The allocation of the transaction price to lease and non-lease components is based on stand-alone selling prices.

For certain home-dialysis products the Company offers month-to month rental arrangements, where revenue is recognized on a monthly basis.

In addition, for some licensing agreements and equipment sales to dialysis clinic customers in the area of home-dialysis, the Company recognizes upfront fees received as lease revenue on a straight-line basis over the term of the contract.

IFRS 15 specifically excludes leases from the scope of the revenue standard. The transaction price of contracts which include lease components is allocated in accordance with IFRS 15. Revenue is recognized separately for the lease and the non-lease components of the contract.

Revenue from lease contracts is disclosed as part of "Other revenue" separately from "Revenue from contracts with customers" in the notes to the consolidated financial statements.

L) Capitalized interest

The Company includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2022, 2021 and 2020, interest of €2,240, €4,167 and €4,963, based on an average interest rate of 4.52%, 2.89% and 3.67%, respectively, was recognized as a component of the cost of assets.

M) Research and development expenses

Research is the original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge. Development is the technical and commercial implementation of research results and takes place before the start of commercial production or use. Research costs are expensed as incurred. Development costs that fully meet the criteria for the recognition of an intangible asset, as set out in IAS 38, are capitalized and are primarily development projects related to dialysis machines and peritoneal dialysis cyclers. Such costs are capitalized when the Company's commitment to finalize the project has been formalized and approved by management, the design input of the project or machine has been finalized and, based on experience with similar projects, the Company has determined that technical feasibility has been achieved and future economic benefits are probable.

N) Income taxes

Current taxes are calculated based on the profit (loss) of the fiscal year and in accordance with local tax rules of the respective tax jurisdictions. Expected and executed additional tax payments and tax refunds for prior years are also taken into account.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the single entity's financial statement carrying amounts of existing assets and liabilities and their respective tax basis, tax credits and tax loss carryforwards which are probable to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period. A change in tax rate for the calculation of deferred tax assets and liabilities is recognized in the period the new laws are enacted or substantively enacted. The effects of the adjustment are generally recognized in the income statement. The effects of the adjustment are recognized in equity, if the temporary differences are related to items directly recognized in equity.

Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. In addition, deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. A deferred tax asset is recognized to the extent that the utilization of parts or all of it is probable because sufficient taxable profit will be available (SEE NOTE 4 G). The determination of future taxable income is based on assumptions on future market conditions and future profits of FMC AG & Co. KGaA and considers all currently available information as well as the level of historical taxable income. In addition, the determination of the recoverable amount of deferred tax assets considers implemented tax strategies.

With respect to the interpretation of tax laws, the amount and the timing of future taxable income, complex tax rules may lead to uncertainties in tax treatments. The Company recognizes assets and liabilities for uncertain tax treatments based on reasonable estimates to the extent it is probable the tax will be recovered or that the tax will be payable, respectively.

In North America and Germany, interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37. All other jurisdictions account for interest and penalties related to income taxes in accordance with local tax rules of the respective tax jurisdiction either under IAS 37 or as income tax expense under IAS 12. Under IAS 37, penalties related to income taxes, including uncertain tax treatments, are recorded within selling, general and administrative expense. Additionally, in accordance with IAS 37, interest related to income taxes, including uncertain tax treatments, are recorded within other (income) expense.

O) Impairment

The Company reviews the carrying amount of its property, plant and equipment, its intangible assets with definite useful lives, its right-of-use assets as well as other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount is higher than the asset's recoverable amount in accordance with IAS 36, Impairment of Assets (IAS 36). The fair value less cost of disposal of an asset is estimated as its net realizable value. The value in use is the present value of future cash flows expected to be derived from the relevant asset. If it is not possible to estimate the future cash flows from the individual assets, impairment is tested on the basis of the corresponding group of CGUs.

Impairment losses, except impairment losses recognized on goodwill, are reversed up to the amount of the amortized acquisition cost, as soon as the reasons for impairment no longer exist.

Non-current assets to be disposed of by sale are reported at the lower of carrying value or fair value less cost to sell and depreciation is ceased. Non-current assets to be disposed of other than by sale are considered to be held and used until disposal.

P) Debt issuance costs

Debt issuance costs related to a recognized debt liability are presented on the balance sheet as a direct deduction from the carrying amount of that debt liability. Debt issuance costs related to undrawn credit facilities are presented in Other assets. These costs are amortized over the term of the related obligation or credit facility.

For further information SEE NOTE 14.

Q) Self-insurance programs

SEE NOTE 2 D.

R) Concentration of risk

The Company is engaged in the manufacture and sale of products for all forms of kidney dialysis, principally to health care providers throughout the world, and in providing kidney dialysis treatment as well as providing other health care services. The Company performs ongoing evaluations of its customers' financial condition and, generally, requires no collateral.

Revenues which were earned and subject to regulations under Medicare and Medicaid, governmental health care programs administered by the U.S. government, were approximately 26%, 27%, and 32% of the Company's worldwide revenues in 2022, 2021 and 2020, respectively.

SEE NOTE 2 C for concentration risks of debtors or group of debtors as well as NOTE 8 for discussion of suppliers with long-term purchase commitments.

S) Legal contingencies

SEE NOTE 2 B.

T) Other provisions

In accordance with IAS 37, accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the required amount can be reliably estimated. Provisions by their nature are more uncertain than most other items in the statement of financial position.

Non-current provisions with a remaining period of more than one year are discounted to the present value of the expenditures expected to settle the obligation. The applied discount rate is

a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

U) Earnings per share

Basic earnings per share is calculated in accordance with IAS 33, Earnings per Share (IAS 33). Basic earnings per share is calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on shares that would have been outstanding during the years presented had the dilutive instruments been issued. For the calculation of basic earnings per share, treasury stock is not considered outstanding and is therefore deducted from the number of shares outstanding.

Equity-settled awards granted under the Company's stock incentive plans (SEE NOTE 20) are potentially dilutive equity instruments.

V) Treasury stock

The Company may, from time to time, acquire its own shares (Treasury Stock) as approved by its shareholders. The acquisition, sale or retirement of its Treasury Stock is recorded separately in equity. The value of such Treasury Stock is shown as a reduction of the Company's equity.

W) Employee benefit plans

Pension obligations for post-employment benefits are measured in accordance with IAS 19, Employee Benefits (IAS 19), using the projected unit credit method, taking into account future salary and trends for pension increase.

The Company uses December 31 as the measurement date when measuring the net pension liability.

For the Company's funded benefit plans the defined benefit obligation is offset against the fair value of plan assets (net pension liability). Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies. A pension liability is recognized in the consolidated balance sheet if the defined benefit obligation exceeds the fair value of plan assets. A pension asset is recognized (and reported under "Other non-current assets" in the consolidated balance sheet) if the fair value of plan assets exceeds the defined benefit obligation and if the Company has a right of refund against the fund or a right to reduce future payments to the fund.

Net interest costs are calculated by multiplying the benefit obligation (fair value of plan assets) at beginning of the year with the discount rate utilized in determining the benefit obligation.

Remeasurements include actuarial gains and losses resulting from the evaluation of the defined benefit obligation as well as from the difference between actual investment returns and the return implied by the net interest cost. In the event of a surplus for a defined benefit pension plan remeasurements can also contain the effect from asset ceiling, as far as this effect is not included in net interest costs.

Remeasurements are recognized in AOCI completely. Remeasurements may not be reclassified in subsequent periods. Components of net periodic benefit cost are recognized in profit and loss of the period.

X) Share-based plans

The grant date fair value of stock options and convertible equity instruments that are settled by delivering equity instruments granted to the Management Board and executive employees of the Company and its subsidiaries by FMC AG & Co. KGaA is measured in accordance with IFRS 2, Share-based Payment (IFRS 2) using the binomial option pricing model and recognized as expense over the vesting period of the stock option plans. For certain exceptions, as defined in the respective plan terms, a shorter vesting period may apply after which the stock options will not forfeit in any way. In such cases the vesting period is shortened accordingly.

The balance sheet date fair value of cash-settled phantom stock granted to the Management Board and executive employees of the Company is calculated in accordance with IFRS 2 using the binomial option pricing model. The corresponding liability based on the balance sheet date fair value is accrued over the vesting period of the phantom stock plans. For certain exceptions as defined in the respective plan terms, a shorter vesting period may apply after which the phantom stock will not forfeit in any way. In such cases the vesting period is shortened accordingly.

The balance sheet date fair value of cash-settled performance shares granted to the Management Board and executive employees of the Company is calculated using the Monte Carlo pricing model in accordance with IFRS 2. The corresponding liability based on the balance sheet date fair value is accrued over the vesting periods of the performance share plans. For certain exceptions a shorter vesting period may apply after which the performance shares will not forfeit in any way. In such cases the vesting period is shortened accordingly.

Y) Government grants

In accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, government grants, including non-monetary grants at fair value, are recognized only when there is reasonable assurance that the Company will comply with all conditions attached to the grant and that the grants will be received. Government grants or government assistance are recognized directly against the respective qualifying expense in either the cost of revenue line item or selling, general and administrative expense line item within the statement of profit and loss. Amounts received for which a respective cost is not yet incurred are recorded as a liability on the Company's consolidated balance sheet and offset against all qualifying costs that are incurred in future periods.

The Company and its patient population continued to be impacted by severe acute respiratory syndrome coronavirus 2 (COVID-19). SEE NOTE 4 H for further details.

Z) Impacts of climate change on accounting

The Company continually analyzes potential sustainability risks in the areas of climate change and water scarcity. In both areas, the Company has not identified any significant risks for its business model. Therefore, the Company does not currently expect any material impact of sustainability risks on the accounting in 2022.

AA) Recent pronouncements

Recently implemented accounting pronouncements

The Company has prepared its consolidated financial statements at and for the year ended December 31, 2022 in conformity with IFRS that have to be applied for fiscal years beginning on January 1, 2022. For the year ended December 31, 2022, there were no recently implemented accounting pronouncements that had a material effect on the Company's consolidated financial statements.

Recent accounting pronouncements not yet adopted

The IASB issued the following new standards which are relevant for the Company:

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. In June 2020 and December 2021, further amendments were published. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts there was a lack of comparability among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

Based on an assessment performed during 2022, the Company believes that the premium allocation approach under IFRS 17 is the most appropriate measurement model. On initial recognition of the liability for incurred claims, the estimation and valuation process remains unchanged as compared to the application of IFRS 4. Regarding the measurement of the liability for the remaining coverage, the liability is equal to the premiums received less any insurance acquisition cash flows. The Company does not consider the effects and time value of money when measuring the liability for the remaining coverage, as the related cash flow are expected to be paid or received in one year or less from the date the claims are incurred. The Company will apply the modified retrospective approach at the transition. Insurance premium revenues are currently recognized based on the passage of time, therefore the pattern of revenue recognition will not change upon the application of IFRS 17.

The Company does not expect that IFRS 17 will have a material impact on its consolidated financial statements. On June 25, 2020, the IASB issued amendments to IFRS 17, which among others, defer the effective date to fiscal years beginning on or after January 1, 2023. Earlier adoption is permitted for entities that have also adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers.

In the Company's view, no other pronouncements issued by the IASB are expected to have a material impact on the consolidated financial statements. The EU Commission's endorsement of the Amendments to IAS 1 is still outstanding.

2. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTIES

The Company's reported results of operations, financial position and net assets are sensitive to significant judgments, assumptions and estimates that are the basis for its financial statements. The critical accounting policies, the judgments made in the creation and application of these policies and the sensitivities of reported results to changes in accounting policies, significant judgments and estimates are factors to be considered along with the Company's financial statements. In the opinion of the Management of the Company, the following accounting policies, significant judgments and sources of estimation uncertainties are critical for the consolidated financial statements in the present economic environment.

A) Recoverability of goodwill and intangible assets

The growth of the business through acquisitions has created a significant amount of intangible assets, including goodwill, trade names, management contracts, non-compete agreements, technology and customer relationships as well as licenses and distribution agreements. In addition, the Company recognizes internally developed intangible assets related to research and development and software development projects. At December 31, 2022, the carrying amount of goodwill and non-amortizable intangible assets amounted to €16,066,642 (€14,588,180 at December 31, 2021) representing approximately 45% and 42% of the Company's total assets at December 31, 2022 and 2021, respectively.

In accordance with IAS 36, the Company performs an impairment test of goodwill and non-amortizable intangible assets at least once a year for each group of CGUs or more frequently if the Company becomes aware of events that occur or if circumstances change that would indicate the carrying value may not be recoverable (SEE ALSO NOTE 1 G).

To comply with IFRS to determine possible impairments of these assets, the value in use of the group of CGUs is first compared to the group of CGUs' carrying amount. In cases where the value in use of the group of CGUs is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carrying amount of the group of CGUs.

To evaluate the recoverability of intangible assets with indefinite useful lives, the Company compares the recoverable amounts of the smallest identifiable group of assets that generate largely independent cash inflows with their carrying values. An intangible asset's fair value is determined using a discounted cash flow approach or other methods, if appropriate.

The value in use of each group of CGUs is determined using estimated future cash flows for the unit discounted by a pre-tax discount rate (''WACC'') specific to that group of CGUs. The Company's WACC consists of a basic rate adjusted by a weighted average country risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flows from recent material acquisitions within each group of CGUs, until they are appropriately integrated as well as country-specific risks identified within a group of CGUs. In 2022, the Company's WACC was impacted by the world-wide prevailing increase of interest rates as well as the impact of increased macroeconomic uncertainties on country risk rates and other WACC parameters. Estimating the future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In 2022, the estimates were largely impacted by the further deterioration of the macroeconomic environment, including complications in the labor market, in particular in the U.S., as discussed in NOTE 1, above. The key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources. In determining discounted cash flows for every group of CGUs, the Company utilizes its three-year budgets, projections for years four to ten and a representative growth rate for all remaining years. In 2022, the projections for the first three years were prepared based on the status of current initiatives without considering any growth and improvement from initiatives which have not commenced related to the transformation of the Company's operating structure and steps to achieve cost savings (FME25 Program). Projections for up to ten years are possible due to the non-discretionary nature of the health care services the Company provides, the need for health care products utilized to provide such services and the availability of government reimbursement for a substantial portion of its services.

The annual impairment test performed as of October 1, 2022 did not result in an impairment.

The market capitalization of the Company decreased by 46% to €8,969,649 as of December 31, 2022, from €16,742,268 as of December 31, 2021. Total FMC AG & Co. KGaA shareholders' equity increased by 10% to €13,989,453 as of December 31, 2022, from €12,698,783 as of December 31, 2021, driven primarily by an increase in other comprehensive income (loss), including foreign currency translation effects in the amount of €826,847 and an actuarial gain recognized (mainly attributable to adjustments to the discount rate for pension liabilities). In consideration of this decline in market capitalization and an increase in interest rates, the Company performed an impairment test as of December 31, 2022, in addition to the annual impairment test as of October 1, 2022. WACC parameters were updated and the residual value growth rate of the Asia-Pacific CGU

T 5.10 **KEY ASSUMPTIONS**[1]
IN %

	North America		EMEA		Asia-Pacific[2]		Latin America[2]	
	2022	2021	2022	2021	2022	2021	2022	2021
Average revenue growth in ten year projection period	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit
Average EBIT growth in ten year projection period	high-single-digit	mid-single-digit	high-single-digit	mid-single-digit	mid-single-digit	mid-single-digit	low-double-digit	low-double-digit
Residual value growth	1.00	1.00	1.00	1.00	1.00	4.00	1.60	1.60
Pre-tax WACC	8.05	5.78	10.44	7.14	8.76	5.34	12.37 – 26.14	10.62 – 19.87
After-tax WACC	6.39	4.58	8.08	5.23	6.38	4.91	8.94 – 22.71	7.00 – 16.25

[1] The Company's key assumptions are presented based upon the goodwill impairment tests performed as of December 31, 2022 and October 1, 2021.
[2] There are no reasonably possible changes in assumptions that would lead to an impairment in these groups of CGUs.

was reduced from 4% to 1% in this additional goodwill impairment test performed as of December 31, 2022, while all other CGU residual value growth rates and cash flow projections remained unchanged as compared to the annual impairment test performed as of October 1, 2022. The goodwill impairment test performed as of December 31, 2022 did not result in any impairment.

TABLE 5.10 shows the key assumptions of value-in-use calculations.

An overview of the carrying amounts of goodwill and intangibles with indefinite useful life for each group of CGUs is shown in NOTE 11.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and/or higher than expected costs for providing health care services and for procuring and selling health care products or a significant increase of mortality of patients with chronic kidney diseases which may be attributable to COVID-19 have and could continue to adversely affect the Company's estimated future cash flows. Future adverse changes in a cash-generating unit's economic environment of a group of CGUs could affect the country specific risk rate and therefore the discount rate. Equally an increase of the general interest rate level could affect the base rate and therefore the discount rate. A decrease in the estimated future cash flows and/or a decline in the cash-generating units economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful life which could materially and adversely affect the Company's future financial position and operating results.

Additionally, the recoverable amount of the North America group of CGUs and the EMEA group of CGUs exceeded the carrying amount by €2,451,097 and €1,071,196, respectively, as of December 31, 2022 (2021: €17,109,467 and €1,956,852, respectively). TABLE 5.11 shows the reasonable amounts by which the key assumptions would need to change individually that the recoverable amount equals the carrying amount:

T 5.11 **SENSITIVITY ANALYSIS**[1]
CHANGE IN PERCENTAGE POINTS

	North America		EMEA	
	2022	2021	2022	2021
Pre-tax WACC	0.71	3.82	2.11	2.95
After-tax WACC	0.56	2.91	1.56	2.09
Operating income margin of each projection year	(0.97)	(5.22)	(2.50)	(3.49)

[1] The sensitivity analysis is based upon the goodwill impairment tests performed as of December 31, 2022 and October 1, 2021.

In 2020, as a result of the annual impairment test of goodwill, the Latin America group of CGUs recognized an impairment of goodwill in the amount of €193,978 and trade names in the amount of €490 to reduce the carrying amount of goodwill and trade names (together the Impairment Loss in the Latin America Segment). The impairment was driven by a macro-economic downturn and increasing risk adjustment rates for certain countries in Latin America.

B) Legal contingencies

From time to time, during the ordinary course of operations as well as due to acquisitions, the Company is party to litigation and arbitration and is subject to investigations relating to various aspects of its business (SEE NOTE 22). The Company regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Company utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for loss accrual, the Company considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that accrual of a loss is appropriate.

The outcome of these matters may have a material adverse effect on the results of operations, financial position and net assets of the Company.

C) Trade accounts and other receivables from unrelated parties and expected credit losses

Trade accounts and other receivables from unrelated parties are a substantial asset of the Company and the expected credit losses are based upon a significant estimate made by management. Trade accounts and other receivables from unrelated parties were €3,574,270 and €3,409,061 at December 31, 2022 and 2021, respectively, net of expected credit losses of €168,681 at December 31, 2022 and €163,929 at December 31, 2021.

The Company sells health care products directly or through distributors in around 150 countries and provides health care services in around 50 countries. Most payors are government institutions or government-sponsored programs with significant variations between the countries and even between payors within one country in local payment and collection practices.

Receivables resulting from health care services are recognized and billed at amounts estimated to be collectable under government reimbursement programs and reimbursement arrangements with third party payors. U.S. Medicare and Medicaid government programs are billed at predetermined net realizable rates per treatment that are established by statute or regulation. Revenues for non-governmental payors with which the Company has contracts or letters of agreement in place are recognized at the prevailing contract rates. The remaining non-governmental payors are billed at the Company's standard rates for services and, in the Company's North America Segment, a contractual adjustment is recorded to recognize revenues based on historic reimbursement. The contractual adjustment and the expected credit losses are reviewed quarterly for their adequacy. No material changes in estimates were recorded for the contractual allowance in the periods presented. The collectability of receivables is reviewed locally on a regular basis, generally monthly. For further information, SEE NOTE 1 K.

In the Company's North America Segment operations, the collection process is usually initiated shortly after service is provided or upon the expiration of the time provided by contract. For Medicare and Medicaid, once the services are approved for payment, the collection process begins upon the expiration of a period of time based upon experience with Medicare and Medicaid. In all cases where co-payment is required the collection process usually begins within 30 days after service has been provided. In those cases where claims are approved for amounts less than anticipated or if claims are denied, the collection process usually begins upon notice of approval of the lesser amounts or upon denial of the claim. The collection process can be confined to internal efforts, including the accounting and sales staffs and, where appropriate, local management staff. If appropriate, external collection agencies may be engaged.

Public health institutions in a number of countries outside the U.S. require a significant amount of time until payment is made because a substantial number of payors are government entities whose payments are often determined by local laws and regulations and budget constraints. Depending on local facts and circumstances, the period of time to collect can be quite lengthy. In those instances where there are commercial payors, the same type of collection process is initiated as in the North America Segment.

Due to the number of subsidiaries and different countries that the Company operates in, the Company's policy of determining when an individual expected credit loss is required considers the appropriate individual local facts and circumstances that apply to an account. While payment and collection practices vary significantly between countries and even agencies within one country, government payors usually represent low to moderate credit risks. It is the Company's policy to determine when receivables should be classified as bad debt on a local basis taking into account local payment practices and local collection experience. An individual expected credit loss is calculated locally if specific circumstances indicate that amounts will not be collectible.

Receivables where the expected credit losses are not assessed individually are grouped based on geographical regions and the impairment is assessed based on macroeconomic indicators such

as credit default swaps. For more information regarding the impairment on trade accounts and other receivables from unrelated parties please refer to NOTE 1 I.

When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and written off.

Write offs are taken on a claim-by-claim basis. Due to the fact that a large portion of its reimbursement is provided by public health care organizations and private insurers, the Company expects that most of its accounts receivables will be collectible, albeit potentially more slowly outside the North America Segment. A significant change in the Company's collection experience, deterioration in the aging of receivables and collection difficulties could require that the Company increases its estimate of the expected credit losses. Any such additional bad debt charges could materially and adversely affect the Company's future operating results.

If, in addition to the Company's existing expected credit losses, 1% of the gross amount of the Company's trade accounts and other receivables from unrelated parties as of December 31, 2022 were uncollectible through either a change in the Company's estimated contractual adjustment or revised estimate of the collectability, the Company's operating income for 2022 would have been reduced by approximately 2.5%.

TABLE 5.12 shows the portion of major debtors or debtor groups of trade accounts and other receivables from unrelated parties as of December 31, 2022 and 2021. Other than U.S. Medicare and Medicaid, no single debtor accounted for more than 5% of total trade accounts and other receivables from unrelated parties in either of these years.

T 5.12 **COMPOSITION OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES**
IN %

	December 31,	
	2022	**2021**
U.S. Government health care programs	31	32
U.S. commercial payors	18	15
U.S. hospitals	5	4
Self-pay of U.S. patients	2	2
Other North America Segment payors	2	3
Product customers and health care payors outside the North America Segment	42	44
TOTAL	**100**	**100**

D) Self-insurance programs

Under the Company's insurance programs for professional, product and general liability, auto liability, worker's compensation and medical malpractice claims, the Company's largest subsidiary which is located in the U.S. is partially self-insured for professional liability claims. For all other coverages, the Company assumes responsibility for incurred claims up to predetermined amounts above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts. For further information, SEE NOTE 12 AND NOTE 15.

E) Level 3 financial instruments

Put option liabilities, variable payments outstanding for acquisitions and equity investments are recognized at their fair value. Each put option contract contains specific clauses related to the terms of exercisability, which require significant judgment in order to determine appropriate liability recognition and classification. For further information related to the significant judgments and estimates related to these instruments and their fair values, SEE NOTES 1 H AND 23.

F) Income taxes

The Company is subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions. Different interpretations of tax laws, particularly due to the Company's international activities, may lead to potential additional tax payments or tax refunds for prior years. To consider income tax liabilities or income tax receivables of uncertain tax assessments management's estimations are based on experiences with previous tax audits and local tax rules of the respective tax jurisdiction and the interpretation of such. Differences between actual results and management's estimates or future changes in these estimates may have an impact on future tax payments or tax refunds. Estimates are revised in the period in which there is sufficient evidence to revise the assumption. For further information to estimates related to the recoverability of deferred taxes, SEE NOTES 1 N AND 4 G.

G) Business combinations

The Company measures the noncontrolling interest in an acquisition at fair value using the full goodwill method and classifies costs related to its business combinations within general and administrative expense. In determining whether an intangible asset related to a business combination is identifiable and should be separated from goodwill, significant judgment is required. Additionally, estimation of the acquisition-date fair values of identifiable assets acquired and liabilities assumed also involves significant judgment. The applicable measurements and inputs used in this estimation (including revenue growth rates, gross profit margin adjusted for synergy assumptions associated with manufacturing savings and the discount rate) are based upon information available at the acquisition date using expectations and assumptions that management deems reasonable. Such judgments, estimates and assumptions could materially affect the Company's business, results of operations and financial condition, primarily due to:

- Fair values assigned to assets subject to depreciation and amortization directly impact the depreciation and amortization recorded in the Company's consolidated statements of income in periods subsequent to a related acquisition.
- Any subsequent measurement resulting in a decrease in the estimated fair values of assets acquired may result in impairment.
- Subsequent changes resulting in an increase or decrease to the estimated fair values of liabilities assumed may result in additional expense or income, respectively.

For further information on business combinations, SEE NOTE 3.

H) COVID-19

Due to the global implications of the COVID-19 pandemic as well as an increase in mortality of patients with chronic kidney diseases and an increase in persons experiencing renal failure, management judgments and estimates are subject to increased uncertainty. Actual amounts may differ from judgments and estimates made by management and changes could have a material impact on the Company's consolidated financial statements. The Company included all available information on the expected economic developments and country-specific governmental mitigation measures when updating its judgments and estimates. This information was also included in the analysis of the recoverability and collectability of assets.

It is difficult to predict the duration and/or significance of the COVID-19 pandemic's impact on assets, liabilities, results of operations and cash flows. The Company bases its estimates and assumptions on existing knowledge and information available and assumes that the COVID-19 pandemic will begin to ease as vaccine programs continue globally.

For further information on the impacts of COVID-19 related to government relief, SEE NOTE 4 H.

I) Leases and interest rate determination

IFRS 16 requires the Company to make judgments that affect the valuation of lease liabilities as well as of right- of-use assets (SEE NOTES 21 AND 23), including the determination of which contracts are within the scope of IFRS 16, identifying the contract lease term and determining the incremental borrowing rate.

The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. During the "reasonably certain" assessments, the Company considers all relevant facts and circumstances that create an economic incentive for the Company to exercise, or not to exercise, an option, including any expected changes in facts and circumstances (e.g., contract-, object-, entity- or market-specific factors) from the commencement date until the exercise date of the option. Other examples of considered terms are termination penalties or costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs of identifying another lease asset suitable for the Company's needs, costs of integrating a new asset into the Company's operations and termination penalties and similar costs, including costs associated with returning the underlying asset in a contractually specified condition or to a contractually speci-

fied location. Additionally, the Company's historical practice regarding the period over which it has typically used particular types of assets, and its economic reasons for doing so, is also relevant. Unrecognized extension options are shown as potential future cash outflows (SEE NOTE 21).

The Company uses the rate implicit in the lease if agreed with the lessor and/or available, while the incremental borrowing rate is used for all other leases. The incremental borrowing rate is defined as the rate that the lessee would have to pay on the commencement date of the lease for a similar loan (regarding its term, security, underlying asset, and economic environment). The incremental borrowing rate is determined when the Company initiates a lease contract or changes an existing lease. The interest rate is calculated based on following components: available interest rate sampling points, group risk margins, shadow rating (credit risk) margins, country risk margins, handling margins and other risk margins.

The Company is subject to residual value guarantees in certain lease contracts, primarily real estate contracts, for which it is the lessee. Under the terms of these leases, the Company has the option to remarket the underlying leased properties to satisfy its residual value guarantee obligations at the end of the lease term. At the end of each reporting period, the expected residual values are compared to the estimated fair market value of the underlying leased assets utilizing third-party valuations. For additional information regarding residual value guarantees in certain lease contracts, SEE NOTE 22.

3. ACQUISITIONS, BUSINESS COMBINATIONS, INVESTMENTS (INCLUDING DEBT SECURITIES), PURCHASES OF INTANGIBLE ASSETS, DIVESTITURES AND SALE OF DEBT SECURITIES

The Company completed acquisitions, investments (including debt securities) and the purchase of intangible assets in the amount of €745,998, €628,411 and €406,644 in 2022, 2021 and 2020, respectively. In 2022, €164,774 was paid in cash and €581,224 were assumed obligations and non-cash consideration. In 2021, €563,252 was paid in cash and €65,159 were assumed obligations and non-cash consideration. In 2020, €355,386 was paid in cash and €51,258 were assumed obligations and non-cash consideration.

Acquisitions

The Company made acquisitions of €570,698, €389,965 and €265,612 in 2022, 2021 and 2020, respectively in order to expand the scope of its services and to increase its market shares in the respective countries. Due to cash acquired as a result of the InterWell Health business combination discussed below, the Company received €10,526 in cash for acquisitions and assumed obligations or provided non-cash consideration in the amount of €581,224 in 2022. In 2021, €324,806 was paid in cash and €65,159 were assumed obligations and non-cash consideration. In 2020, €214,836 was paid in cash and €50,776 were assumed obligations and non-cash consideration.

In 2022, the Company's acquisition activities mainly included the business combination of InterWell Health, discussed below, as well as the acquisition of dialysis clinics and other health care service facilities in the normal course of operations. In 2021 and 2020 the Company's acquisition spending was driven primarily by the purchase of dialysis clinics.

Impacts on consolidated financial statements from acquisitions

The assets and liabilities of all acquisitions were recorded at their estimated fair value at the date of the acquisition and are included in the Company's financial statements and operating results from the effective date of acquisition. The measurement period adjustments from the previous year's acquisitions did not have a significant impact on the consolidated financial statements in 2022.

The excess of the total acquisition costs over the fair value of the net assets acquired resulted in goodwill of €705,524 and €444,835 at December 31, 2022 and 2021, respectively.

The purchase price allocations for all collectively and individually non-material acquisitions for 2022 are not yet finalized. The Company is in the process of obtaining and evaluating the information necessary for the purchase price allocations, primarily related to property, plant and equipment, intangible assets, accounts receivable and other liabilities. In 2022, based on preliminary purchase price allocations, the Company recorded €705,524 of goodwill and €54,909 of intangible assets, which represent the share of both controlling and noncontrolling interests. Goodwill arose principally due to the fair value of the established streams of future cash flows for these acquisitions.

Business combinations during 2022 decreased the Company's net income attributable to shareholders of FMC AG & Co. KGaA (Net Income) by €14,889, excluding the costs of the acquisitions, and revenue increased by €16,988. Total assets increased €653,860 mainly due to business com-

binations, including the previously held equity method investment in InterWell Health LLC, discussed below.

Business combination of InterWell Health

On August 24, 2022 (Acquisition Date), the Company completed a business combination among FHP, the value-based care division of the Company's wholly-owned subsidiary Fresenius Medical Care Holdings, Inc., with InterWell Health LLC, a physician organization driving innovation in the kidney care space in the U.S., and Cricket, a U.S. provider of value-based kidney care with a patient engagement and data platform. The transaction was completed after regulatory approval was received in the U.S. and other customary closing conditions were satisfied. The new company, NewCo, will operate under the InterWell Health brand.

This business combination was conducted as a non-cash transaction. Under the terms and conditions of this business combination, Cricket contributed all of its net assets in exchange for approximately 17% of the equity interest in NewCo. The fair value of the consideration transferred by the Company to Cricket for a controlling interest in NewCo was $260,772 (€262,505 as of the Acquisition Date).

InterWell Health LLC also contributed all of its net assets in exchange for approximately 8% of the equity interest in NewCo. The fair value of the consideration transferred by the Company to InterWell Health LLC for a controlling interest in Newco was $137,647 (€138,561 as of the Acquisition Date). Prior to the transaction, the Company owned approximately 46% of InterWell Health LLC with a carrying value of $19,370 (€19,499) and a fair value of $175,434 (€176,600) as of the Acquisition Date. At the Acquisition Date, the Company received approximately 7% equity in NewCo in exchange for its investment in InterWell Health, LLC. As a result of the transaction, the Company recognized a remeasurement gain of $156,064 (€148,202) for the year ended December 31, 2022, which represented the difference between the fair value and the carrying value of its investment in InterWell Health LLC prior to the Acquisition Date, and a related currency translation adjustment reversal due to the disposal of its investment in InterWell Health LLC in the amount of €364 for the year ended December 31, 2022. The remeasurement gain is recorded in the consolidated statements of income for the year ended December 31, 2022 within the line item "Remeasurement Gain from InterWell Health."

The contributions of the net assets of InterWell Health LLC and Cricket were accounted for as a business combination in accordance with IFRS 3 in which the Company was identified as the acquirer and InterWell Health LLC and Cricket were identified as acquired companies. NewCo has been consolidated in the Company's consolidated financial statements as of and for the year ended December 31, 2022.

As a result of the business combination, the Company recorded noncontrolling interests at fair value in the amount of $186,789 (€188,030 as of the Acquisition Date) using the full goodwill method within the line item "Noncontrolling interests due to changes in consolidation group" in the consolidated statements of shareholders' equity. A third party valuation advisor was engaged to assist the Company in the estimation of the underlying fair value of the transaction and primarily employed an income approach which was used in the calculation of consideration transferred to the acquirees as well as in the calculation of noncontrolling interests. In addition, the Company also granted put options to noncontrolling shareholders with an estimated present value of the redemption amount of $603,469 (€565,787) at December 31, 2022 (at Acquisition Date: $604,137 (€608,150)). For further information regarding the valuation of put option liabilities, SEE NOTE 23.

The Company also contributed the business of FHP in exchange for approximately 68% of equity interest in NewCo. Since the Company controlled FHP before the Acquisition Date and controls NewCo post-Acquisition Date, the Company's contribution of FHP net assets was recorded under common control at their respective carrying values at the Acquisition Date and the resulting reduction of the Company's interest in FHP was accounted for as an equity transaction. Therefore, additional noncontrolling interest was recognized in the amount of $4,914 (€4,947 as of Acquisition Date), partially offset by a related currency translation adjustment in the amount of €851, and additional paid in capital of $393,505 (€396,119 as of the Acquisition Date) representing the difference between the carrying value and the fair value of the corresponding interests. These amounts were recorded within the line item "Transactions with noncontrolling interests without loss of control" in the consolidated statements of shareholders' equity.

Upon consummation of the business combination described above, the Company holds approximately 75% of NewCo, resulting from the contribution of the Company's interest in FHP and the transfer of the previously-held equity method investment in InterWell Health LLC. The former owners of Cricket and InterWell Health LLC hold approximately 17% and 8%, respectively, as noncontrolling interests in NewCo.

The following allocation of the purchase price is based upon information available to management as of December 31, 2022. Based on a preliminary allocation, the following assets, including goodwill (which will not be deductible for tax purposes), were acquired and liabilities were assumed as of the Acquisition Date:

T 5.13 RECONCILIATION OF GOODWILL RECOGNIZED

	in $ THOUS	in € THOUS
Fair value of consideration transferred of the Company's interest in FHP	398,419	401,066
Fair value of previously held equity method investment in InterWell Health LLC	175,434	176,600
	573,853	**577,666**
Fair Values of Assets Acquired and Liabilities Assumed (preliminary)		
Less: Cash and cash equivalents	(57,383)	(57,764)
Less: Other assets	(2,819)	(2,838)
Less: Intangible assets	(53,919)	(54,277)
Other liabilities	13,029	13,116
Noncontrolling interests	186,789	188,030
GOODWILL	**659,550**	**663,933**

During the fourth quarter of 2022, the Company updated the purchase price allocation as a result of obtaining additional information. The fair value of the consideration transferred to Cricket and InterWell Health, LLC was reduced by $7,667 (€7,718) to reflect an updated capital interest allocation related to share-based compensation arrangements of Cricket at the Acquisition Date. As such, the noncontrolling interests of Cricket and InterWell Health, LLC in NewCo were reduced by $7,369 (€7,418). Additionally, management adjusted the underlying parameters utilized to value intangible assets acquired, which resulted in an increase of $19,400 (€19,529). The Company also updated its tax analysis, specifically in the U.S. Deferred tax liabilities were adjusted by $9,084 (€9,144), which resulted in net deferred taxes of zero.

The Company is in the process of obtaining and evaluating the information necessary for the purchase price allocation, including, but not limited to, tax-related items and the final capital interest allocation. As such, the balances noted in TABLE 5.13 are provisional and subject to measurement period adjustments permitted under IFRS 3. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill within one year from the Acquisition Date.

As of the Acquisition Date, intangible assets in the amount of $53,919 (€54,277) acquired in this transaction consist primarily of a technology platform with a weighted average useful life of 10 years and a trade name with an indefinite useful life.

As of the Acquisition Date, goodwill in the amount of $659,550 (€663,933) was recorded as part of the transaction and mainly represents anticipated synergies and future cash flows expected to be generated by NewCo. The entire amount of goodwill recorded as a result of this transaction was allocated to the North America cash generating unit.

Additionally, and as contemplated in the agreement, the Company also transferred Acumen Physician Solutions, LLC (Acumen) to NewCo shortly after the Acquisition Date, and prior to September 30, 2022, with working capital in the amount of $1,824 (€1,845 as of the date of the transfer agreement). Since certain long-lived assets (mainly intangible assets) held by Acumen will be utilized materially differently by NewCo, management performed an impairment assessment prior to the transfer, concluded that the assets were completely impaired in accordance with IAS 36, Impairment of Assets, and recorded an impairment charge in the North America Segment in the amount of $71,025 before the transfer (€67,447 for the year ended December 31, 2022). The Company also incurred certain transaction-related costs of $25,660 (€24,367 for the year ended December 31, 2022). The expenses, along with the impairment charges were recognized in "Selling, general and administrative" expense on the consolidated statements of income. The transaction-related costs are included in operating activities and cash acquired is included in investing activities in the consolidated statements of cash flows.

From August 24, 2022 through December 31, 2022, the revenue contributed by the acquired companies (i.e. Cricket and InterWell Health, LLC) was not material. During this period, the Company recognized a loss of €18,094 from the acquired companies within its consolidated statement of income. Had the business combination taken place on January 1, 2022, the Company estimates that its revenue for the year ended December 31, 2022 would not have been materially different. However, the Company estimates that net income for the year ended December 31, 2022 would have been €34,239 lower than reported if the business combination had taken place at the beginning of the reporting period.

Investments (including debt securities) and purchases of intangible assets

Investments (including debt securities) and purchases of intangible assets were €175,300, €238,446 and €141,032 in 2022, 2021 and 2020, respectively. These amounts were primarily driven by investments in debt securities in 2022, 2021 and 2020. Of these amounts, €175,300, €238,446 and €140,550 were paid in cash in 2022, 2021 and 2020, respectively.

Divestitures and sale of debt securities

Proceeds from divestitures and sale of debt securities were €126,454, €201,203 and €77,509 in 2022, 2021 and 2020, respectively. These amounts mainly related to the divestment of equity investments and debt securities in 2022, the divestment of debt securities in 2021 and the divestment of debt securities as well as certain research & development investments in 2020. In 2022, €117,832 was received in cash and €8,622 were non-cash components. In 2021, €196,960 was received in cash and €4,243 were non-cash components. In 2020, €56,849 was received in cash and €20,660 were non-cash components.

4. NOTES TO THE CONSOLIDATED STATEMENTS OF INCOME

A) Revenue

The Company recognized the following revenue in the consolidated statements of income for the years ended December 31, 2022, 2021 and 2020 as shown in TABLE 5.14.

For further information on the revenue attributable to the Company's operating segments, SEE NOTE 26.

The Company recognized the following amounts as receivables and contract liabilities relating to contracts with customers for the years ended December 31, 2022 and 2021:

T 5.15 **TRADE ACCOUNTS RECEIVABLES FROM UNRELATED PARTIES AND CONTRACT LIABILITIES**
IN € THOUS

	2022	2021
Trade accounts receivables from unrelated parties	3,381,006	3,309,353
Contract liabilities	63,273	428,034

T 5.14 **REVENUE**
IN € THOUS

	2022			2021			2020		
	Revenue from contracts with customers	Other revenue	Total	Revenue from contracts with customers	Other revenue	Total	Revenue from contracts with customers	Other revenue	Total
Health care services	14,966,580	451,489	15,418,069	13,479,438	396,844	13,876,282	13,810,589	303,810	14,114,399
Health care products	3,876,321	103,627	3,979,948	3,623,951	118,452	3,742,403	3,639,995	104,669	3,744,664
TOTAL	**18,842,901**	**555,116**	**19,398,017**	**17,103,389**	**515,296**	**17,618,685**	**17,450,584**	**408,479**	**17,859,063**

Impairment loss in the amount of €43,285, €43,968 and €27,541 for the years ended December 31, 2022, 2021 and 2020, respectively, related to receivables arising from contracts with customers.

The change in the contract liabilities balance during the period results primarily from advance payments received under the Centers for Medicare and Medicaid Services' (CMS) Accelerated and Advance Payment program which are recorded as contract liabilities upon receipt and recognized as revenue when the respective services are provided.

In 2022, contract liabilities related to sales of dialysis machines where revenue is recognized upon installation and provision of the necessary technical instructions whereas a receivable is recognized once the machine is billed to the customer and to advance payments from customers. In 2021, contract liabilities related to advance payments from customers and to sales of dialysis machines where revenue is recognized upon installation and provision of the necessary technical instructions whereas a receivable is recognized once the machine is billed to the customer.

Contract liabilities are shown in the consolidated balance sheet in line items "Current provisions and other current liabilities" and "Non-current provisions and other non-current liabilities."

At December 31, 2022, revenue recognized that was included in the contract liabilities balance at the beginning of the period was €429,583 (2021: €527,066).

At December 31, 2022, performance obligations of €966,308 (2021: €1,428,897) are unsatisfied (or partially unsatisfied).

The expected recognition of the transaction price allocated to unsatisfied performance obligations as revenue for the next five years and in the aggregate for the five years thereafter is as follows:

T 5.16 **UNSATISFIED PERFORMANCE OBLIGATIONS**
IN € THOUS

	2022	2021
1 year	283,208	686,505
1 – 3 years	342,274	383,682
3 – 5 years	266,302	256,922
5 – 10 years	74,524	101,788
TOTAL	**966,308**	**1,428,897**

B) Selling, general and administrative expenses

Selling, general and administrative expenses are generated in the administrative, logistic and selling functions which are not attributable to production or research and development. Furthermore, general and administrative expenses included realized and unrealized foreign exchange gains and losses.

In addition, the Company recognized, among others, the following general and administrative expenses for the years ended December 31, 2022, 2021 and 2020 (SEE TABLE 5.17 ON PAGE 215).

T 5.17 **NOTABLE GENERAL AND ADMINISTRATIVE EXPENSES**
IN € THOUS

	2022	2021	2020
Impairment Loss in the Latin America Segment	–	–	194,468
Income attributable to a consent agreement on foregone profits from the sale of certain pharmaceuticals to non-associated companies	(83,212)	(44,300)	(39,540)
Reimbursement payments and funding received related to economic assistance programs to address the consequences of the COVID-19 pandemic	(49,652)	(8,716)	(27,414)
Net (gain) loss from changes in the fair value of investments, mainly related to equity investments	96,423	66,151	(20,938)
(Gain) loss from right-of-use assets	(18,692)	(4,975)	(12,867)
Net (gain) loss from the sale of investments and divestitures	47,733	(4,054)	(41,938)
Net (gain) loss related to variable payments outstanding for acquisitions, mainly due to revaluation	(3,904)	(6,716)	(1,996)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets	118,229	36,554	2,758
Net (gain) loss from the sale of fixed and intangible assets	18,936	(21,141)	17,358
Costs related to the InterWell Health transaction	24,367	–	–
Costs related to U.S. ballot initiatives	22,514	–	26,069

In 2022, general and administrative expenses included costs for restructuring activities related to the FME25 Program in the amount of €190,065, mainly for severance payments and related personnel expense, the impairment of fixed, intangible and right-of-use assets and consulting expense.

In 2021, general and administrative expenses included costs for restructuring activities related to the FME25 Program in the amount of €62,862, mainly for the impairment of right-of-use assets and consulting expense.

C) Research and development expenses

Research and development expenses of €228,624 (2021: €220,782 and 2020: €193,774) included research and non-capitalizable development costs as well as depreciation and amortization expenses related to capitalized development costs of €9,994 (2021: €6,437 and 2020: €5,024).

D) Cost of materials

The cost of materials for the year ended December 31, 2022, 2021 and 2020 consisted of the following:

T 5.18 **COST OF MATERIALS**
IN € THOUS

	2022	2021	2020
Cost of raw materials, supplies and purchased components	3,939,649	3,622,169	3,668,053
Cost of purchased services	280,913	240,699	236,302
COST OF MATERIALS	**4,220,562**	**3,862,868**	**3,904,355**

E) Personnel expenses

Included within costs of revenue, selling, general and administrative expenses and research and development expenses are personnel expenses in the amount of €7,939,397, €6,962,118 and €7,067,407 for the years ended December 31, 2022, 2021 and 2020, respectively. Personnel expenses consisted of the following:

T 5.19 **PERSONNEL EXPENSES**
IN € THOUS

	2022	2021	2020
Wages and salaries	6,390,322	5,618,236	5,753,795
Social security contributions and cost of retirement benefits and social assistance	1,549,075	1,343,882	1,313,612
thereof retirement benefits	217,165	189,176	181,347
PERSONNEL EXPENSES	**7,939,397**	**6,962,118**	**7,067,407**

The Company employed the following personnel on a total headcount basis, on average, for the following years:

T 5.20 **EMPLOYEES BY FUNCTION**[1]

	2022	2021	2020
Production and services	111,472	112,201	113,628
Administration	12,166	13,216	13,386
Sales and marketing	4,877	4,648	4,085
Research and development	1,226	1,245	1,242
TOTAL EMPLOYEES	**129,741**	**131,310**	**132,341**

[1] The figures for 2021 and 2020 have been adjusted from full-time equivalents to total headcount to conform with the current year's presentation. The Company believes this information provides a more accurate assessment of the number of employees working for the Company and provides additional insight regarding the composition of its personnel expenses incurred for the years presented.

F) Net interest

Net interest in the amount of €292,476 (2021: €280,429 and 2020: €368,019) included interest expense of €360,139 (2021: €353,599 and 2020: €409,978) and interest income of €67,663 (2021: €73,170 and 2020: €41,959). Interest expense resulted mainly from the Company's financial liabilities including outstanding bonds, loans and credit facilities (SEE NOTE 13 AND NOTE 14) as well as lease liabilities and lease liabilities from related parties (SEE NOTE 5 B AND NOTE 21). In 2022, interest income primarily resulted from a release of interest accruals related to uncertain tax treatments, income related to royalty receivables and interest on lease receivables and overdue receivables. In 2021, interest income primarily resulted from a release of interest accruals related to uncertain tax treatments, interest on lease receivables and overdue receivables and income related to royalty receivables. In 2020, interest income primarily resulted from interest on overdue receivables, valuation of derivatives and lease receivables.

G) Income taxes

Income before income taxes is attributable to the following geographic locations:

T 5.21 **INCOME BEFORE INCOME TAXES**
IN € THOUS

	2022	2021	2020
Germany	(30,186)	81,246	160,866
United States	829,699	1,090,797	1,487,931
Other	419,766	399,818	287,593
TOTAL	**1,219,279**	**1,571,861**	**1,936,390**

Income tax expense (benefit) for the years ended December 31, 2022, 2021 and 2020 consisted of the following:

T 5.22 **INCOME TAX EXPENSE (BENEFIT)**
IN € THOUS

	2022	2021	2020
Current			
Germany	(5,423)	(11,675)	17,879
United States	190,058	181,714	242,062
Other	181,790	115,535	129,512
	366,425	**285,574**	**389,453**
Deferred			
Germany	16,963	18,404	27,844
United States	(13,767)	47,018	95,444
Other	(44,667)	1,837	(12,183)
	(41,471)	**67,259**	**111,105**
TOTAL	**324,954**	**352,833**	**500,558**

A reconciliation between the expected and actual income tax expense is shown in TABLE 5.23. The expected corporate income tax expense is computed by applying the German corporation tax rate (including the solidarity surcharge) and the trade tax rate on income before income taxes. The German combined statutory tax rates were 30.14%, 30.14% and 30.21% for the fiscal years ended December 31, 2022, 2021 and 2020, respectively.

T 5.23 RECONCILIATION OF INCOME TAXES
IN € THOUS

	2022	2021	2020
Expected corporate income tax expense	367,491	473,759	584,983
Tax free income	(53,282)	(41,566)	(51,231)
Income from equity method investees	(24,909)	(26,722)	(28,510)
Tax rate differentials	(39,064)	(40,604)	(71,755)
Non-deductible expenses [1]	77,465	50,682	106,437
Taxes for prior years	(848)	(38,502)	(2,748)
Noncontrolling partnership interests	(54,636)	(65,489)	(70,300)
Tax rate changes	(359)	3,543	4,221
Change in realizability of deferred tax assets and tax credits	33,683	20,736	12,627
Withholding taxes	9,160	5,912	4,858
Other	10,253	11,084	11,976
INCOME TAX EXPENSE	**324,954**	**352,833**	**500,558**
Effective tax rate	26.7%	22.4%	25.9%

[1] Non-deductible tax expenses for the year ended December 31, 2020 included €58,749 related to the Impairment Loss in the Latin America Segment discussed above.

The tax effects of the temporary differences and net operating losses that give rise to deferred tax assets and liabilities at December 31, 2022 and 2021, are presented below:

T 5.24 DEFERRED INCOME TAX ASSETS AND LIABILITIES
IN € THOUS

	2022	2021
Deferred tax assets		
Trade accounts receivable	23,448	21,407
Inventories	62,663	73,078
Intangible assets	6,875	5,587
Property, plant and equipment and other non-current assets	86,182	83,946
Lease liabilities	894,451	904,265
Provisions and other liabilities	212,167	197,765
Pension liabilities	93,431	168,278
Net operating loss carryforwards, tax credit carryforwards and interest carryforwards	113,713	97,287
Derivatives	1,893	4,211
Compensation expense related to stock options	1,190	1,763
Other	73,882	40,562
TOTAL DEFERRED TAX ASSETS	**1,569,895**	**1,598,149**
Deferred tax liabilities		
Trade accounts receivable	27,311	47,378
Inventories	5,875	3,808
Intangible assets	886,696	834,190
Property, plant and equipment and other non-current assets	267,064	276,922
Right-of-use assets	793,855	818,314
Provisions and other liabilities	6,533	15,423
Pension liabilities	65	-
Derivatives	4,204	700
Other	202,088	154,506
TOTAL DEFERRED TAX LIABILITIES	**2,193,691**	**2,151,241**
NET DEFERRED TAX LIABILITIES	**(623,796)**	**(553,092)**

In the consolidated balance sheets, the accumulated amounts of deferred tax assets and liabilities are shown as follows:

T 5.25 **NET DEFERRED INCOME TAX ASSETS AND LIABILITIES**
IN € THOUS

	2022	2021
Deferred tax assets	312,679	315,360
Deferred tax liabilities	936,475	868,452
NET DEFERRED TAX LIABILITIES	**(623,796)**	**(553,092)**

The change in the balance of deferred tax assets and deferred tax liabilities does not equal the deferred tax expense/(benefit). This is due to deferred taxes that are booked directly to equity, the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro and the acquisition and disposal of entities as part of ordinary activities.

The net operating losses included in TABLE 5.26 reflect U.S. federal tax, German corporate income tax, and other tax loss carryforwards in the various countries in which the Company operates, and expire as follows:

T 5.26 **NET OPERATING LOSS CARRYFORWARDS**
IN € THOUS

For the year ended December 31, 2022		For the year ended December 31, 2021	
2023	19,274	2022	14,422
2024	14,979	2023	13,972
2025	27,238	2024	21,400
2026	50,856	2025	40,610
2027	75,953	2026	59,632
2028	28,295	2027	25,465
2029	53,910	2028	5,826
2030	2,999	2029	4,484
2031	1,672	2030	2,520
2032 and thereafter	131,039	2031 and thereafter	47,494
Without expiration date	420,026	Without expiration date	291,848
TOTAL	**826,241**	**TOTAL**	**527,673**

Included in the balance of net operating loss carryforwards at December 31, 2022 are €531,231 (2021: €282,275) not expected to be absorbed. Deferred tax assets regarding this portion are not recognized.

In assessing the realizability of deferred tax assets, management considers to which extent it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and tax loss carryforwards become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment and believes it is probable the Company will realize the benefits of these deferred tax assets at December 31, 2022.

In Germany, certain entities realized losses due to impacts that COVID-19 and the Ukraine War had on the global economy and financial markets as well as additional restructuring costs. The Company considers deferred tax assets on these losses realizable as the losses are covered by the expected reversal of deferred tax liabilities. Additionally, the Company expects future taxable profits over the periods in which the deferred tax assets are deductible.

The Company provides for income taxes and foreign withholding taxes on the cumulative earnings of foreign subsidiaries and foreign subsidiaries in which the Company has ownership of less than 100% that will not be reinvested. At December 31, 2022, the Company provided for €11,972 (2021: €8,759) of deferred tax liabilities associated with earnings that are likely to be distributed in the following year(s). Provision has not been made for additional taxes on €8,945,633 (2021: €9,563,193) undistributed earnings of foreign subsidiaries as these earnings are considered indefinitely reinvested. The earnings could become subject to additional tax if remitted or deemed remitted as dividends; however, calculation of such additional tax is not practicable. These taxes would predominantly comprise foreign withholding tax on dividends of foreign subsidiaries, and German income tax; however, those dividends and capital gains would generally be 95% tax free for German tax purposes.

H) Impacts of COVID-19

The Company provides life-sustaining dialysis treatments and other critical health care services and products to patients. The Company's patients need regular and frequent dialysis treatments, or else they face significant adverse health consequences that could result in hospitalization or death. To be able to continue care for its patients in light of COVID-19, the Company determined

that it needed to implement a number of measures, both operational and financial, to maintain an adequate workforce, to protect its patients and employees through expanded personal protective equipment protocols and to develop surge capacity for patients suspected or confirmed to have COVID-19. Additionally, the Company experienced a loss of revenue due to the pandemic in certain parts of its business, partially offset by increased demand for its services and products in other parts. Various governments in regions in which the Company operates have provided economic assistance programs to address the consequences of the pandemic on companies and support health care providers and patients.

The Company recorded €284,742 and €72,531 for the year ended December 31, 2022 and December 31, 2021, respectively, within the statement of profit and loss for government grants in various regions in which it operates. In addition to the costs incurred which are eligible for government funding in various countries, the Company has been affected by impacts that COVID-19 had on the global economy and financial markets as well as effects related to lockdowns.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in the U.S. The CARES Act provides relief funds to hospitals and other health care providers in connection with the impact of the on-going COVID-19 pandemic. During 2022 and 2021, the Company received $235,394 (€223,536) and $122,025 (€103,171), respectively, in U.S. Department of Health and Human Services (U.S. HHS) funding available for health care providers affected by the COVID-19 pandemic. During 2022 and 2021, the Company recognized operating income of $291,446 (€276,783) and $73,672 (€62,289), respectively, used to offset eligible costs. The Company currently estimates that all funds received from grants comply with the terms and conditions associated with the funding received. All funding received in the U.S. is to be applied solely to the Company's U.S. operations. In accordance with the conditions of the funding received under the grants, the Company is obliged and committed to fulfilling all the requirements of the grant funding arrangements in the respective jurisdictions in which funding was received. The Company has determined that there is reasonable assurance that it will continue to be entitled to the amounts received and comply with the requirements related to the grants.

The remaining amount of U.S. government grants received recorded in deferred income was $6,104 (€5,723) and $62,176 (€54,897) at December 31, 2022 and December 31, 2021, respectively (SEE NOTE 12). The Company also recorded a contract liability for advance payments received under the CMS Accelerated and Advance Payment program which is currently recorded within current provisions and other current liabilities. Contract liabilities related to the CMS Accelerated and Advance Payment program were $5,275 (€4,946) and $442,568 (€390,754) at December 31, 2022 and December 31, 2021, respectively.

For further information regarding government grants, SEE NOTE 1 Y.

5. RELATED PARTY TRANSACTIONS

Fresenius SE is the Company's largest shareholder and owns 32.2% of the Company's outstanding shares at December 31, 2022. The Else Kröner-Fresenius-Stiftung is the sole shareholder of Fresenius Management SE, the general partner of Fresenius SE, and has sole power to elect the supervisory board of Fresenius Management SE. The Company has entered into certain arrangements for services and products with Fresenius SE or its subsidiaries and with certain of the Company's equity method investees as described in item a) below. The arrangements for leases with Fresenius SE or its subsidiaries are described in item b) below. The Company's terms related to the receivables or payables for these services, leases and products are generally consistent with the normal terms of the Company's ordinary course of business transactions with unrelated parties and the Company believes that these arrangements reflect fair market terms. The Company utilizes various methods to verify the commercial reasonableness of its related party arrangements. Financing arrangements as described in item c) below have agreed-upon terms which are determined at the time such financing transactions occur and reflect market rates at the time of the transaction. The relationship between the Company and its key management personnel who are considered to be related parties is described in item d) below. The Company's related party transactions are settled through Fresenius SE's cash management system where appropriate.

A) Service agreements and products

The Company is party to service agreements with Fresenius SE and certain of its affiliates (collectively Fresenius SE Companies) to receive services, including, but not limited to: administrative services, management information services, employee benefit administration, insurance, information technology services, tax services and treasury management services. These related party agreements generally have a duration of 1 to 5 years and are renegotiated on an as needed basis when the agreement comes due. The Company also provides administrative services to one of its equity method investees.

The Company sells products to Fresenius SE Companies and purchases products from Fresenius SE Companies and equity method investees. In addition, Fresenius Medical Care Holdings, Inc. (FMCH) purchases heparin supplied by Fresenius Kabi USA, Inc. (Kabi USA), through an independent group purchasing organization (GPO). Kabi USA is an indirect, wholly-owned subsidiary of

Fresenius SE. The Company has no direct supply agreement with Kabi USA and does not submit purchase orders directly to Kabi USA. FMCH acquires heparin from Kabi USA, which was negotiated by the GPO at arm's length on behalf of all members of the GPO.

In December 2010, the Company and Galenica Ltd. (now known as CSL Vifor) formed the renal pharmaceutical company Vifor Fresenius Medical Care Renal Pharma Ltd., an equity method investee of which the Company owns 45%. The Company has entered into exclusive supply agreements to purchase certain pharmaceuticals from, as well as into certain exclusive distribution agreements with, Vifor Fresenius Medical Care Renal Pharma Ltd. Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €1,272,287 of pharmaceuticals, of which €362,805 is committed at December 31, 2022 for 2023. The terms of these agreements run up to four years.

Under the CMS Comprehensive End-Stage Renal Disease (ESRD) Care Model, the Company and participating physicians formed entities known as ESRD Seamless Care Organizations (ESCOs) as part of a payment and care delivery model that seeks to deliver better health outcomes for Medicare ESKD patients while lowering CMS's costs. The Company entered into participation/service agreements with these ESCOs, which are accounted for as equity method investees. For the fifth performance year (January 1, 2020 through March 31, 2021), CMS finalized its settlement reports on December 30, 2022. These ESCOs are expected to be dissolved during the first quarter of 2023.

In October 2019, CMS released a request for applications to participate in its new Comprehensive Kidney Care Contracting (CKCC) model. Under the CKCC model, renal health care providers participate by forming an entity known as a Kidney Care Entity (KCE). Through the KCE, renal health

T 5.27 **SERVICE AGREEMENTS AND PRODUCTS WITH RELATED PARTIES**
IN € THOUS

	2022		2021		2020		31. Dezember 2022		31. Dezember 2021	
	Sales of goods and services	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Service agreements [1]										
Fresenius SE	361	38,010	123	38,292	250	29,174	26	2,820	-	6,707
Fresenius SE affiliates	5,164	83,087	5,657	100,541	4,708	102,323	1,168	8,585	1,544	8,041
Equity method investees	36,089	-	42,391	-	19,730	-	120,507	-	131,661	-
TOTAL	**41,614**	**121,097**	**48,171**	**138,833**	**24,688**	**131,497**	**121,701**	**11,405**	**133,205**	**14,748**
Products										
Fresenius SE	-	-	5	-	-	-	-	-	-	-
Fresenius SE affiliates	66,800	39,405	50,081	31,719	41,180	44,164	16,078	5,826	13,487	6,000
Equity method investees	-	463,073	-	445,714	-	474,100	-	73,563	-	76,444
TOTAL	**66,800**	**502,478**	**50,086**	**477,433**	**41,180**	**518,264**	**16,078**	**79,389**	**13,487**	**82,444**

[1] In addition to the above shown accounts payable, accrued expenses for service agreements with related parties amounted to €6,520 and €12,911 at December 31, 2022 and 2021, respectively.

T 5.28 **LEASE AGREEMENTS WITH RELATED PARTIES**
IN € THOUS

	2022			2021			2020			December 31, 2022		December 31, 2021	
	Depreciation	Interest expense	Lease expense[1]	Depreciation	Interest expense	Lease expense[1]	Depreciation	Interest expense	Lease expense[1]	Right-of-use asset	Lease liability	Right-of-use asset	Lease liability
Fresenius SE	8,395	524	259	7,876	661	1,654	7,925	740	2,452	38,688	39,626	48,794	50,997
Fresenius SE affiliates	13,956	1,048	–	13,709	1,092	38	13,236	1,272	572	112,684	114,077	68,181	68,284
TOTAL	**22,351**	**1,572**	**259**	**21,585**	**1,753**	**1,692**	**21,161**	**2,012**	**3,024**	**151,372**	**153,703**	**116,975**	**119,281**

[1] Short-term leases and expenses relating to variable lease payments as well as low value leases are exempted from balance sheet recognition.

care providers take responsibility for the total cost and quality of care for Medicare beneficiaries with CKD stages 4 and 5 as well as Medicare beneficiaries with ESRD. In order to participate, KCEs must include nephrologists and transplant providers, and dialysis providers and other third parties are permitted to participate. As of December 31, 2022, the Company was participating in 20 KCEs. The Company entered into participation/service agreements with these KCEs, which are accounted for as equity method investees.

TABLE 5.27 ON PAGE 220 shows a summary, including the Company's receivables from and payables to the indicated parties, resulting from the above-described transactions with related parties.

B) Lease agreements

In addition to the above-mentioned product and service agreements, the Company is a party to real estate lease agreements with Fresenius SE Companies, which mainly include leases for the Company's corporate headquarters in Bad Homburg, Germany, and production sites in Schweinfurt and St. Wendel, Germany. The leases have maturities up to the end of 2032. In December 2022, the Company sold a building and other assets to a Fresenius SE Company for consideration in the aggregated amount of €31,315 and subsequently leased the buildings for a period of ten years from the Fresenius SE Company beginning in December 2022.

TABLE 5.28 shows a summary resulting from the above described lease agreements with related parties.

C) Financing

The Company receives short-term financing from and provides short-term financing to Fresenius SE. The Company also utilizes Fresenius SE's cash management system for the settlement of certain intercompany receivables and payables with its subsidiaries and other related parties. As of December 31, 2022 and December 31, 2021, the Company had accounts receivable from Fresenius SE related to short-term financing in the amount of €1,477 and €14,900, respectively. As of December 31, 2022 and December 31, 2021, the Company did not have accounts payable to Fresenius SE related to short-term financing under Fresenius SE's cash management system. The interest rates for these cash management arrangements are set on a daily basis and are based on the then-prevailing overnight reference rate, with a floor of zero, for the respective currencies.

On August 19, 2009 and November 28, 2013, the Company borrowed €1,500 and €1,500, respectively, from the General Partner. The loan repayments were extended periodically and combined into a single borrowing during 2022. The loan repayment is currently due on April 21, 2027 with an interest rate of 1.3348%.

At December 31, 2022 and December 31, 2021, the Company borrowed from Fresenius SE in the amount of €1,000 at an interest rate of 2.468% and €74,500 at an interest rate of 0.600%, respectively. For further information on this loan agreement, SEE NOTE 13.

D) Key management personnel

Due to the Company's legal form of a German partnership limited by shares, the General Partner holds a key management position within the Company. In addition, as key management personnel, members of the Management Board and the Supervisory Board, as well as their close relatives, are considered related parties.

The Company's Articles of Association provide that the General Partner shall be reimbursed for any and all expenses in connection with management of the Company's business, including remuneration of the members of the General Partner's supervisory board and the members of the Management Board. The aggregate amount reimbursed to the General Partner was €23,632, €30,212 and €33,284, respectively, for its management services during 2022, 2021 and 2020 and included an annual fee of €120 as compensation for assuming liability as general partner. The annual fee is set at 4% of the amount of the General Partner's share capital (€3,000 as of December 31, 2022). As of December 31, 2022 and December 31, 2021, the Company had accounts receivable from the General Partner in the amount of €816 and €769, respectively. As of December 31, 2022 and December 31, 2021, the Company had accounts payable to the General Partner in the amount of €27,289 and €24,265, respectively.

For information regarding compensation of the Management Board and the Supervisory Board of the Company SEE NOTE 28.

6. CASH AND CASH EQUIVALENTS

As of December 31, 2022 and 2021, cash and cash equivalents are as follows:

T 5.29 **CASH AND CASH EQUIVALENTS**
IN € THOUS

	2022	2021
Cash	911,015	925,134
Securities and time deposits	362,772	556,521
CASH AND CASH EQUIVALENTS	**1,273,787**	**1,481,655**

The cash and cash equivalents disclosed in TABLE 5.29, and respectively in the consolidated statement of cash flows, include at December 31, 2022 an amount of €22,835 (2021: €25,573) from collateral requirements towards an insurance company in North America that are not available for use, but are accessible upon demand.

For further information on the Company's multi-currency notional pooling cash management system, SEE NOTE 13.

7. TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES

As of December 31, 2022 and December 31, 2021, trade accounts and other receivables from unrelated parties are as follows:

T 5.30 **TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES**
IN € THOUS

	2022		2021	
		thereof credit-impaired [1]		thereof credit-impaired [1]
Trade accounts and other receivables, gross	3,742,951	378,831	3,572,990	423,113
thereof finance lease receivables	72,853	–	64,224	–
less expected credit losses	(168,681)	(124,081)	(163,929)	(130,790)
TRADE ACCOUNTS AND OTHER RECEIVABLES	**3,574,270**	**254,750**	**3,409,061**	**292,323**

[1] Trade accounts receivable balances are credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the receivable balance (e.g. overdue by more than one year, etc.).

Other receivables in the amount of €198,548 at December 31, 2022 include receivables from finance leases, operating leases and insurance contracts (December 31, 2021: €113,841). For further information, SEE NOTE 1 K.

All trade accounts and other receivables from unrelated parties are due within one year.

Trade accounts receivables and finance lease receivables with a term of more than one year in the amount of €141,763 at December 31, 2022 (December 31, 2021: €148,545) are included in the balance sheet item "Other non-current assets." The majority of finance lease receivables are due within 5 years.

When utilized, the Company assigns interests in certain receivables to institutional investors under its Accounts Receivable Facility (as defined below). The receivables assigned under the facility amounted to $1,429,071 (€1,339,838) for the year ended December 31, 2022 (December 31, 2021: €0). For further information, SEE NOTE 14.

TABLE 5.31 shows the development of expected credit losses in the fiscal years 2022, 2021 and 2020:

T 5.31 **DEVELOPMENT OF EXPECTED CREDIT LOSSES FOR DOUBTFUL ACCOUNTS FROM UNRELATED PARTIES**
IN THOUS €

	2022	2021	2020
EXPECTED CREDIT LOSSES AS OF JANUARY 1	**163,929**	**142,372**	**141,358**
Change in valuation allowances as recorded in the consolidated statements of income	42,470	44,374	28,302
Write-offs and recoveries of amounts previously written-off	(36,180)	(21,622)	(14,213)
Foreign currency translation	(1,538)	(1,195)	(13,075)
EXPECTED CREDIT LOSSES AS OF DECEMBER 31	**168,681**	**163,929**	**142,372**

TABLES 5.32 AND 5.33 show the aging analysis of trade accounts and other receivables from unrelated parties and expected credit losses as of December 31, 2022 and as of December 31, 2021:

T 5.32 **AGING ANALYSIS OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES 2022**
IN € THOUS

	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts and other receivables	2,143,985	831,384	254,570	246,497	266,515	3,742,951
less expected credit losses	(23,709)	(8,666)	(5,314)	(11,409)	(119,583)	(168,681)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**2,120,276**	**822,718**	**249,256**	**235,088**	**146,932**	**3,574,270**

T 5.33 **AGING ANALYSIS OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES 2021**
IN € THOUS

	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts and other receivables	2,042,024	834,638	206,903	205,436	283,989	3,572,990
less expected credit losses	(12,233)	(5,911)	(4,133)	(12,266)	(129,386)	(163,929)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**2,029,791**	**828,727**	**202,770**	**193,170**	**154,603**	**3,409,061**

8. INVENTORIES

At December 31, 2022 and December 31, 2021, inventories consisted of the following:

T 5.34 **INVENTORIES**
IN € THOUS

	2022	2021
Finished goods	1,310,995	1,233,197
Health care supplies	553,821	452,073
Raw materials and purchased components	306,994	247,478
Work in process	124,404	105,266
INVENTORIES	**2,296,214**	**2,038,014**

Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €821,888 of materials, of which €479,278 is committed at December 31, 2022 for 2023. The terms of these agreements run 1 to 5 years. Further unconditional purchase agreements exist with an equity method investee of the Company. For further information on these agreements, SEE NOTE 5.

Write-downs of inventories amounted to €71,593 and €69,250 for the years ended December 31, 2022 and 2021, respectively.

9. OTHER CURRENT ASSETS

At December 31, 2022 and 2021, other current assets consisted of the following:

T 5.35 **OTHER CURRENT ASSETS**
IN € THOUS

	2022	2021
Payments on account	199,736	182,239
Debt securities	169,983	136,362
Income tax receivable	143,782	177,150
Other tax receivable	125,762	109,586
Prepaid insurance	27,652	21,160
Receivables for supplier rebates	23,920	20,662
Derivatives	19,777	3,417
Notes receivable	18,304	18,873
Deposit / guarantee / security	17,843	22,822
Prepaid rent	15,543	14,237
Loans to customers or suppliers	5,494	8,990
Other	151,316	160,653
OTHER CURRENT ASSETS	**919,112**	**876,151**

The item "Other" in TABLE 5.35 includes various prepaid expenses relating to, amongst others, utility costs, royalty payments and freight expense.

10. PROPERTY, PLANT AND EQUIPMENT

At December 31, 2022 and 2021, the acquisition or manufacturing costs and the accumulated depreciation of property, plant and equipment consisted of the following:

T 5.36 **ACQUISITION OR MANUFACTURING COSTS**
IN € THOUS

	January 1, 2022	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2022
Land	70,691	(3,002)	(65)	1,842	(261)	(47)	69,158
Buildings and improvements	4,129,180	192,505	(15,357)	30,248	192,974	(158,052)	4,371,498
Machinery and equipment	5,679,662	208,366	(3,153)	363,609	127,282	(212,796)	6,162,970
Construction in progress	394,333	12,180	5,017	224,867	(279,396)	(4,098)	352,903
PROPERTY, PLANT AND EQUIPMENT	**10,273,866**	**410,049**	**(13,558)**	**620,566**	**40,599**	**(374,993)**	**10,956,529**

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2021
Land	69,582	147	93	4	2,446	(1,581)	70,691
Buildings and improvements	3,613,172	251,338	2,568	60,173	277,232	(75,303)	4,129,180
Machinery and equipment	5,233,002	243,941	9,232	419,897	103,355	(329,765)	5,679,662
Construction in progress	471,478	19,553	(30)	258,826	(345,219)	(10,275)	394,333
PROPERTY, PLANT AND EQUIPMENT	**9,387,234**	**514,979**	**11,863**	**738,900**	**37,814**	**(416,924)**	**10,273,866**

T 5.37 **DEPRECIATION**
IN € THOUS

	January 1, 2022	Foreign currency translation	Changes in consolidation group	Additions	Impairment[1]	Reclassifications	Disposals	December 31, 2022
Land	586	(41)	-	-	-	(14)	-	531
Buildings and improvements	2,472,155	118,465	(7,709)	287,845	18,840	(799)	(116,462)	2,772,335
Machinery and equipment	3,566,098	116,787	(2,962)	516,802	12,687	1,400	(179,831)	4,030,981
PROPERTY, PLANT AND EQUIPMENT	**6,038,839**	**235,211**	**(10,671)**	**804,647**	**31,527**	**587**	**(296,293)**	**6,803,847**

[1] Including impairment loss in the amount of €28,949 related to a production plant and associated machines which were fully written off as a result of economic sanctions imposed on Russia, due to the Ukraine War, that negatively impacted the Company's supply chain to the country. The impairment loss is recorded at Corporate SEE NOTE 26.

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Impairment	Reclassifications	Disposals	December 31, 2021
Land	1,317	(10)	-	-	-	-	(721)	586
Buildings and improvements	2,098,019	154,893	(1,795)	260,532	3,870	11,803	(55,167)	2,472,155
Machinery and equipment	3,231,034	141,256	(868)	482,034	5,647	2,633	(295,638)	3,566,098
PROPERTY, PLANT AND EQUIPMENT	**5,330,370**	**296,139**	**(2,663)**	**742,566**	**9,517**	**14,436**	**(351,526)**	**6,038,839**

T 5.38 **BOOK VALUE**
IN € THOUS

	December 31, 2022	December 31, 2021
Land	68,627	70,105
Buildings and improvements	1,599,163	1,657,025
Machinery and equipment	2,131,989	2,113,564
Construction in progress	352,903	394,333
PROPERTY, PLANT AND EQUIPMENT	**4,152,682**	**4,235,027**

Depreciation expense for property, plant and equipment amounted to €804,647, €742,566 and €738,201 for the years ended December 31, 2022, 2021, and 2020, respectively. These expenses are allocated within costs of revenue, selling, general and administrative and research and development expenses depending upon the area in which the asset is used.

Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €25,410 of property, plant and equipment, of which €14,656 is committed at December 31, 2022 for 2023. The terms of these agreements run 1 to 5 years.

Included in machinery and equipment at December 31, 2022 and 2021 were €811,991 and €778,887, respectively, of peritoneal dialysis cycler machines which the Company leases to customers with ESKD on a month-to-month basis and hemodialysis machines which the Company leases to physicians under operating leases.

At December 31, 2022 and 2021, the hyperinflationary effects on property, plant and equipment consisted of the following:

T 5.39 **EFFECT OF HYPERINFLATION**
IN € THOUS

	Acquisition or manufacturing costs	Accumulated depreciation	December 31, 2022
Land	5,029	–	5,029
Buildings and improvements	51,767	19,930	31,837
Machinery and equipment	109,730	67,556	42,174
Construction in progress	3,179	18	3,161
PROPERTY, PLANT AND EQUIPMENT	**169,705**	**87,504**	**82,201**

	Acquisition or manufacturing costs	Accumulated depreciation	December 31, 2021
Land	3,604	–	3,604
Buildings and improvements	34,989	13,045	21,944
Machinery and equipment	56,545	34,665	21,880
Construction in progress	2,062	6	2,056
PROPERTY, PLANT AND EQUIPMENT	**97,200**	**47,716**	**49,484**

11. INTANGIBLE ASSETS AND GOODWILL

At December 31, 2022 and 2021, the acquisition or manufacturing costs and the accumulated amortization of intangible assets and goodwill consisted of the following:

T 5.40 **ACQUISITION OR MANUFACTURING COSTS (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	January 1, 2022	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2022
Amortizable intangible assets							
Non-compete agreements	339,796	19,692	150	-	584	(8,449)	351,773
Technology	737,465	42,800	-	143	-	(94,279)	686,129
Licenses and distribution agreements	171,578	6,150	-	4,173	(280)	(12,900)	168,721
Customer relationships	67,641	2,605	4,771	-	-	-	75,017
Construction in progress	315,965	9,673	-	113,353	(77,415)	(2,124)	359,572
Internally developed intangibles	460,213	16,148	31,953	8,678	78,296	(88,942)	506,346
Other	390,336	9,427	3,709	18,894	4,188	(12,370)	414,184
	2,482,994	**106,495**	**40,703**	**145,241**	**5,373**	**(219,064)**	**2,561,742**
Non-amortizable intangible assets							
Trade names	252,911	15,470	14,054	-	-	-	282,435
Management contracts	2,637	(16)	-	-	-	-	2,621
Emission certificates	661	-	-	21,098	-	-	21,759
	256,209	**15,454**	**14,054**	**21,098**	**-**	**-**	**306,815**
INTANGIBLE ASSETS	**2,739,203**	**121,949**	**54,757**	**166,339**	**5,373**	**(219,064)**	**2,868,557**
GOODWILL	**14,944,458**	**765,366**	**695,189**	**-**	**-**	**-**	**16,405,013**

ACQUISITION OR MANUFACTURING COSTS (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2021
Amortizable intangible assets							
Non-compete agreements	311,353	24,652	5,475	-	-	(1,684)	339,796
Technology	685,730	51,733	-	-	2	-	737,465
Licenses and distribution agreements	188,463	8,038	(46)	4,741	154	(29,772)	171,578
Customer relationships	62,774	4,867	-	-	-	-	67,641
Construction in progress	233,272	9,990	-	128,666	(55,446)	(517)	315,965
Internally developed intangibles	394,314	19,639	-	15,427	52,220	(21,387)	460,213
Other	369,081	16,604	1,868	17,073	13,168	(27,458)	390,336
	2,244,987	**135,523**	**7,297**	**165,907**	**10,098**	**(80,818)**	**2,482,994**
Non-amortizable intangible assets							
Trade names	233,492	19,419	-	-	-	-	252,911
Management contracts	3,052	264	-	-	-	(679)	2,637
Emission certificates	-	-	-	661	-	-	661
	236,544	**19,683**	**-**	**661**	**-**	**(679)**	**256,209**
INTANGIBLE ASSETS	**2,481,531**	**155,206**	**7,297**	**166,568**	**10,098**	**(81,497)**	**2,739,203**
GOODWILL	**13,515,133**	**985,053**	**444,272**	**-**	**-**	**-**	**14,944,458**

T 5.41 **AMORTIZATION (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	January 1, 2022	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2022
Amortizable intangible assets								
Non-compete agreements	311,184	17,881	(260)	8,822	-	585	(8,375)	329,837
Technology	286,593	14,471	-	55,614	-	-	(94,279)	262,399
Licenses and distribution agreements	135,517	4,314	-	4,131	-	(280)	(10,258)	133,424
Customer relationships	18,667	199	-	4,620	-	-	-	23,486
Internally developed intangibles	242,584	8,968	(120)	61,850	57,937	3,077	(88,938)	285,358
Other	255,659	7,252	391	33,980	1,119	(2,653)	(11,726)	284,022
	1,250,204	**53,085**	**11**	**169,017**	**59,056**	**729**	**(213,576)**	**1,318,526**
Non-amortizable intangible assets								
Trade names	28,060	1,734	-	-	-	-	-	29,794
Management contracts	1,546	14	-	-	-	-	-	1,560
	29,606	**1,748**	**-**	**-**	**-**	**-**	**-**	**31,354**
INTANGIBLE ASSETS	**1,279,810**	**54,833**	**11**	**169,017**	**59,056**	**729**	**(213,576)**	**1,349,880**
GOODWILL	**582,881**	**30,951**	**-**	**-**	**-**	**-**	**-**	**613,832**

AMORTIZATION (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2021
Amortizable intangible assets								
Non-compete agreements	280,835	22,622	(55)	9,456	-	-	(1,674)	311,184
Technology	216,019	15,422	-	53,160	1,023	969	-	286,593
Licenses and distribution agreements	128,749	5,027	-	4,134	-	76	(2,469)	135,517
Customer relationships	13,310	1,278	-	4,079	-	-	-	18,667
Internally developed intangibles	195,376	10,747	-	49,787	7,206	529	(21,061)	242,584
Other	239,566	10,453	-	31,709	1,130	(562)	(26,637)	255,659
	1,073,855	**65,549**	**(55)**	**152,325**	**9,359**	**1,012**	**(51,841)**	**1,250,204**
Non-amortizable intangible assets								
Trade names	25,957	2,103	-	-	-	-	-	28,060
Management contracts	710	99	-	-	737	-	-	1,546
	26,667	2,202	-	-	737	-	-	29,606
INTANGIBLE ASSETS	**1,100,522**	**67,751**	**(55)**	**152,325**	**10,096**	**1,012**	**(51,841)**	**1,279,810**
GOODWILL	**556,405**	**26,476**	**-**	**-**	**-**	**-**	**-**	**582,881**

T 5.42 **BOOK VALUE**
IN € THOUS

	December 31, 2022	December 31, 2021
Amortizable intangible assets		
Non-compete agreements	21,936	28,612
Technology	423,730	450,872
Licenses and distribution agreements	35,297	36,061
Customer relationships	51,531	48,974
Construction in progress	359,572	315,965
Internally developed intangibles	220,988	217,629
Other	130,162	134,677
	1,243,216	**1,232,790**
Non-amortizable intangible assets		
Trade names	252,641	224,851
Management contracts	1,061	1,091
Emission certificates	21,759	661
	275,461	**226,603**
INTANGIBLE ASSETS	**1,518,677**	**1,459,393**
GOODWILL	**15,791,181**	**14,361,577**

The amortization of intangible assets amounted to €169,017, €152,325 and €144,669 for the years ended December 31, 2022, 2021, and 2020, respectively. These expenses are allocated within costs of revenue, selling, general and administrative and research and development expenses depending upon the area in which the asset is used.

The Company capitalized development costs of €108,478 in 2022 (€123,275 in 2021), which is included in the line items Internally developed intangibles and Construction in progress in TABLE 5.42.

At December 31, 2022 and 2021, the hyperinflationary effects on intangible assets and goodwill consisted as shown in TABLE 5.43.

T 5.43 **EFFECT OF HYPERINFLATION**
IN € THOUS

	Acquisition or manufacturing costs	Accumulated amortization and impairments	December 31, 2022
Non-compete agreements	678	583	95
Licenses and distribution rights	473	330	143
Construction in progress	181	-	181
Internally developed intangibles	2,859	1,666	1,193
Other	7,583	4,789	2,794
Amortizable intangible assets	**11,774**	**7,368**	**4,406**
Management Contracts	2,228	355	1,873
Non-amortizable intangible assets	**2,228**	**355**	**1,873**
TOTAL INTANGIBLE ASSETS	**14,002**	**7,723**	**6,279**
GOODWILL	**60,765**	**33,810**	**26,955**

	Acquisition or manufacturing costs	Accumulated amortization and impairments	December 31, 2021
Internally developed intangibles	2,357	1,465	892
Other	4,154	1,720	2,434
Amortizable intangible assets	**6,511**	**3,185**	**3,326**
Management Contracts	814	355	459
Non-amortizable intangible assets	**814**	**355**	**459**
TOTAL INTANGIBLE ASSETS	**7,325**	**3,540**	**3,785**
GOODWILL	**33,574**	**33,540**	**34**

Goodwill and intangible assets with indefinite useful lives

The increase in the carrying amount of goodwill during 2022 is mainly a result of the impact of foreign currency translations and the business combination completed among Fresenius Health Partners, Inc., InterWell Health LLC, and Cricket (for further information on this business combination, SEE NOTE 3).

The carrying amount of goodwill and intangibles with indefinite useful life is allocated to the groups of CGUs at December 31, 2022 and 2021 as follows in TABLE 5.44.

The Company did not record any impairment losses related to goodwill in 2022 after comparing each CGU's value in use to its carrying amount. In 2021 the Company recorded an impairment of management contracts in the Asia-Pacific Segment as noted in TABLE 5.41 STARTING ON PAGE 230.

12. CURRENT PROVISIONS AND OTHER CURRENT LIABILITIES

Current provisions

TABLE 5.45 shows a reconciliation of the current provisions for 2022.

Self-insurance programs

SEE NOTE 2 D.

T 5.44 ALLOCATION OF THE CARRYING AMOUNT TO THE GROUPS OF CGUS
IN € THOUS

	North America		EMEA		Asia-Pacific		Latin America	
	2022	2021	2022	2021	2022	2021	2022	2021
Goodwill	13,607,465	12,223,884	1,414,332	1,376,542	764,009	756,335	5,375	4,816
Management contracts with indefinite useful life	-	-	-	-	1,061	1,091	-	-
Trade names with indefinite useful life	252,641	224,851	-	-	-	-	-	-
Emission certificates	-	-	21,759	661	-	-	-	-

T 5.45 DEVELOPMENT OF CURRENT PROVISIONS
IN € THOUS

	January 1, 2022	Foreign currency translation	Changes in consolidation group	Utilized	Reversed	Additions	Reclassifications	December 31, 2022
Personnel expenses	164,629	7,070	42	(80,795)	(8,858)	38,950	13,963	135,001
Self-insurance programs	119,244	7,633	-	(82,503)	(12,820)	89,985	(14,743)	106,796
Risk of lawsuit	23,573	(1,769)	-	(625)	(702)	62,188	-	82,665
Other current provisions	38,077	1,198	-	(7,449)	(3,504)	18,012	-	46,334
CURRENT PROVISIONS	**345,523**	**14,132**	**42**	**(171,372)**	**(25,884)**	**209,135**	**(780)**	**370,796**

Personnel expenses

Personnel expenses mainly refer to provisions for the Company's global performance-based compensation plan for managerial staff established in 2021, the current portion of the provisions for accrued severance payments, provisions for jubilee payments and share-based plans. As of December 31, 2022, provisions for the Company's global performance-based compensation plan for managerial staff amounted to €69,967 (December 31, 2021: 87,719), provisions for accrued severance payments amounted to €34,379 (December 31, 2021: €15,847) and provisions for share-based plans amounted to €12,165 (December 31, 2021: €43,466), SEE NOTE 20.

Risk of lawsuit

Legal matters that the Company currently deems to be material or noteworthy are described in NOTE 22.

Other current provisions

The item "Other current provisions" in TABLE 5.45 ON PAGE 233 includes provisions for warranties, physician compensation and return of goods.

Other current liabilities

As of December 31, 2022 and 2021 other current liabilities consisted of the following:

T 5.46 **OTHER CURRENT LIABILITIES**
IN € THOUS

	2022	2021
Receivable credit balances	720,585	645,650
Personnel liabilities	707,398	746,743
Put option liabilities	667,371	678,705
Invoices outstanding	262,568	201,251
VAT and other (non-income) tax liabilities	123,935	127,295
Contract liabilities	63,273	428,028
Interest liabilities	58,266	68,558
Deferred Income	42,448	90,003
Legal matters, advisory and audit fees	39,093	36,341
Bonuses, commissions	24,010	22,869
Derivatives	7,109	25,847
Variable payments outstanding for acquisitions	4,794	9,721
Other liabilities	263,498	250,341
OTHER CURRENT LIABILITIES	**2,984,348**	**3,331,352**

Personnel liabilities

The personnel liabilities mainly refer to liabilities for wages and salaries, bonuses and vacation payments.

Contract liabilities

Contract liabilities also relate to advance payments from customers and to sales of dialysis machines where revenue is recognized upon installation and provision of the necessary technical instructions whereas a receivable is recognized once the machine is billed to the customer.

The Company received advance payments under the CMS Accelerated and Advance Payment program which are recorded as contract liability upon receipt and recognized as revenue when the respective services are provided. For additional information on the advanced payments, SEE NOTE 4 H above.

Other liabilities

The item "Other liabilities" in TABLE 5.46 ON PAGE 234 includes liabilities for insurance premiums as well as the current portion of pension liabilities.

13. SHORT-TERM DEBT

At December 31, 2022 and December 31, 2021, short-term debt consisted of the following:

T 5.47 **SHORT-TERM DEBT**
IN € THOUS

	2022	2021
Commercial paper program	495,424	715,153
Borrowings under lines of credit	169,511	463,091
Other	78	109
Short-term debt from unrelated parties	665,013	1,178,353
Short-term debt from related parties SEE NOTE 5 C	4,000	77,500
SHORT-TERM DEBT	**669,013**	**1,255,853**

Commercial paper program

The Company maintains a commercial paper program under which short-term notes of up to €1,500,000 can be issued. At December 31, 2022 and 2021, the outstanding commercial paper amounted to €496,500 and €715,000, respectively.

Borrowings under lines of credit and further availabilities

Borrowings under lines of credit in the amount of €169,511 and €463,091 at December 31, 2022 and 2021, respectively, represented amounts borrowed by the Company and its subsidiaries under lines of credit with commercial banks. The average interest rates on these borrowings at December 31, 2022 and 2021 were 6.23% and 0.22%, respectively.

Excluding amounts available under the Syndicated Credit Facility (SEE NOTE 14), at December 31, 2022 and 2021, the Company had €1,107,050 and €477,483 available under other commercial bank agreements, excluding agreements on a subsidiary level, which are readily available for liability management purposes. In some instances, lines of credit are secured by assets of the Company's subsidiary that is party to the agreement or may require the Company's, or its subsidiaries', guarantee.

The Company and certain consolidated entities operate a multi-currency notional cash pooling management system. In this cash pooling management system, amounts in euro and other currencies are offset without being transferred to a specific cash pool account. The system is used for an efficient utilization of funds within the Company. The Company met the conditions to offset balances within this cash pool for reporting purposes. At December 31, 2022 and 2021, cash and borrowings under lines of credit in the amount of €80,603 and €116,538, respectively, were offset under this cash pooling management system. Before this offset, cash and cash equivalents as of December 31, 2022 was €1,354,390 (December 31, 2021: €1,598,193) and short-term debt from unrelated parties was €745,616 (December 31, 2021: €1,294,891).

Other

At December 31, 2022 and 2021, the Company had €78 and €109 of other debt outstanding related to fixed payments outstanding for acquisitions.

Short-term debt from related parties

The Company and FMCH were parties to an unsecured loan agreement, as borrowers, with Fresenius SE, as lender, under which the Company and FMCH could request and receive one or more short-term advances up to an aggregate amount of €600,000. In June 2022, the Company replaced its unsecured loan agreement with a new uncommitted revolving facility under which the Company, as borrower, may request and receive one or more short-term advances up to an aggregate amount of €600,000 with Fresenius SE, as lender. The uncommitted revolving facility is unsecured, does not have a termination date and was effective beginning August 1, 2022. For further information on short-term debt from related parties, SEE NOTE 5 C.

14. LONG-TERM DEBT

As of December 31, 2022 and 2021, long-term debt consisted of the following:

T 5.48 **LONG-TERM DEBT**
IN € THOUS

	2022	2021
Schuldschein loans	224,612	-
Bonds	7,389,365	7,071,259
Accounts Receivable Facility	93,725	-
Other	157,094	243,656
Long-term debt	**7,864,796**	**7,314,915**
Less current portion	(694,062)	(667,966)
LONG-TERM DEBT, LESS CURRENT PORTION	**7,170,734**	**6,646,949**

The Company's long-term debt as of December 31, 2022, all of which ranks equally in rights of payment, are described as follows:

Schuldschein loans

On February 14, 2022, the Company issued €25,000 and €200,000 tranches of Schuldschein loans with maturities of 5 and 7 years, respectively, at variable interest rates. The proceeds were used for general corporate purposes including refinancing of existing liabilities.

Bonds

At December 31, 2022 and 2021, the Company's bonds consisted of the following:

T 5.49 **BONDS**
IN THOUS

				Book value in €	
Issuer/Transaction	**Face amount**	**Maturity**	**Coupon**	**2022**	**2021**
FMC US Finance II, Inc. 2012	$ 700.000	January 31, 2022	5.875%	-	618,008
Fresenius Medical Care AG & Co. KGaA, 2019	€ 650.000	November 29, 2023	0.250%	649,283	648,501
FMC US Finance II, Inc. 2014	$ 400.000	October 15, 2024	4.750%	374,354	352,180
Fresenius Medical Care AG & Co. KGaA, 2018	€ 500.000	July 11, 2025	1.500%	498,245	497,543
Fresenius Medical Care AG & Co. KGaA, 2020	€ 500.000	May 29, 2026	1.000%	497,175	496,348
Fresenius Medical Care AG & Co. KGaA, 2019	€ 600.000	November 30, 2026	0.625%	596,158	595,177
FMC US Finance III, Inc. 2021	$ 850.000	December 1, 2026	1.875%	790,926	743,966
Fresenius Medical Care AG & Co. KGaA, 2022	€ 750.000	September 20, 2027	3.875%	744,497	-
FMC US Finance III, Inc. 2019	$ 500.000	June 15, 2029	3.750%	462,005	434,094
Fresenius Medical Care AG & Co. KGaA, 2019	€ 500.000	November 29, 2029	1.250%	497,781	497,459
Fresenius Medical Care AG & Co. KGaA, 2020	€ 750.000	May 29, 2030	1.500%	746,332	745,838
FMC US Finance III, Inc. 2020	$ 1.000.000	February 16, 2031	2.375%	930,443	875,398
FMC US Finance III, Inc. 2021	$ 650.000	December 1, 2031	3.000%	602,166	566,747
				7,389,365	**7,071,259**

All bonds issued by entities other than Fresenius Medical Care AG & Co. KGaA are guaranteed by the Company and by FMCH, while bonds issued by Fresenius Medical Care AG & Co. KGaA are guaranteed by FMCH. All U.S. dollar bonds outstanding may be redeemed at the option of the respective issuers at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the applicable indenture. The holders of the Company's bonds have the right to request that the issuers repurchase the bonds at 101% of principal plus accrued interest upon the occurrence of a change of control of the Company followed by a decline in the ratings of the respective bonds.

The Company has agreed to a number of covenants to provide protection to the bond holders which, under certain circumstances and with certain exceptions for the bonds issued since 2018, limit the ability of the Company and its subsidiaries to, among other things, incur debt, incur liens, engage in sale-leaseback transactions and merge or consolidate with other companies or sell assets. The limitation on incurrence of debt in the bonds issued in 2014 was suspended automatically as the rating of the respective bonds reached investment grade status. At December 31, 2022, the Company was in compliance with all of its covenants under the bonds.

Since 2018, bonds can be issued with different maturities under the Company's €10,000,000 Debt Issuance Program (Debt Issuance Program).

The bonds issued by Fresenius Medical Care US Finance II, Inc. in the amount of $700,000 (€532,522 as of the date of issuance on January 26, 2012) were redeemed at maturity on January 31, 2022.

On September 20, 2022, the Company issued bonds under its Debt Issuance Program in an aggregate principal amount of €750,000 with a maturity of 5 years and a coupon rate of 3.875%. The proceeds will be used for general corporate purposes, including the refinancing of outstanding indebtedness.

Accounts Receivable Facility

On August 11, 2021, the Company amended and restated its accounts receivable securitization program (Accounts Receivable Facility), extending it until August 11, 2024. The maximum capacity, $900,000 (€768,049 at August 11, 2021), remains unchanged under the restated Accounts Receivable Facility.

TABLE 5.50 shows the available and outstanding amounts under the Accounts Receivable Facility at December 31, 2022 and December 31, 2021:

T 5.50 **ACCOUNTS RECEIVABLE FACILITY – MAXIMUM AMOUNT AVAILABLE AND BALANCE OUTSTANDING**
IN THOUS

	Maximum amount available [1] 2022		Balance outstanding [2] 2022	
Accounts Receivable Facility	$900,000	€843,804	$100,000	€93,756

	Maximum amount available [1] 2021		Balance outstanding [2] 2021	
Accounts Receivable Facility	$900,000	€794,632	$-	€-

[1] Subject to availability of sufficient accounts receivable meeting funding criteria.
[2] Amounts shown are excluding debt issuance costs.

The Company also had letters of credit outstanding under the Accounts Receivable Facility in the amount of $12,532 at December 31, 2022 and $12,532 at December 31, 2021 (€11,750 and €11,065, respectively). These letters of credit are not included above as part of the balance outstanding at December 31, 2022 and 2021. However, the letters reduce available borrowings under the Accounts Receivable Facility.

Under the Accounts Receivable Facility, certain receivables are contributed to NMC Funding Corporation (NMC Funding), a wholly-owned subsidiary. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors (and their conduit affiliates). Under the terms of the Accounts Receivable Facility, NMC Funding retains the rights in the underlying cash flows of the transferred receivables. Interest is remitted to the bank investors at the end of each tranche period. If NMC requires additional credit, the principal cash flows are reinvested to purchase additional interests in the receivables. Borrowings under the Accounts Receivable Facility are expected to remain long-term. NMC Funding retains significant risks and rewards in the receivables; among other things, the percentage ownership interest assigned requires the Company to retain first loss risk in those receivables, and the Company can, at any time, recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the Company's consolidated balance sheet and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC Funding pays interest to the bank investors calculated based on the commercial paper rates for the particular tranches selected. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

Credit Facilities

Syndicated Credit Facility

On July 1, 2021, the Company entered into a new €2,000,000 sustainability-linked syndicated revolving credit facility (Syndicated Credit Facility). The Syndicated Credit Facility has a term of five years plus two one-year extension options and can be drawn in different currencies. On June 8, 2022, the Company amended and extended the Syndicated Credit Facility to extend the term by one year and replace U.S. dollar-LIBOR as the reference rate with the Term Secured Overnight Financing Rate.

The Syndicated Credit Facility, which serves as a back-up line for general corporate purposes, was undrawn as of December 31, 2022 (2021: undrawn). A sustainability component has been embedded in the credit facility, with the margin increasing or decreasing depending on the Company's sustainability performance.

Other

At December 31, 2022 and 2021, in conjunction with certain acquisitions and investments, the Company had fixed payments outstanding for acquisitions totaling approximately €14,510 and €22,792, respectively, of which €8,255 and €12,513, respectively, were classified as the current portion of long-term debt.

15. NON-CURRENT PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Of the total amount of non-current provisions and other non-current liabilities amounting to €1,183,910 at December 31, 2022 (2021: €707,563), €988,624 (2021: €405,140) are due in between more than one and three years, €86,464 (2021: €177,882) are due in between three to five years and €108,822 (2021: €124,541) are due after five years.

The item "Other non-current liabilities" in the amount of €988,440 at December 31, 2022 (2021: €524,271) includes, among others, put option liabilities of €801,147 (2021: €313,718), accrued labor expenses €105,909 (2021: €112,371) and variable payments outstanding for acquisitions of €33,052 (2021: €37,970).

TABLE 5.51 shows the development of non-current provisions in the fiscal year.

For further information regarding self-insurance programs, SEE NOTE 2 D.

Personnel expenses mainly refer to provisions for severance payments and provisions for share-based plans. As of December 31, 2022, provisions for severance payments amounted to €15,923 (2021: €1,354) and provisions for share-based plans amounted to €7,089 (2021: €18,910). SEE NOTE 20.

T 5.51 **DEVELOPMENT OF NON-CURRENT PROVISIONS**
IN € THOUS

	January 1, 2022	Foreign currency translation	Changes in consolidation group	Utilized	Reversed	Additions	Reclassifications	December 31, 2022
Self-insurance programs	120,408	7,262	-	-	-	149	14,743	142,562
Personnel expenses	29,280	1,253	70	(4,715)	(2,524)	16,201	(9,196)	30,369
Asset retirement obligations	13,777	(582)	-	(364)	(1,197)	956	202	12,792
Interest payable related to income taxes	8,681	46	-	-	(5,040)	23	-	3,710
Other non-current provisions	11,146	1,016	575	(1,304)	(721)	294	(4,969)	6,037
NON-CURRENT PROVISIONS	**183,292**	**8,995**	**645**	**(6,383)**	**(9,482)**	**17,623**	**780**	**195,470**

The item "Other non-current provisions" in TABLE 5.51 ON PAGE 238 includes provisions for litigation and warranties. The increase during the period in the discounted amount arising from the passage over time and the effect of any change in the discount rate is not material.

16. EMPLOYEE BENEFIT PLANS

General

The Company recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Company. The Company's pension plans are structured in accordance with the differing legal, economic and fiscal circumstances in each country. The Company currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Company is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Company has five major defined benefit plans, one funded plan in the U.S. and one in France as well as one unfunded plan in Germany and two in France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under the Company's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefit obligations and the return on plan assets for that year. The Company's pension liability is impacted by these actuarial gains or losses.

Under defined contribution plans, the Company pays defined contributions to an independent third party as directed by the employee during the employee's service life, which satisfies all obligations of the Company to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Company paid contributions upon leaving the Company. The Company has a defined contribution plan in the U.S.

Defined benefit pension plans

During the first quarter of 2002 FMCH, the Company's U.S. subsidiary, curtailed its defined benefit and supplemental executive retirement plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. The Company has retained all employee benefit obligations as of the curtailment date. Each year FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In 2022, FMCH did not have a minimum funding requirement. The Company voluntarily provided €1,127 to the defined benefit plan. Expected funding for 2023 is €1,153.

The benefit obligation for all defined benefit plans at December 31, 2022 and 2021, including funded and unfunded obligations, are presented in TABLE 5.52.

T 5.52 **BENEFIT OBLIGATION FOR DEFINED BENEFIT PLANS**
IN € THOUS

	2022	2021
Partially funded obligations		
U.S. plan	331,158	417,889
French plan	5,926	6,459
Unfunded obligations		
German plan	394,432	649,270
French plans	10,700	10,928
TOTAL BENEFIT OBLIGATIONS	**742,216**	**1,084,546**

Controlling and managing the administration of the plan in the U.S. was delegated by the Company to an administrative committee. This committee has the authority and discretion to manage the assets of the fund and to approve and adopt certain plan amendments. The board of directors of National Medical Care, Inc., a subsidiary of the Company, reserves the right to approve or

adopt all major plan amendments, such as termination, modification or termination of the future benefit accruals and plan mergers with other pension plans.

Related to defined benefit plans, the Company is exposed to certain risks. Besides general actuarial risks, e.g. the longevity risk and the interest rate risk, the Company is exposed to market risk as well as to investment risk.

TABLE 5.53 shows the changes in benefit obligations, the changes in plan assets, the net funded position and the net liability of the pension plans. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from the Company's funded benefit plan.

T 5.53 **NET PENSION LIABILITY**
IN € THOUS

	2022	2021
Change in benefit obligation:		
Benefit obligation at beginning of year	1,084,546	996,237
Foreign currency translation (gains) losses	27,307	32,169
Current service cost	42,367	37,409
Past service cost	(512)	988
Interest cost	22,466	20,298
Transfer of plan participants	219	(247)
Actuarial (gains) losses arising from changes in financial assumptions	(405,106)	26,504
Actuarial (gains) losses arising from changes in demographic assumptions	756	1,540
Actuarial (gains) losses arising from experience adjustments	3,298	(3,150)
Remeasurements	(401,052)	24,894
Benefits paid	(33,125)	(26,828)
Settlements	–	(374)
BENEFIT OBLIGATION AT END OF YEAR	**742,216**	**1,084,546**
Change in plan assets:		
Fair value of plan assets at beginning of year	335,170	311,073
Foreign currency translation gains (losses)	21,974	25,869
Interest income from plan assets	10,539	9,504
Actuarial gains (losses) arising from experience adjustments	(82,457)	9,113
Actual return on plan assets	(71,918)	18,617
Employer contributions	1,127	1,005
Benefits paid	(26,892)	(21,394)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**259,461**	**335,170**
NET FUNDED POSITION AT END OF YEAR	**482,755**	**749,376**
Benefit plans offered by other subsidiaries	45,467	45,270
NET PENSION LIABILITY AT END OF YEAR	**528,222**	**794,646**

For the years 2022 and 2021, there were no effects from the asset ceiling.

At December 31, 2022, the weighted average duration of the defined benefit obligation was 15 years (2021: 19 years).

Pension assets and liabilities related to benefit plans offered by the Company and its subsidiaries as of December 31, 2022 and 2021 are presented in TABLE 5.54:

T 5.54 PENSION PLAN ASSETS AND LIABILITIES
IN € THOUS

	2022	2021
Pension plan liabilities		
U.S. plan	71,790	82,823
German plan	394,432	649,270
French plans	16,533	17,283
TOTAL	**482,755**	**749,376**
Thereof current[1]	9,193	8,085
Thereof non-current[2]	473,562	741,291
Benefit plans offered by other subsidiaries		
Pension assets[3]	-	(385)
Current pension liabilities[1]	4,810	4,324
Non-current pension liabilities[2]	40,657	41,331
TOTAL OTHER PENSION LIABILITIES, NET	**45,467**	**45,270**

[1] Recorded in the line item "Current provisions and other current liabilities" in the consolidated balance sheets.
[2] Recorded in non-current liabilities as "Pension liabilities" in the consolidated balance sheets.
[3] Recorded as "Other non-current assets" in the consolidated balance sheets.

Non-current pension liabilities were €514,219 and €782,622 at December 31, 2022 and 2021, respectively. The decrease of €268,403 from 2021 to 2022 was mainly attributable to adjustments to the discount rate, which resulted in an actuarial gain to be recognized in the line item "actuarial gain (loss) on defined benefit pension plans" within the consolidated statements of comprehensive income. For the German benefit plan, which accounts for a substantial part of the pension liability, an interest rate of 4.30% was applied as of December 31, 2022 (December 31, 2021: 1.40%).

Approximately 63% of the beneficiaries are located in the U.S. and 8% in France, with the majority of the remaining 29% located in Germany.

The discount rates for all plans are based upon yields of portfolios of highly rated debt instruments with maturities that mirror each plan's benefit obligation. The Company's discount rates at December 31, 2022 and 2021 are the weighted average of these plans based upon their benefit obligations.

The following weighted-average assumptions were utilized in determining benefit obligations at December 31, 2022 and 2021:

T 5.55 WEIGHTED AVERAGE ASSUMPTIONS
IN %

	2022	2021
Discount rate	4.86	2.02
Rate of compensation increase	3.22	3.17
Rate of pension increase	2.00	1.75

Sensitivity analysis

Increases and decreases in principal actuarial assumptions by 0.5 percentage points would affect the pension liability at December 31, 2022 as follows:

T 5.56 SENSITIVITY ANALYSIS
IN € THOUS

	0.5% increase	0.5% decrease
Discount rate	(51,498)	58,360
Rate of compensation increase	8,447	(8,289)
Rate of pension increase	24,819	(22,605)

An increase of the mortality rate of 10% would reduce the pension liability by €17,215, while a decrease of 10% would increase the pension liability by €19,187 as of December 31, 2022.

The sensitivity analysis was calculated based on the average duration of the pension obligations determined at December 31, 2022. The calculations were performed isolated for each significant actuarial parameter, in order to show the effect on the fair value of the pension liability separately.

The sensitivity analysis for compensation increases and for pension increases excludes the U.S. pension plan because it is frozen and therefore is not affected by changes from these two actuarial assumptions.

The defined benefit pension plans' net periodic benefit costs are comprised of the following components for the years ended December 31, 2022, 2021 and 2020:

T 5.57 COMPONENTS OF NET PERIODIC BENEFIT COST
IN € THOUS

	2022	2021	2020
Service cost	42,367	37,409	40,213
Net interest cost	11,927	10,794	10,452
Prior service cost	(512)	988	(244)
(Gains) losses from settlements	–	(374)	(331)
NET PERIODIC BENEFIT COSTS	**53,782**	**48,817**	**50,090**

Service cost and net interest cost are allocated as personnel expense within costs of revenues; selling, general and administrative expense; or research and development expense. This is depending upon the area in which the beneficiary is employed. The gain from settlement is included in selling, general and administrative expense.

The following weighted-average assumptions were used in determining net periodic benefit cost for the years ended December 31, 2022, 2021 and 2020:

T 5.58 WEIGHTED AVERAGE ASSUMPTIONS
IN %

	2022	2021	2020
Discount rate	2.02	2.02	2.35
Rate of compensation increase	3.17	3.17	3.18
Rate of pension increase	1.75	1.46	1.70

Expected benefit payments are as follows:

T 5.59 DEFINED BENEFIT PENSION PLANS: CASH OUTFLOWS
IN € THOUS

	2022	2021
1 year	30,996	28,191
1 – 3 years	67,545	60,421
3 – 5 years	75,674	67,795
5 – 10 years	216,216	196,501
TOTAL	**390,431**	**352,908**

Plan Assets

TABLE 5.60 ON PAGE 243 presents the fair values of the Company's pension plan assets at December 31, 2022 and 2021.

T 5.60 **FAIR VALUES OF PLAN ASSETS**
IN € THOUS

	2022				2021			
Asset category	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Equity investments								
Index funds[1]	73,252	8,588	64,664	-	94,384	9,850	84,534	-
Fixed income investments								
Government securities[2]	3,996	3,789	207	-	9,221	8,964	257	-
Corporate bonds[3]	169,634	-	169,634	-	211,992	-	211,992	-
Other bonds[4]	9,995	-	3,897	6,098	15,529	-	7,313	8,216
U.S. treasury money market funds[5]	2,491	2,491	-	-	3,940	3,940	-	-
Other types of investments								
Cash, money market and mutual funds[6]	93	93	-	-	104	104	-	-
TOTAL	**259,461**	**14,961**	**238,402**	**6,098**	**335,170**	**22,858**	**304,096**	**8,216**

[1] This category comprises low-cost equity index funds not actively managed that track the S&P 500, S&P 400, Russell 2000, MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.
[2] This Category comprises fixed income investments by the U.S. government and government sponsored entities.
[3] This Category primarily represents investment grade bonds of U.S. issuers from diverse industries.
[4] This Category comprises private placement bonds as well as collateralized mortgage obligations.
[5] This Category represents funds that invest in U.S. treasury obligations directly or in U.S. treasury backed obligations.
[6] This Category represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

The methods and inputs used to measure the fair value of plan assets at the balance sheet date are as follows:

› Common stocks are valued at their market prices.
› Index funds are valued based on market quotes.
› Government bonds are valued based on both market prices and market quotes.
› Corporate bonds and other bonds are valued based on market quotes.
› Cash is stated at nominal value which equals the fair value.
› U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market price.

Plan investment policy and strategy in the U.S.

The Company periodically reviews the assumption for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class.

The Company's overall investment strategy is to achieve a mix of approximately 99% of investments for long-term growth and income and 1% in cash or cash equivalents. Investment income and cash or cash equivalents are used for near-term benefit payments. Investments are governed by the plan investment policy and include well diversified index funds or funds targeting index performance.

The plan investment policy, utilizing a revised target investment allocation in a range around 26% equity and 74% fixed income investments, considers that there will be a time horizon for invested funds of more than 5 years. The total portfolio will be measured against a custom index that reflects the asset class benchmarks and the target asset allocation. The plan investment policy does not allow investments in securities of the Company or other related party securities. The performance benchmarks for the separate asset classes include: S&P 500 Index, S&P 400 Mid-Cap Index, Russell 2000 Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long-Corporate Bond Index, Bloomberg Barclays U.S. Corporate High Yield Index, and Bloomberg Barclays U.S. High Yield Fallen Angel 3% Capped Index.

Defined contribution plans

Most FMCH employees are eligible to join a 401(k) savings plan. Employees can deposit up to 75% of their pay up to a maximum of $22.5 (€21.1) if under 50 years old ($30.0 (€28.1) if 50 or over) under this savings plan. The Company will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. The Company's total expense under this defined contribution plan for the years ended December 31, 2022, 2021, and 2020, was €77,329, €67,612 and €64,855 respectively.

Additionally, the Company contributed for the years ended December 31, 2022, 2021, and 2020 €30,272, €30,370 and €28,096 to state pension plans.

17. SHAREHOLDERS' EQUITY

Capital stock

At December 31, 2022, the Company's share capital consists of 293,413,449 bearer ordinary shares without par value (Stückaktien) and a nominal value of €1.00 each. The Company's share capital has been fully paid in.

The General Partner of FMC AG & Co. KGaA, Fresenius Medical Care Management AG, Hof an der Saale, is not obliged to make a capital contribution and has not made a capital contribution. It does not participate in the profits and losses or in the assets of the Company. Under the Company's Articles of Association, the General Partner receives for the management of the Company and the assumption of liability as general partner an annual remuneration independent of profit and loss in the amount of 4% of its share capital (SEE NOTE 5 D). The General Partner is also reimbursed for any and all expenses in connection with management of the Company's business, which include remuneration of the members of its Management Board and its supervisory board.

Pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) any party subject to the notification requirement shall notify the Company when certain mandatory reportable thresholds for voting rights, also by taking into account attribution provisions, are reached, exceeded or fallen below. Section 38 WpHG also stipulates a notification requirement when certain thresholds are reached, exceeded or have fallen below through directly or indirectly held instruments and Section 39 WpHG also stipulates a notification requirement when certain thresholds are reached, exceeded or have fallen below through the addition of voting rights according to Section 33 WpHG and instruments according to Section 38 WpHG. Notifications received by the Company subject to the notification requirements were published in accordance with the applicable legal provisions, as well as posted in the Investors section of the Company's website at www.freseniusmedicalcare.com.

In a notification dated February 8, 2011, Fresenius SE disclosed to the Company pursuant to Section 21 of the WpHG at the date of notification (predecessor provision to Section 33 of the WpHG) that it held 35.74% of the voting rights in FMC AG & Co. KGaA. At December 31, 2022, Fresenius SE held 32.2% of the Company's voting rights. In addition, Fresenius SE is the sole stockholder of the General Partner.

On January 9, 2023, BlackRock, Inc., Wilmington, Delaware, U.S., (BlackRock) with respect to attributed voting rights, disclosed pursuant to Sections 33, 34 of the WpHG that 2.95% of the voting rights of FMC AG & Co. KGaA and pursuant to Section 38 of the WpHG that instruments relating to 0.77% of the voting rights of FMC AG & Co. KGaA were held as of January 4, 2023.

On January 6, 2023, Dodge & Cox International Stock Fund, San Francisco, California, U.S., disclosed pursuant to Section 33 of the WpHG that 3.00% of the voting rights of FMC AG & Co. KGaA were held as of January 3, 2023.

On December 21, 2022, Harris Associates L.P., Wilmington, Delaware, U.S., with respect to attributed voting rights, disclosed pursuant to Sections 33, 34 of the WpHG that 3.00% of the voting rights of FMC AG & Co. KGaA were held as of December 19, 2022.

On December 16, 2022, Dodge & Cox, San Francisco, California, U.S., with respect to attributed voting rights, disclosed pursuant to Sections 33, 34 of the WpHG that 5.03% of the voting rights of FMC AG & Co. KGaA were held as of December 13, 2022.

On October 28, 2022, Richard Pzena, with respect to attributed voting rights, disclosed pursuant to Sections 33, 34 of the WpHG that 5.20% of the voting rights of FMC AG & Co. KGaA were held as of October 24, 2022.

On July 14, 2022, Artisan Partners Asset Management Inc., Wilmington, Delaware, U.S., with respect to attributed voting rights, disclosed pursuant to Sections 33, 34 of the WpHG that 2.99% of the voting rights of FMC AG & Co. KGaA were held as of July 12, 2022.

On March 17, 2022, Harris Associates Investment Trust, Boston, Massachusetts, U.S., disclosed pursuant to Section 33 of the WpHG that 2.98% of the voting rights of FMC AG & Co. KGaA were held as of March 14, 2022.

The general meeting of a partnership limited by shares may approve Authorized Capital (genehmigtes Kapital). The resolution creating Authorized Capital requires the affirmative vote of a majority of three quarters of the capital represented at the vote and may authorize the General Partner and its Management Board to issue new shares up to a stated amount for a period of up to five years. The nominal value of any proposed increase of the Authorized Capital may not exceed half of the issued capital stock at the time of the authorization.

In addition, the general meeting of a partnership limited by shares may create Conditional Capital (bedingtes Kapital) for the purpose of issuing (i) new shares to holders of convertible bonds or other securities which grant a right to shares, (ii) new shares as the consideration in a merger

with another company, or (iii) new shares offered to management or employees. In each case, the authorizing resolution requires the affirmative vote of a majority of three quarters of the capital represented at the vote. The nominal value for any proposed increase of the Conditional Capital may not exceed half or, in the case of Conditional Capital created for the purpose of issuing shares to management and employees, 10% of the Company's issued capital at the time of the resolution.

All resolutions increasing the capital of a partnership limited by shares also require the consent of the General Partner in order for the resolutions to go into effect.

Authorized capital

By resolution of the Company's Annual General Meeting (AGM) on August 27, 2020, the General Partner has been authorized to increase, with the approval of the Supervisory Board, on one or more occasions, the Company's share capital until August 26, 2025 by up to a total of €35,000 through issue of new bearer ordinary shares for cash contributions, "Authorized Capital 2020/I." The newly issued shares may also be taken up by a credit and/or financial institution or a consortium of such credit and/or financial institutions retained by the General Partner with the obligation to offer them to the shareholders of the Company. The General Partner is entitled, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders. However, such an exclusion of subscription rights will be permissible only for fractional amounts. No Authorized Capital 2020/I has been issued at December 31, 2022.

In addition, by resolution of the AGM on August 27, 2020, the General Partner has been authorized to increase, with the approval of the Supervisory Board, on one or more occasions, the share capital of the Company until August 26, 2025 by up to a total of €25,000 through the issue of new bearer ordinary shares for cash contributions or contributions in kind, "Authorized Capital 2020/II." The new shares can also be obtained by a credit and/or financial institution or a consortium of such credit and/or financial institutions retained by the General Partner with the obligation to offer the shares to the Company's shareholders for subscription. The General Partner is entitled, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders. However, such exclusion of subscription rights will be permissible only if (i) in case of a capital increase against cash contributions, the proportionate amount of the share capital of the Company attributable to the shares issued with exclusion of subscription rights exceeds 10% of the share capital neither at the time of this authorization coming into effect nor at the time of the use of this authorization and the issue price for the new shares is not significantly lower than the stock price of the existing listed shares or, (ii) in case of a capital increase against contributions in kind, the purpose of such increase is to acquire companies, parts of companies, interests in companies or other assets. No Authorized Capital 2020/II has been issued at December 31, 2022.

The Authorized Capital 2020/I and the Authorized Capital 2020/II became effective upon registration with the commercial register of the local court in Hof an der Saale on September 23, 2020.

Conditional capital

By resolution of the Company's AGM on May 12, 2011, the Company's share capital has been conditionally increased with regards to the Stock Option Plan 2011 (2011 SOP) by up to €12,000 subject to the issue of up to 12 million no par value bearer ordinary shares with a nominal value of €1.00 each (Conditional Capital 2011/I) (SEE NOTE 20). The conditional capital increase is only executed to the extent subscription rights were awarded under the 2011 SOP, the holders of the subscription rights exercise their right and the Company does not use treasury shares to fulfill the subscription rights, with each stock option awarded exercisable for one ordinary share (SEE NOTE 20). The Company has the right to deliver ordinary shares that it owns or purchases in the market in lieu of increasing capital by issuing new shares.

At December 31, 2022, 2,471,116 options remained outstanding with a remaining average term of 0.58 years under the 2011 SOP. For the year ending December 31, 2022, 409,110 options had been exercised under the 2011 SOP (SEE NOTE 20).

Conditional capital at December 31, 2022 was €8,957 in total, all relating to the 2011 SOP (SEE NOTE 20).

A total of 409,110 shares were issued out of Conditional Capital 2011/I during 2022 (2021: 127,769 shares), increasing the Company's capital stock by €409 (2021: €127).

Treasury stock

By resolution of the Company's AGM on May 20, 2021, the General Partner is authorized to purchase treasury shares up to a maximum amount of 10% of the registered share capital existing at the time of this resolution (€29,289). The shares acquired, together with other treasury shares held by the Company or attributable to the Company pursuant to sections 71a et seqq. AktG, must at no time exceed 10% of the registered share capital. Purchases may be made through the stock

exchange, by way of a public tender offer, or a public invitation to shareholders to submit an offer for sale. This authorization may not be used for the purpose of trading in treasury shares. The General Partner is authorized to use treasury shares purchased on the basis of this authorization or any other earlier authorization for any legally permissible purpose, in particular (i) to redeem shares without requiring any further resolution by the general meeting, (ii) to sell treasury shares to third parties against contributions in kind, (iii) to award treasury shares, in lieu of the utilization of conditional capital of the Company, to employees of the Company and companies affiliated with the Company, including members of the management of affiliated companies, and use them to service options or obligations to purchase shares of the Company, and (iv) to use treasury shares to service bonds carrying warrant and/or conversion rights or conversion obligations issued by the Company or companies affiliated with the Company pursuant to section 17 AktG.

By resolution of the Company's AGM on May 12, 2016, the General Partner was authorized to purchase treasury shares up to a maximum amount of 10% of the registered share capital existing at the time of this resolution (€30,537). The shares acquired, together with other treasury shares held by the Company or attributable to the Company pursuant to sections 71a et seqq. AktG, had to at no time exceed 10% of the registered share capital. The purchases were authorized to be made through the stock exchange, by way of a public tender offer, or a public invitation to shareholders to submit an offer for sale. This authorization was not to be used for the purpose of trading in treasury shares. The General Partner was authorized to use treasury shares purchased on the basis of this authorization or any other earlier authorization for any legally permissible purpose, in particular (i) to redeem shares without requiring any further resolution by the general meeting, (ii) to sell treasury shares to third parties against contributions in kind, (iii) to award treasury shares, in lieu of the utilization of conditional capital of the Company, to employees of the Company and companies affiliated with the Company, including members of the management of affiliated companies, and use them to service options or obligations to purchase shares of the Company, and (iv) to use treasury shares to service bonds carrying warrant and/or conversion rights or conversion obligations issued by the Company or companies affiliated with the Company pursuant to section 17 AktG.

On the basis of the May 12, 2016 AGM authorization, on June 14, 2019, the Company announced a program to purchase up to 12,000,000 shares for an aggregate purchase amount of up to €660,000. Pursuant to this program, the Company repurchased 10,795,151 treasury shares in the period from June 17, 2019 up to and including April 1, 2020 for an average weighted stock price of €63.50 per share for the purpose of capital reduction. Following the purchases in April 2020, a total of 14,879,979 ordinary shares could further have been purchased based on the authorization granted at the May 12, 2016 AGM. The Company did not make further share repurchases pursuant to such authorization prior to its expiration on May 20, 2021. On December 11, 2020, the Management Board resolved to retire these repurchased shares, together with the remaining 999,951 treasury shares acquired in 2013 on the basis of a previous authorization, in order to decrease the Company's share capital. As of December 31, 2022 and 2021, the Company did not hold treasury shares.

The Company has not made any share repurchases under the current authorization granted by the resolution of the Company's AGM on May 20, 2021.

TABLE 5.61 provides the number of shares acquired in the context of the share buy-back programs as well as the repurchased treasury stock:

T 5.61 TREASURY STOCK

Period	Average price per share in €	Total number of shares purchased and retired as part of publicly announced plans or programs[1]	Total value of shares in € THOUS
DECEMBER 31, 2019	**60.66**	**6,107,629**	**370,502**
Purchase of Treasury Stock			
January 2020	84.37	124,398	10,495
February 2020[2]	249.10	25,319	6,307
March 2020	63.05	4,842,943	305,362
April 2020	63.07	694,813	43,824
Repurchased Treasury Stock	**64.35**	**5,687,473**	**365,988**
Retirement of repurchased Treasury Stock			
December 2020	62.44	11,795,102	736,490
TOTAL		**-**	**-**

[1] All shares purchased between May 12, 2016 and April 1, 2020 were purchased pursuant to the share purchase program authorized by the AGM resolution of May 12, 2016. The Company did not purchase any shares other than pursuant to such program.

[2] The purchase price of the shares of the program beginning on June 17, 2019 was based on the volume weighted average price of the Company's shares for the period and changes in the volume weighted average price resulted in retroactive adjustments to the purchase price, even if no shares were purchased. The February adjustment, in combination with a lower number of shares purchased, resulted in a particularly high average price per share for the month.

Additional paid-in capital

Additional paid-in capital is comprised of the premium paid on the issue of shares and stock options, the tax effects from stock options, the compensation expense from stock options, which is recognized according to IFRS 2, as well as changes in ownership interest in a subsidiary that do not result in a loss of control. Additional paid in capital increased primarily as a result of the business combination of InterWell Health (SEE NOTE 3 for further information) and related tax basis differences in the amount of $41,076 (€41,348 as of the Acquisition Date) as well as other purchases of noncontrolling interests in dialysis clinics in the United States.

Retained earnings

Retained earnings is comprised mainly of earnings generated by group entities in prior years, to the extent that they have not been distributed, as well as changes of put option liabilities.

Dividends

Under German law, the amount of dividends available for distribution to shareholders is based upon the unconsolidated balance sheet profit (Bilanzgewinn) of the Company as reported in its balance sheet determined in accordance with the German Commercial Code (Handelsgesetzbuch).

Cash dividends of €395,556 for 2021 in the amount of €1.35 per share were paid on May 17, 2022.

Cash dividends of €392,455 for 2020 in the amount of €1.34 per share were paid on May 26, 2021.

Cash dividends of €351,170 for 2019 in the amount of €1.20 per share were paid on September 1, 2020.

At the Company's AGM scheduled to be held on May 16, 2023, the Company's General Partner and the Company's Supervisory Board will propose to the shareholders a dividend of €1.12 per share for 2022, payable in 2023. The total expected dividend payment is approximately €328,623.

Noncontrolling interests

Noncontrolling interests represent the proportion of the net assets of consolidated subsidiaries owned by minority shareholders. The Company has purchase obligations under put options held by the holders of noncontrolling interests in certain of its subsidiaries. These obligations result from contractual put options and are exercisable by the owners of the noncontrolling interests. In addition to noncontrolling interests, the related potential obligations under these put options are reclassified from equity of the Company, with no impact to the income statement, and recognized as a put option liability at the present value of the exercise price of the options in other current or non-current liabilities. Accumulated other comprehensive income allocated to noncontrolling interests mainly relates to currency effects from the translation of foreign operations.

The primary fluctuations in noncontrolling interests resulted from the InterWell Health business combination, (SEE NOTE 3) and a deconsolidation of a cardiovascular center in the North America Segment.

18. CAPITAL MANAGEMENT

The principle objectives of the Company's capital management strategy are to optimize the weighted average cost of capital and to achieve a balanced mix of total equity and debt. The dialysis industry, in which the Company has a strong market position in global, growing and largely non-cyclical markets, is characterized by recurring cash flows. Due to the Company's payors' mostly high credit quality, it is able to generate high, stable, predictable and sustainable cash flows. These generated cash flows allow a reasonable proportion of debt.

As of December 31, 2022 and December 31, 2021, total equity and debt were as follows:

T 5.62 **TOTAL EQUITY, DEBT AND TOTAL ASSETS**
IN € THOUS

	2022	2021
Total equity including noncontrolling interests	15,449,179	13,979,037
Debt and lease liabilities	13,212,572	13,320,149
Total assets	35,754,114	34,366,558
Debt and lease liabilities in % of total assets	37.0	38.8
Total equity in % of total assets (equity ratio)	43.2	40.7

The Company is not subject to any capital requirements provided for in its Articles of Association. The Company has obligations to issue shares out of the conditional capital relating to the exercise of stock options on the basis of the existing 2011 SOP stock option plan (SEE NOTE 20).

The Company's financing strategy aims at ensuring financial flexibility, managing financial risks and optimizing its financing cost. The Company ensures its financial flexibility through maintaining sufficient liquidity. Refinancing risks are limited due to a balanced debt maturity profile, which is characterized by a wide range of maturities of up to 2031. In the choice of financing instruments, market capacity, investor diversification, financing conditions and the existing maturity profile are taken into account (SEE NOTE 14).

An important financial performance indicator for the Company is the net leverage ratio, defined as the ratio of net debt/EBITDA. To determine the net leverage ratio, debt and lease liabilities less cash and cash equivalents (net debt) is compared to EBITDA (adjusted for acquisitions and divestitures made during the year with a purchase price above a €50,000 threshold as defined in the Syndicated Credit Facility, non-cash charges, impairment loss and special items, including costs related to our FME25 Program, the impact from the remeasurement of the investment in Humacyte, Inc., the net gain related to the InterWell Health business combination, including the remeasurement gain of the investment, prior to the transaction, in InterWell Health LLC, the impairment of certain long-lived intangible assets belonging to Acumen Physician Solutions, LLC which was transferred to InterWell Health as part of the transaction and certain transaction-related costs, the impact from applying hyperinflationary accounting under IAS 29, Financial Reporting in Hyperinflationary Economies, in Turkey as well as bad debt expense in Russia and Ukraine and the impairment of a production plant and associated machines resulting from economic sanctions imposed on Russia, which negatively impacted our supply chain to the country, as a result of the war in Ukraine). At December 31, 2022 this ratio was 3.4 (December 31, 2021: 3.3). Therefore the net leverage ratio is within the self-set target of 3.0 to 3.5x, which management considers appropriate for the Company. The net leverage ratio increased due to the increase of net debt.

The Company's financing structure and business model are reflected in the investment grade ratings. The Company is rated investment grade by Moody's, Standard & Poor's and Fitch. On November 15, 2022, Fitch affirmed the corporate credit rating and revised the outlook from stable to negative.

T 5.63 **RATING**[1]

	Standard & Poor's	Moody's	Fitch
Corporate credit rating	BBB	Baa3	BBB-
Outlook	stable	stable	negative

[1] A rating is not a recommendation to buy, sell or hold securities of the Company, and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

19. EARNINGS PER SHARE

TABLE 5.64 contains reconciliations of the numerators and denominators of the basic and diluted earnings per share computations for 2022, 2021 and 2020:

T 5.64 **RECONCILIATION OF BASIC AND DILUTED EARNINGS PER SHARE**
IN € THOUS, EXCEPT SHARE AND PER SHARE DATA

	2022	2021	2020
Numerator:			
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA	**673,405**	**969,308**	**1,164,377**
Denominators:			
Weighted average number of shares outstanding	293,246,430	292,944,732	294,055,525
Potentially dilutive shares	–	120,442	223,429
BASIC EARNINGS PER SHARE	**2.30**	**3.31**	**3.96**
DILUTED EARNINGS PER SHARE	**2.30**	**3.31**	**3.96**

20. SHARE-BASED PLANS

General information on Fresenius Medical Care AG & Co. KGaA long-term incentive plans (Performance Shares)

The Company accounts for its share-based plans in accordance with IFRS 2 and has as of December 31, 2022, various share-based compensation plans, which may either be equity- or cash-settled. These plans enable the members of the Management Board, the members of the management boards of affiliated companies, managerial staff members and the senior members of the Company's managerial staff who serve on the Company's Executive Committee (Executive Committee) to adequately participate in the long-term, sustained success of the Company. The Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2016 (LTIP 2016), the Fresenius Medical Care AG & Co. KGaA NxStage Long Term Incentive Plan (NxStage LTIP), the Fresenius Medical Care Management Board Long Term Incentive Plan 2019 (MB LTIP 2019), the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2019 (LTIP 2019), the Fresenius Medical Care Management Board Long Term Incentive Plan 2020 (MB LTIP 2020) and the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2022+ (LTIP 2022+) are each variable

compensation programs with long-term incentive effects which allocate or allocated so-called "Performance Shares." Performance Shares are non-equity, cash-settled virtual compensation instruments which may entitle plan participants to receive a cash payment depending on the achievement of pre-defined performance targets further defined below as well as the Company's share price development.

TABLE 5.65 provides an overview of these plans:

T 5.65 LONG-TERM INCENTIVE PLANS

	LTIP 2022+	MB LTIP 2020	LTIP 2019	MB LTIP 2019	NxStage LTIP	LTIP 2016
Eligible persons	Other Plan participants	Members of the Management Board and certain members of the Executive Committee	Other Plan participants	Members of the Management Board	Other Plan participants	Members of the Management Board and other plan participants
Years in which an allocation occurred	2022	2020 – 2022	2019 – 2021	2019	2019	2016 – 2018
Months in which an allocation occurred	July, December	November (2020), March (2021, 2022), October (2022)	July, December	July, December	February	July, December

Under the current compensation system, the supervisory board of Management AG defines an initial value for each Management Board member's allocation by applying a multiplier to the relevant base salary. Such allocation value equals 135% (multiplier of 1.35) of the relevant base salary. In case of appointments to the Management Board during a fiscal year, the amount to be allocated to such member can be pro-rated. For other plan participants, the determination of the allocation value will be made by the Management Board, taking into account the individual responsibility of each plan participant. The initial allocation value is determined in the currency in which the respective participant receives his or her base salary at the time of the allocation. In order to determine the number of Performance Shares each plan participant receives, the respective allocation value will be divided by the value per Performance Share at the time of the allocation, which is mainly determined based on the average price of the Company's shares over a period of thirty calendar days prior to the respective allocation date.

During 2022, the Company allocated 241,835 Performance Shares under the MB LTIP 2020 at a measurement date weighted average fair value of €28.37 each and a total fair value of €6,861, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2022, the Company allocated 1,737,591 Performance Shares under the LTIP 2022+ at a measurement date weighted average fair value of €27.33 each and a total fair value of €47,488, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2021, the Company allocated 192,446 Performance Shares under the MB LTIP 2020 at a measurement date weighted average fair value of €54.69 each and a total fair value of €10,525, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2021, the Company allocated 935,814 Performance Shares under the LTIP 2019 at a measurement date weighted average fair value of €53.27 each and a total fair value of €49,851, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2020, the Company allocated 159,607 Performance Shares under the MB LTIP 2020 at a measurement date weighted average fair value of €64.20 each and a total fair value of €10,247, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2020, the Company allocated 800,165 Performance Shares under the LTIP 2019 at a measurement date weighted average fair value of €64.06 each and a total fair value of €51,259, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

The number of allocated Performance Shares may change over the performance period of three years, depending on the level of achievement of the following: (i) Revenue growth at constant currency (Revenue Growth), (ii) Net Income growth at constant currency (Net Income Growth) and (iii) Return On Invested Capital (ROIC).

Revenue, Net Income and ROIC are determined according to the Company's consolidated reported and audited figures in Euro for the financial statements prepared in accordance with

IFRS, applying the respective plan terms. Revenue Growth, Net Income Growth, for the purpose of the relevant plan, are determined at constant currency.

Fresenius Medical Care AG & Co. KGaA long-term incentive plans during 2022 (Performance Shares)

The supervisory board of Management AG has approved and adopted the MB LTIP 2020 effective January 1, 2020, for members of the Management Board and, as subsequently agreed, certain members of the Executive Committee. For the members of the management boards of affiliated companies and managerial staff members, the Management Board has approved and adopted the LTIP 2022+ effective January 1, 2022.

For allocations in fiscal year 2022, the target achievements of the performance targets Revenue Growth and Net Income Growth are calculated based on a Compound Annual Growth Rate (CAGR) over the 3-year performance period. The basis for the first annual growth rate is 2021. For ROIC, annual target values apply. For all three performance targets, target achievement corridors which will be used for the calculation of the respective target achievements were defined.

For allocations in fiscal year 2022, the degree of target achievement for all three performance targets is weighted with 1/3 for the purpose of determining the overall target achievement at the end of the performance period. The relevant target achievement for Revenue Growth and Net Income Growth is determined based on the CAGR over the entire performance period. The relevant target achievement for the ROIC target is determined based on the average annual target achievement for the ROIC during the performance period (i.e., 1/3 weighting per performance year). The overall target achievement will not exceed 200%.

The number of performance shares allocated to plan participants at the beginning of the performance period is multiplied with the degree of overall target achievement to determine the final number of performance shares.

For the MB LTIP 2020, the final number of Performance Shares is generally deemed earned three years after the day of an allocation. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The respective resulting amount, which is capped in total at an amount equaling 400% of the allocation value received by the participant and which can be reduced to meet the respective maximum compensation of the participant, less taxes and contributions is transferred to a credit institution which uses it for the purchase of shares of the Company on the stock exchange on behalf of the participant. The shares acquired in this way are subject to a holding period of at least one year. After the lapse of this holding period, the participant can decide to further hold or sell these shares.

For the LTIP 2022+, the final number of Performance Shares generally vests three years after the allocation date. The number of vested performance shares is then multiplied with the average share price of the Company during a period of 30 days prior to the end of this vesting period. The resulting amount, which is capped in total at an amount equaling 400% of the allocation value received by the participant, will then be paid to the plan participants as cash compensation.

Fresenius Medical Care AG & Co. KGaA long-term incentive plans during 2016–2021 (Performance Shares)

Allocations under the LTIP 2016 could be made throughout 2016 to 2018, under the MB LTIP 2019 in 2019 and under the LTIP 2019 throughout 2019 to 2021. In 2019, an allocation under the NxStage LTIP was made to the management board and managerial staff members of NxStage Medical, Inc. (NxStage) in the course of the integration of NxStage into the Company. Allocations under the MB LTIP 2020 can be made since January 1, 2020.

For Performance Shares allocated throughout 2020 to 2021, for the fiscal years 2020, 2021 and 2022, an annual target achievement level of 100% will be reached for the Revenue Growth performance target if Revenue Growth is 6%; Revenue Growth of 1% will lead to a target achievement level of 0% and the maximum target achievement level of 200% will be reached in case of Revenue Growth of at least 11%. If Revenue Growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

For Performance Shares allocated throughout 2020 to 2021, for the fiscal years 2020, 2021 and 2022, an annual target achievement level of 100% for the Net Income Growth performance target will be reached if Net Income Growth is 5%. In case of Net Income Growth of 0%, the target achievement level will also be 0%; the maximum target achievement of 200% will be reached in the case of Net Income Growth of at least 10%. If Net Income Growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

For Performance Shares allocated throughout 2020 to 2021, for the fiscal years 2020, 2021 and 2022, an annual target achievement level of 100% for the ROIC performance target will be reached if ROIC is 6.0%. In case of a ROIC of 5.5%, the target achievement level will be 0%; the maximum target achievement of 200% will be reached in the case of a ROIC of at least 6.5%.

Between these values, the degree of target achievement will be determined by means of linear interpolation.

For Performance Shares allocated throughout 2016 to 2019, for each individual year of the three-year performance period an annual target achievement level of 100% will be reached for the Revenue Growth performance target if Revenue Growth is 7%; Revenue Growth of 0% will lead to a target achievement level of 0% and the maximum target achievement level of 200% will be reached in case of Revenue Growth of at least 16%. If Revenue Growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

For Performance Shares allocated throughout 2016 to 2019, for each individual year of the three-year performance period an annual target achievement level of 100% for the Net Income Growth performance target will be reached if Net Income Growth is 7%. In case of Net Income Growth of 0%, the target achievement level will also be 0%; the maximum target achievement of 200% will be reached in the case of Net Income Growth of at least 14%. Between these values, the degree of target achievement will be determined by means of linear interpolation.

For Performance Shares allocated throughout 2016 to 2019, an annual target achievement level of 100% for ROIC will be reached if the target ROIC as defined for the applicable year is reached. For Performance Shares allocated throughout 2016 to 2019, the target ROIC is 7.3% for 2016, 7.5% for 2017, 7.7% for 2018, 7.9% for 2019 8.1% for 2020 and 8.1% for 2021. A target achievement level of 0% will be reached if the ROIC falls below the target ROIC for the applicable year by 0.2 percentage points or more, whereas the maximum target achievement level of 200% will be reached if the target ROIC for the respective year is exceeded by 0.2 percentage points or more. The degree of target achievement will be determined by means of linear interpolation if the ROIC ranges between these values. In case the annual ROIC target achievement level in the third year of a performance period for Performance Shares allocated throughout years 2016 to 2019 is equal to or higher than the ROIC target achievement level in each of the two previous years of such performance period, the ROIC target achievement level of the third year is deemed to be achieved for all years of the applicable performance period.

For Performance Shares allocated throughout 2016 to 2021, the target achievement level for each of the three performance targets will be weighted annually at one-third to determine the yearly target achievement for each year of the three-year performance period. The level of overall target achievement over the three-year performance period will then be determined on the basis of the mean of these three average yearly target achievements. The overall target achievement can be in a range of 0% to 200%.

For Performance Shares allocated in fiscal year 2019 under the LTIP 2019, the level of target achievement may be subject to an increase if certain targets in relation to the second phase of the Company's Global Efficiency Program (GEP-II targets), which are measured at constant currency, and in relation to the Free Cash Flow (Free Cash Flow target) are achieved. For these Performance Shares, the overall target achievement shall be increased by 20 percentage points if the GEP-II targets achievement is 100%. Furthermore, the overall target achievement for these Performance Shares shall be increased by 20 percentage points if the Free Cash Flow target achievement is 200%. In case of a GEP-II targets achievement between 0% and 100% and a Free Cash Flow target achievement between 0% and 200%, the increase of the overall target achievement will be calculated by means of linear interpolation. The overall target achievement shall not exceed 200%.

The number of Performance Shares allocated to the plan participants at the beginning of the performance period will each be multiplied by the level of overall target achievement in order to determine the final number of Performance Shares.

For the MB LTIP 2020, the final number of Performance Shares is generally deemed earned three years after the day of an allocation. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The respective resulting amount, which is capped in total at an amount equaling 400% of the allocation value received by the participant and which can be reduced to meet the respective maximum compensation of the participant, less taxes and contributions is transferred to a credit institution which uses it for the purchase of shares of the Company on the stock exchange on behalf of the participant. The shares acquired in this way are subject to a holding period of at least one year. After the lapse of this holding period, the participant can decide to further hold or sell these shares.

For the LTIP 2019, the final number of Performance Shares is generally deemed earned three years after the day of a respective allocation. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The respective resulting amount, which is capped in total at an amount equaling 400% of the allocation value received by the participant, will then be paid to the plan participants as cash compensation.

For the MB LTIP 2019, the final number of Performance Shares is generally deemed earned four years after the day of a respective allocation. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior

to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

For the NxStage LTIP, the final number of Performance Shares allocated in February 2019 is generally deemed earned in December 2022. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

For the LTIP 2016, the final number of Performance Shares is generally deemed earned four years after the day of an allocation. The number of such vested Performance Shares is then multiplied by the average Company share price over a period of thirty calendar days prior to the lapse of this vesting period. The resulting amount will then be paid to the plan participants as cash compensation.

Fresenius Medical Care AG & Co. KGaA long-term incentive program 2011 (stock options and Phantom Stock)

On May 12, 2011, the 2011 SOP was established by resolution of the Company's AGM. The 2011 SOP, together with the Phantom Stock Plan 2011, which was established by resolution of the General Partner's Management and supervisory boards, forms the Company's LTIP 2011. Under the LTIP 2011, participants were granted awards, which consisted of a combination of stock options and Phantom Stock. Awards under the LTIP 2011 were subject to a four-year vesting period. Vesting of the awards granted was subject to achievement of pre-defined performance targets. The 2011 SOP was established with a conditional capital increase up to €12,000 subject to the issue of up to twelve million non-par value bearer ordinary shares with a nominal value of €1.00 per share. The final grant under the LTIP 2011 was made in December 2015.

Stock options granted under the LTIP 2011 have an eight-year term and can be exercised for the first time after a four-year vesting period. The exercise price of stock options granted under the LTIP 2011 shall be the average stock exchange price on the Frankfurt Stock Exchange of the Company's shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the LTIP 2011 to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Stock options under the LTIP 2011 are not transferable by a participant or a participant's heirs, and may not be transferred, pledged, assigned, or disposed of otherwise.

Phantom Stock awards under the LTIP 2011 entitled the holders to receive payment in euro from the Company upon exercise of the Phantom Stock. The payment per Phantom Stock in lieu of the issuance of such stock was based upon the share price on the Frankfurt Stock Exchange of one of the Company's shares on the exercise date. Phantom Stock awards had a five-year term and could be exercised for the first time after a four-year vesting period. For participants who were U.S. taxpayers, the Phantom Stock was deemed to be exercised in any event in the month of March following the end of the vesting period.

Information on holdings under share-based plans

At December 31, 2022 and 2021, the members of the Management Board and plan participants other than the members of the Management Board held the following Performance Shares under the share-based plans:

T 5.66 **OUTSTANDING PERFORMANCE SHARES**

	2022			2021		
	Members of the Management Board	Other plan participants	Total	Members of the Management Board	Other plan participants	Total
LTIP 2022+	–	1,676,091	1,676,091	–	–	–
MB LTIP 2020	409,511	163,031	572,542	352,053	–	352,053
LTIP 2019	–	1,525,120	1,525,120	8,869	2,399,649	2,408,518
MB LTIP 2019	24,326	19,372	43,698	102,435	12,564	114,999
NxStage LTIP	–	–	–	–	32,054	32,054
LTIP 2016	–	–	–	56,624	366,059	422,683

Additionally, at December 31, 2022, the members of the Management Board held 209,400 stock options (December 31, 2021: 455,970) and plan participants other than the members of the Management Board held 2,261,716 stock options (December 31, 2021: 2,557,339) under the 2011 SOP.

Additional information on share-based plans

TABLE 5.67 ON PAGE 254 provides reconciliations for stock options outstanding at December 31, 2022, 2021 and 2020.

T 5.67 **TRANSACTIONS**

	Options in thousands	Weighted average exercise price in €
Stock options for shares		
BALANCE AT DECEMBER 31, 2020	**3,201**	**71.50**
Granted	-	-
Exercised[1]	128	49.83
Expired	60	70.60
BALANCE AT DECEMBER 31, 2021	**3,013**	**72.44**
Granted	-	-
Exercised[2]	409	49.93
Expired	133	56.55
BALANCE AT DECEMBER 31, 2022	**2,471**	**77.02**

[1] The average share price at the date of exercise of the options was €65.92.
[2] The average share price at the date of exercise of the options was €54.00.

TABLE 5.68 provides a summary of fully vested options outstanding and exercisable at December 31, 2022 and 2021, respectively.

During the fiscal years ended December 31, 2022, 2021, and 2020, the Company received cash of €20,427, €6,367 and €12,445, respectively, from the exercise of stock options (SEE NOTE 17). The intrinsic value of stock options exercised for the twelve-month periods ended December 31, 2022, 2021, and 2020 was €1,665, €2,056 and €4,402, respectively.

The compensation expense related to cash-settled share-based payment transactions is determined based upon the fair value at the measurement date and the number of Phantom Stock or Performance Shares allocated which will be recognized over the vesting period. The compensation expense that the Company recognized for Performance Shares for the fiscal years ended December 31, 2022, 2021 and 2020, respectively, is presented in TABLE 5.69 ON PAGE 255.

T 5.68 **OUTSTANDING AND EXERCISABLE STOCK OPTIONS**

	2022 Outstanding			2022 Exercisable		2021 Outstanding			2021 Exercisable	
Range of exercise prices in €	Number of options	Weighted average remaining contractual life	Weighted average exercise price in €	Number of options	Weighted average exercise price in €	Number of options	Weighted average remaining contractual life	Weighted average exercise price in €	Number of options	Weighted average exercise price in €
45.01 - 50.00				-	-	488,745	0.57	49.93	488,745	49.93
50.01 - 55.00				-	-	-	-	-	-	-
55.01 - 60.00				-	-	31,080	0.92	58.63	31,080	58.63
60.01 - 65.00				-	-	-	-	-	-	-
65.01 - 70.00				-	-	-	-	-	-	-
70.01 - 75.00				-	-	-	-	-	-	-
75.01 - 80.00	2,471,116	0.58	77.02	2,471,116	77.02	2,493,484	1.58	77.02	2,493,484	77.02
	2,471,116	**0.58**	**77.02**	**2,471,116**	**77.02**	**3,013,309**	**1.41**	**72.44**	**3,013,309**	**72.44**

T 5.69 **COMPENSATION EXPENSE RELATED TO CASH-SETTLED PLANS**
IN € THOUS

	2022	2021	2020
LTIP 2022+	3,765	-	-
MB LTIP 2020	(629)	2,112	2,115
LTIP 2019	(4,416)	21,761	13,689
MB LTIP 2019	(358)	299	820
NxStage LTIP	(758)	296	513
LTIP 2016	(3,475)	3,826	21,864
LTIP 2011	-	-	1,894

21. LEASES

The Company leases land, buildings and improvements, machinery and equipment, as well as IT- and office equipment under various lease agreements.

Leasing in the consolidated statements of income

TABLE 5.70 shows the effects from lease agreements on the consolidated statements of income for the year ended December 31, 2022, 2021 and 2020:

T 5.70 **LEASING IN THE CONSOLIDATED STATEMENTS OF INCOME**
IN € THOUS

	2022	2021	2020
Depreciation on right-of-use assets	746,471	690,476	703,999
Impairments on right-of-use assets	27,646	18,696	3,496
Expenses relating to short-term leases	52,420	44,923	49,532
Expenses relating to leases of low-value assets	17,421	23,177	27,359
Expenses relating to variable lease payments	13,803	12,158	12,442
Income from subleasing right-of-use assets	3,340	3,119	4,165
Interest expense on lease liabilities	151,317	143,160	159,148

For information regarding leases with related parties, SEE NOTE 5 B.

Leases in the consolidated balance sheets

At December 31, 2022 and 2021, the acquisition costs and the accumulated depreciation of right-of-use assets consisted of the following as shown in TABLES 5.71 TO 5.73 ON PAGE 256.

T 5.71 **BOOK VALUE**
IN € THOUS

	December 31, 2022	December 31, 2021
Right-of-use assets: Land	24,139	26,750
Right-of-use assets: Buildings and improvements	4,076,770	4,148,431
Right-of-use assets: Machinery and equipment	86,217	141,259
RIGHT-OF-USE ASSETS	**4,187,126**	**4,316,440**

Depreciation expense is allocated within costs of revenue, selling, general and administrative and research and development expenses depending upon the area in which the asset is used.

Impairment losses are allocated within costs of revenue and selling, general and administrative expense, depending upon the area in which the asset is used.

For a maturity analysis of lease liabilities SEE NOTE 23.

Leasing in the consolidated statements of cash flows

Total cash outflows from leases were €1,013,913 for the year ended December 31, 2022 (December 31, 2021 and 2020: €921,988 and €951,066, respectively).

Leases that the Company entered into as a lessee that have not yet begun as of December 31, 2022 will result in future cash outflows of €133,367 (December 31, 2021 and 2020: €118,929 and €123,679, respectively).

Potential future cash outflows resulting from purchase options of €16,548 were not reflected in the measurement of the lease liabilities as of December 31, 2022, as the exercise of the respective options is not reasonably certain (December 31, 2021 and 2020: €30,309 and €41,215, respectively).

T 5.72 ACQUISITION COSTS
IN € THOUS

	January 1, 2022	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2022
Right-of-use assets: Land	38,094	283	-	1,922	-	(1,419)	38,880
Right-of-use assets: Buildings and improvements	5,952,476	261,708	(15,928)	492,086	(4,122)	(75,814)	6,610,406
Right-of-use assets: Machinery and equipment	389,894	21,241	-	37,508	(43,747)	(73,996)	330,900
RIGHT-OF-USE ASSETS	**6,380,464**	**283,232**	**(15,928)**	**531,516**	**(47,869)**	**(151,229)**	**6,980,186**

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2021
Right-of-use assets: Land	34,510	782	20	4,917	-	(2,135)	38,094
Right-of-use assets: Buildings and improvements	5,017,785	346,627	40,808	614,918	1,266	(68,928)	5,952,476
Right-of-use assets: Machinery and equipment	390,902	27,947	(587)	31,561	(48,975)	(10,954)	389,894
RIGHT-OF-USE ASSETS	**5,443,197**	**375,356**	**40,241**	**651,396**	**(47,709)**	**(82,017)**	**6,380,464**

T 5.73 DEPRECIATION
IN € THOUS

	January 1, 2022	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2022
Right-of-use assets: Land	11,344	5	-	4,374	217	-	(1,199)	14,741
Right-of-use assets: Buildings and improvements	1,804,045	71,885	(6,300)	684,277	27,249	251	(47,771)	2,533,636
Right-of-use assets: Machinery and equipment	248,635	13,076	-	57,820	180	(3,465)	(71,563)	244,683
RIGHT-OF-USE ASSETS	**2,064,024**	**84,966**	**(6,300)**	**746,471**	**27,646**	**(3,214)**	**(120,533)**	**2,793,060**

	January 1, 2021	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2021
Right-of-use assets: Land	8,106	222	6	4,149	3	-	(1,142)	11,344
Right-of-use assets: Buildings and improvements	1,120,019	93,757	(2,170)	613,994	17,621	477	(39,653)	1,804,045
Right-of-use assets: Machinery and equipment	185,184	15,456	(214)	72,333	1,072	(15,720)	(9,476)	248,635
RIGHT-OF-USE ASSETS	**1,313,309**	**109,435**	**(2,378)**	**690,476**	**18,696**	**(15,243)**	**(50,271)**	**2,064,024**

Potential future cash outflows resulting from extension options of €7,547,505 were not reflected in the measurement of the lease liabilities as of December 31, 2022, as the exercise of the respective options is not reasonably certain (December 31, 2021 and 2020: €7,229,433 and €6,407,955, respectively). The major part of these potential future cash outflows relates to extension options in real estate lease agreements, primarily for dialysis clinics in the North America Segment. Individual lease agreements include multiple extension options. The Company uses extension options to obtain a high degree of flexibility in performing its business. These extension options held are exercisable solely by the Company.

Potential future cash outflows resulting from termination options of €3,338 were not reflected in the measurement of the lease liabilities as of December 31, 2022, as the exercise of the respective options is not reasonably certain (December 31, 2021 and 2020: €3,095 and €3,374, respectively).

For additional information regarding residual value guarantees in certain lease contracts, SEE NOTE 22.

22. COMMITMENTS AND CONTINGENCIES

Legal and regulatory matters

The Company is routinely involved in claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Company currently deems to be material or noteworthy are described below. The Company records its litigation reserves for certain legal proceedings and regulatory matters to the extent that the Company determines an unfavorable outcome is probable and the amount of loss can be reasonably estimated. For the other matters described below, the Company believes that the loss is not probable and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with the Company's view of the merits can occur. The Company believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Beginning in 2012, the Company received certain communications alleging conduct in countries outside the United States that might violate the U.S. Foreign Corrupt Practices Act (FCPA) or other anti-bribery laws. The Company conducted investigations with the assistance of outside counsel and, in a continuing dialogue, advised the Securities and Exchange Commission (SEC) and the United States Department of Justice (DOJ) about these investigations. The DOJ and the SEC also conducted their own investigations, in which the Company cooperated.

In the course of this dialogue, the Company identified and reported to the DOJ and the SEC, and took remedial actions with respect to, conduct that resulted in the DOJ and the SEC seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around the Company's products business in countries outside the United States.

On March 29, 2019, the Company entered into a non-prosecution agreement (NPA) with the DOJ and a separate agreement with the SEC (SEC Order) intended to resolve fully and finally the U.S. government allegations against the Company arising from the investigations. Both agreements included terms starting August 2, 2019. In 2019, the Company paid a combined total in penalties and disgorgement of approximately $231,715 (€205,854) to the DOJ and the SEC in connection with these agreements. The entire amount paid to the DOJ and the SEC was reserved for in charges that the Company recorded in 2017 and 2018 and announced in 2018. As part of the resolution, the Company agreed to certain self-reporting obligations and to retain an independent compliance monitor (the Monitor). Due in part to COVID-19 pandemic restrictions, the monitorship faced certain delays, but the Company is working to complete all its obligations under the resolution with the DOJ and SEC. The Monitor certified to the Company's implementation of an effective anti-corruption compliance program on December 30, 2022, and submitted her final certification report on January 31, 2023. Subject to a review of that report, the DOJ and SEC will accept or reject the Monitor's certification. Assuming certification is accepted, the NPA and SEC Order are expected to terminate on March 31, 2023.

In 2015, the Company self-reported to the German prosecutor conduct with a potential nexus to Germany and continues to cooperate with government authorities in Germany in their review of the conduct that prompted the Company's and United States government investigations.

Since 2012, the Company has made and continues to make further significant investments in its compliance and financial controls and in its compliance, legal and financial organizations. The Company's remedial actions included separation from those employees responsible for the above-mentioned conduct. The Company is dealing with post-FCPA review matters on various

levels. The Company continues to be fully committed to compliance with the FCPA and other applicable anti-bribery laws.

Personal injury and related litigation involving FMCH's acid concentrate product, labeled as Granuflo® or Naturalyte®, first arose in 2012. FMCH's insurers agreed to the settlement in 2017 of personal injury litigation and funded $220,000 (€179,284) of the total $250,000 (€203,732) settlement under a reciprocal reservation of rights. FMCH accrued a net expense of $60,000 (€48,896) in connection with the settlement, encompassing its contribution of $30,000 (€24,448) to the personal injury settlement plus $30,000 (€24,448) in related but uninsured fees and costs. Following the settlement, FMCH's insurers in the AIG group initiated litigation against FMCH seeking to be indemnified by FMCH for their $220,000 (€179,284) outlay and FMCH initiated litigation against the AIG group to recover defense and indemnification costs FMCH had borne. National Union Fire Insurance v. Fresenius Medical Care, 2016 Index No. 653108 (Supreme Court of New York for New York County).

As litigation proceeded, the parties refined their positions, resulting in AIG requesting recovery of approximately $60,000 (€48,896) of its settlement outlay and FMCH requesting $108,000 (€88,012) in defense fees and costs. The parties filed multiple, crossing motions for summary judgment. On January 12, 2023, the trial court decided these motions. Among its rulings, the court largely rejected both FMCH's theories for recovering defense costs and AIG's theories for recovering settlement funding. However, the trial court denied both parties' motions on one issue and severed and continued that issue for trial. The issue to be tried relates to FMCH's exhaustion of deductible obligations for, and weightings of, policy years to be considered in allocating between AIG and FMCH the $250,000 (€203,732) paid as a single, aggregate sum to resolve the personal injury litigation as a whole. As related to this one issue in isolation, AIG's motion, had it prevailed, would have supported AIG's recovering approximately $48,000 (€44,560); FMCH's corresponding motion would have resulted in no recovery for AIG. With both motions having been denied, neither party has indicated its position for trial. No date has been set for trial. Following trial, appeals may be pursued on all rulings by the trial court.

In August 2014, FMCH received a subpoena from the United States Attorney's Office (USAO) for the District of Maryland inquiring into FMCH's contractual arrangements with hospitals and physicians involving contracts relating to the management of in-patient acute dialysis services. Thereafter, the USAO conducted an investigation, in which FMCH cooperated, and declined to intervene in the matter. After the United States District Court for Maryland unsealed the 2014 relator's qui tam complaint that gave rise to the investigation, the relator served the complaint and proceeded on his own by filing an amended complaint, which FMCH moved to dismiss on multiple grounds. On October 5, 2021, on FMCH's venue motion, the District Court for Maryland transferred the case to the United States District Court for Massachusetts. Flanagan v. Fresenius Medical Care Holdings, Inc., 1:21-cv-11627. On December 5, 2022, the Massachusetts District Court granted FMCH's motion and dismissed the case with prejudice. Relator has filed a motion to reconsider and asserted his intent to appeal.

On November 25, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) inquiring into FMCH's involvement in certain dialysis facility joint ventures in New York. After the Brooklyn USAO completed its investigation, in which FMCH cooperated, and declined to intervene on the qui tam complaint that gave rise to the investigation, the relator proceeded with litigation on its own. CKD Project LLC v. Fresenius Medical Care, 2014 Civ. 06646 (E.D.N.Y. November 12, 2014). On August 3, 2021, the District Court granted FMCH's motion to dismiss the relator's amended complaint, dismissed the case with prejudice and declined to allow further amendment. On December 20, 2022, the United States Court of Appeals for the Second Circuit denied the relator's appeal and affirmed the dismissal. The relator's petition for rehearing en banc was denied.

In 2014, two New York physicians filed under seal a qui tam complaint in the United States District Court for the Eastern District of New York (Brooklyn), alleging violations of the False Claims Act relating to FMCH's vascular access line of business. As previously disclosed, on October 6, 2015, the United States Attorney for the Eastern District of New York (Brooklyn) issued subpoenas to FMCH indicating its investigation now seen to be related to the two relators' complaint. FMCH cooperated in the Brooklyn investigation, which was understood to be separate and distinct from settlements entered in 2015 in Connecticut, Florida and Rhode Island of allegations against American Access Care LLC (AAC) following FMCH's 2011 acquisition of AAC.

On July 12, 2022, after the Court denied the USAO's motions to renew the sealing of the relators' complaint, the USAO filed a complaint-in-intervention. United States ex rel. Pepe and Sherman v. Fresenius Vascular Care, Inc. et al, 1:14-cv-3505. The United States' and relators' complaints allege that the defendants billed and received government payment for surgery that was not medically necessary. FMCH expects to defend the allegations asserted in the litigation now proceeding.

On November 18, 2016, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) seeking documents and information relating to the operations of Shiel Medical Laboratory, Inc. (Shiel), which FMCH acquired in October 2013. FMCH advised the USAO that, under the asset sale provisions of its 2013 Shiel acquisition, it was not responsible for Shiel's conduct prior to the date of the acquisition. On

December 12, 2017, FMCH sold to Quest Diagnostics certain Shiel operations. Nonetheless, FMCH cooperated in the Brooklyn USAO's investigation.

On June 14, 2022, the Brooklyn USAO declined to intervene on two anonymous relator complaints that underlay the investigation. The relators, who remain anonymous, are proceeding with litigation at their own expense against both Shiel and FMCH entities, alleging that the defendants wrongly caused government payers to pay for laboratory tests that were falsely or improperly invoiced and retaliated against relators for objecting to the alleged misconduct. Relator v. Shiel Medical Laboratory, 1:16-cv-01090 (E.D.N.Y. 2016); Relator v. Shiel Holdings, 1:17-cv-02732 (E.D.N.Y. 2017). FMCH will defend allegations directed against entities it controls.

On March 12, 2018, Vifor Fresenius Medical Care Renal Pharma Ltd. and Vifor Fresenius Medical Care Renal Pharma France S.A.S. (collectively, VFMCRP) (SEE NOTE 5), filed a complaint for patent infringement against Lupin Atlantis Holdings SA and Lupin Pharmaceuticals Inc. (collectively, Lupin), and Teva Pharmaceuticals USA, Inc. (Teva) in the U.S. District Court for the District of Delaware (Case 1:18-cv-00390-MN, first complaint). The patent infringement action is in response to Lupin and Teva's filings of Abbreviated New Drug Applications (ANDA) with the U.S. Food and Drug Administration (FDA) for generic versions of Velphoro®. Velphoro® is protected by patents listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book. The complaint was filed within the 45-day period provided for under the Hatch-Waxman legislation, and triggered a stay of FDA approval of the ANDAs for 30 months (specifically, up to July 29, 2020 for Lupin's ANDA; and August 6, 2020 for Teva's ANDA. In response to another ANDA being filed for a generic Velphoro®, VFMCRP filed a complaint for patent infringement against Annora Pharma Private Ltd., and Hetero Labs Ltd. (collectively, Annora), in the U.S. District Court for the District of Delaware on December 17, 2018. The case was settled among the parties, thus terminating the court action on August 4, 2020. On May 26, 2020, VFMCRP filed a further complaint for patent infringement against Lupin in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00697-MN) in response to Lupin's ANDA for a generic version of Velphoro® and on the basis of a newly listed patent in the Orange Book. On July 6, 2020, VFMCRP filed an additional complaint for patent infringement against Lupin and Teva in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00911-MN, second complaint) in response to the companies' ANDA for generic versions of Velphoro® and on the basis of two newly listed patents in the Orange Book. All cases involving Lupin as defendant were settled among the parties, thus terminating the corresponding court actions on December 18, 2020. In relation to the remaining pending cases and the defendant Teva, trial took place for the first complaint between January 19 and 22, 2021. Another patent newly listed in the Orange Book was added to the second complaint on June 23, 2021. Trial was scheduled for the second complaint for late June 2022, but was cancelled on June 14, 2022. By final judgment dated August 25, 2022, the Court decided for the first complaint that the generic product proposed in Teva's ANDA infringes the patent claims subject to the complaint and that such patent claims are valid. Further, unless the order is overturned or the parties agree otherwise, the effective date of any final approval by the FDA for Teva's ANDA shall not be a date until the underlying patent, including any pediatric extension, expires. On September 21, 2022, Teva filed an appeal to the U.S. Court of Appeals for the Federal Circuit to contest the first instance Court decision. Also on September 21, 2022, VFMCRP filed another complaint for patent infringement against Teva in the U.S. District Court for the District of Delaware (Case No. 1:22-cv-01227-MN, "third complaint") in response to the company's ANDA for generic versions of Velphoro® and on the basis of another newly listed patent in the Orange Book. On October 4, 2022, a motion to stay the proceedings of the second complaint until the appeal for the first complaint is resolved was granted by the first instance Court. All cases involving Teva as defendant were settled among the parties, thus terminating the corresponding court actions on February 6, 2023 (second and third complaint) and February 7, 2023 (appeal first complaint).

On December 17, 2018, FMCH was served with a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) as part of an investigation of allegations against DaVita, Inc. (DaVita) involving transactions between FMCH and DaVita. The subject transactions include sales and purchases of dialysis facilities, dialysis-related products and pharmaceuticals, including dialysis machines and dialyzers, and contracts for certain administrative services. FMCH cooperated in the investigation.

On June 28, 2019, certain FMCH subsidiaries filed a complaint against the United States seeking to recover monies owed to them by the United States Department of Defense under the Tricare program, and to preclude Tricare from recouping monies previously paid. Bio-Medical Applications of Georgia, Inc., et al. v. United States, CA 19-947, United States Court of Federal Claims. Tricare provides reimbursement for dialysis treatments and other medical care provided to members of the military services, their dependents and retirees. The litigation challenges unpublished administrative actions by Tricare administrators reducing the rate of compensation paid for dialysis treatments provided to Tricare beneficiaries based on a recasting or "crosswalking" of codes used and followed in invoicing without objection for many years. Tricare administrators have acknowledged the unpublished administrative action and declined to change or abandon it. On July 8, 2020, the U.S. government filed its answer (and confirmed its position) and litigation is continuing. The court has not yet set a date for trial in this matter. FMCH has imposed a constraint on revenue otherwise recognized from the Tricare program that it believes, in consideration of facts currently known, sufficient to account for the risk of this litigation.

On August 21, 2020, FMCH was served with a subpoena from the United States Attorney for the District of Massachusetts requesting information and documents related to urgent care centers that FMCH owned, operated, or controlled as part of its ChoiceOne and Medspring urgent care operations prior to its divestiture of and exit from that line of business in 2018. The subpoena appears to be related to an ongoing investigation of alleged upcoding in the urgent care industry, which has resulted in certain published settlements under the federal False Claims Act. FMCH cooperated in the investigation.

In February 2022, the Company received a formal request for information from the Hessen Data Protection Authority (Hessischer Beauftragter für Datenschutz und Informationsfreiheit or HBDI). The information request relates to specific data processing functions of a few of the Company's peritoneal dialysis devices. The Company is committed to comply with the HBDI's request and cooperate with them, and it is working to provide the relevant information.

On March 20 and April 12, 2022, respectively, an attorney employed as general counsel for the Company's North American division from 2013 to 2016 filed a complaint with the Occupational Safety and Health Administration (OSHA) under the Sarbanes-Oxley Act of 2002 and other anti-retaliation statutes, and a civil lawsuit in Suffolk County, Massachusetts seeking compensation for personnel management decisions allegedly adverse to him. OSHA Case No. 1-076-22-049; Kott v. National Medical Care, Inc., Case No. 22-802 (Superior Court, Suffolk County, Mass.).

The plaintiff alleges in support of his demands for compensation that he was transferred to a subordinate position in the global legal department, and subsequently terminated from employment as part of the FME25 Program, in retaliation for legal advice he provided with respect to a licensing agreement with DaVita relating to pharmaceutical operations and products. The DaVita licensing agreement expired by its terms in 2017.

As previously disclosed in the Company's financial statements, the United States Department of Justice has reviewed multiple aspects of the DaVita contract in question, including those relevant to the plaintiff's allegations. No enforcement action has resulted against the Company.

Other bases of retaliation alleged by the plaintiff implicate internal personnel and privacy protection concerns that do not impact ongoing operations, and on which the Company does not comment.

On January 3, 2023, FMCH received a subpoena from the Attorney General for the District of Columbia related to the activities of the American Kidney Foundation (AKF) and grounded in anti-trust concerns, including market allocation within the District of Columbia. FMCH's relationship with AKF was the subject of previously reported, but resolved, investigation by agencies of the United States and litigation against United Healthcare. FMCH is cooperating in the District of Columbia investigation.

From time to time, the Company is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Management regularly analyzes current information including, as applicable, the Company's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Company, like other health care providers, insurance plans and suppliers, conducts its operations under intense government regulation and scrutiny. The Company must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories, dialysis clinics and other health care facilities, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Company could be subject to significant adverse regulatory actions by the FDA and comparable regulatory authorities outside the U.S. These regulatory actions could include warning letters or other enforcement notices from the FDA, and/or comparable foreign regulatory authority which may require the Company to expend significant time and resources in order to implement appropriate corrective actions. If the Company does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the U.S., these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of the Company's products and/or criminal prosecution. FMCH completed remediation efforts with respect to one pending FDA warning letter and is awaiting confirmation as to whether the letter is now closed. The Company must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law, the federal Civil Monetary Penalties Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from the Company's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, the Company's business activities and practices are subject to extensive review by regulatory authorities and

private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to the Company's compliance with applicable laws and regulations. The Company may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

The Company operates many facilities and handles the personal data of its patients and beneficiaries throughout the United States and other parts of the world and engages with other business associates to help it carry out its health care activities. In such a widespread, global system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies and its business associates. On occasion, the Company or its business associates may experience a breach under the Health Insurance Portability and Accountability Act Privacy Rule and Security Rules, the EU's General Data Protection Regulation or other similar laws (Data Protection Laws) when there has been impermissible use, access, or disclosure of unsecured personal data or when the Company or its business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or a data breach that results in impermissible use, access or disclosure of personal identifying information of its employees, patients and beneficiaries. On those occasions, the Company must comply with applicable breach notification requirements.

The Company relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of its employees. On occasion, the Company may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene the Company's policies or violate applicable law. The actions of such persons may subject the Company and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act, Data Protection Laws, the Health Information Technology for Economic and Clinical Health Act and the FCPA, among other laws and comparable state laws or laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Company has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Company maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Company or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

The Company has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Company has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

The Company is subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions in the ordinary course of business. Tax authorities routinely pursue adjustments to the Company's tax returns and disallowances of claimed tax deductions. When appropriate, the Company defends these adjustments and disallowances and asserts its own claims. A successful tax related claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition and results of operations.

The German tax authorities re-qualified dividends received in connection with intercompany mandatorily redeemable preferred shares into fully taxable interest payments for the years 2006 until 2013, which could lead to additional tax payments in the mid-double-digit million range. Additionally, German tax authorities objected to the Company's tax returns and took the position that income of one of the Company's finance entities for 2017 and future periods should be subject to German Controlled Foreign Corporation taxation resulting in potential additional income tax payments in the upper double-digit million range. In both cases, the Company will take any appropriate legal action to defend its position.

The Company is subject to residual value guarantees in certain lease contracts, primarily real estate contracts, for which it is the lessee in the amount of $541,070 (€507,285). As of December 31, 2022, the estimated fair market value of the underlying leased assets exceeded the related residual value guarantees and, therefore, the Company did not have any risk exposure relating to these guarantees.

Other than those individual contingent liabilities mentioned above, the current estimated amount of the Company's other known individual contingent liabilities is immaterial. For further information regarding the Company's purchase commitments, SEE NOTE 8 AND NOTE 10.

23. FINANCIAL INSTRUMENTS

TABLES 5.74 AND 5.75 show the carrying amounts and fair values of the Company's financial instruments at December 31, 2022 and December 31, 2021.

T 5.74 CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS
IN € THOUS

Tables 5.74 and 5.75 show

December 31, 2022	Carrying amount					Fair value		
	Amortized cost	FVPL	FVOCI	Not classified	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	1,118,503	155,284	-	-	1,273,787	155,284	-	-
Trade accounts and other receivables from unrelated parties	3,489,680	-	-	84,590	3,574,270	-	-	-
Accounts receivable from related parties	140,072	-	-	-	140,072	-	-	-
Derivatives - cash flow hedging instruments	-	-	-	9,151	9,151	-	9,151	-
Derivatives - not designated as hedging instruments	-	10,627	-	-	10,627	-	10,627	-
Equity investments	-	80,201	69,792	-	149,993	36,227	70,973	42,793
Debt securities	-	106,215	338,589	-	444,804	444,804	-	-
Other financial assets[1]	121,095	-	-	128,015	249,110	-	-	-
Other current and non-current assets	121,095	197,043	408,381	137,166	863,685	-	-	-
FINANCIAL ASSETS	**4,869,350**	**352,327**	**408,381**	**221,756**	**5,851,814**	**-**	**-**	**-**
Accounts payable to unrelated parties	813,255	-	-	-	813,255	-	-	-
Accounts payable to related parties	118,083	-	-	-	118,083	-	-	-
Short-term debt	669,013	-	-	-	669,013	-	-	-
Long-term debt	7,864,796	-	-	-	7,864,796	6,366,775	474,930	-
Lease liabilities	-	-	-	4,678,763	4,678,763	-	-	-
Derivatives – cash flow hedging instruments	-	-	-	568	568	-	568	-
Derivatives – not designated as hedging instruments	-	7,422	-	-	7,422	-	7,422	-
Variable payments outstanding for acquisitions	-	37,846	-	-	37,846	-	-	37,846
Put option liabilities	-	-	-	1,468,517	1,468,517	-	-	1,468,517
Other financial liabilities[2]	1,107,827	-	-	-	1,107,827	-	-	-
Other current and non-current liabilities	1,107,827	45,268	-	1,469,085	2,622,180	-	-	-
FINANCIAL LIABILITIES	**10,572,974**	**45,268**	**-**	**6,147,848**	**16,766,090**	**-**	**-**	**-**

[1] As of December 31, 2022 and 2021, other financial assets primarily include lease receivables, deposits, guarantees, securities, vendor and supplier rebates as well as notes receivable.
[2] As of December 31, 2022 and 2021, other financial liabilities primarily include receivable credit balances and goods and services received.

T 5.75 CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS
IN € THOUS

December 31, 2021	Carrying amount					Fair value		
	Amortized cost	FVPL	FVOCI	Not classified	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	989,257	492,398	-	-	1,481,655	492,398	-	-
Trade accounts and other receivables from unrelated parties	3,328,720	-	-	80,341	3,409,061	-	-	-
Accounts receivable from related parties	162,361	-	-	-	162,361	-	-	-
Derivatives - cash flow hedging instruments	-	-	-	579	579	-	579	-
Derivatives - not designated as hedging instruments	-	2,846	-	-	2,846	-	2,846	-
Equity investments	-	174,884	69,595	-	244,479	121,643	72,157	50,679
Debt securities	-	95,417	327,078	-	422,495	418,196	4,299	-
Other financial assets[1]	137,358	-	-	130,859	268,217	-	-	-
Other current and non-current assets	137,358	273,147	396,673	131,438	938,616	-	-	-
FINANCIAL ASSETS	**4,617,696**	**765,545**	**396,673**	**211,779**	**5,991,693**	**-**	**-**	**-**
Accounts payable to unrelated parties	736,069	-	-	-	736,069	-	-	-
Accounts payable to related parties	121,457	-	-	-	121,457	-	-	-
Short-term debt	1,255,853	-	-	-	1,255,853	-	-	-
Long-term debt	7,314,915	-	-	-	7,314,915	7,246,019	243,656	-
Lease liabilities	-	-	-	4,749,381	4,749,381	-	-	-
Derivatives – cash flow hedging instruments	-	-	-	4,490	4,490	-	4,490	-
Derivatives – not designated as hedging instruments	-	21,428	-	-	21,428	-	21,428	-
Variable payments outstanding for acquisitions	-	47,690	-	-	47,690	-	-	47,690
Put option liabilities	-	-	-	992,423	992,423	-	-	992,423
Other financial liabilities[2]	965,663	-	-	-	965,663	-	-	-
Other current and non-current liabilities	965,663	69,118	-	996,913	2,031,694	-	-	-
FINANCIAL LIABILITIES	**10,393,957**	**69,118**	**-**	**5,746,294**	**16,209,369**	**-**	**-**	**-**

[1] As of December 31, 2022 and 2021, other financial assets primarily include lease receivables, deposits, guarantees, securities, vendor and supplier rebates as well as notes receivable.
[2] As of December 31, 2022 and 2021, other financial liabilities primarily include receivable credit balances and goods and services received.

Derivative and non-derivative financial instruments are categorized in the following three-tier fair value hierarchy that reflects the significance of the inputs in making the measurements. Level 1 inputs are quoted prices for similar instruments in active markets. Level 2 is defined as using valuation models (i.e. mark-to-model) with input factors that are inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as using valuation models (i.e. mark-to-model) with input factors that are unobservable inputs for which little or no market data exists, therefore requiring the Company to develop its own assumptions. Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of fair value due to the relatively short period of maturity of these instruments. This includes cash and cash equivalents measured at amortized costs, trade accounts and other receivables from unrelated parties, accounts receivable from related parties, other financial assets as well as accounts payable to unrelated parties, accounts payable to related parties, short-term debt and other financial liabilities. Transfers between levels of the fair value hierarchy have not occured as of December 31, 2022. At September 30, 2021, the Company transferred its investment in Humacyte, Inc. (Humacyte) with a carrying amount of €158,551 from Level 3 to Level 1, after Humacyte completed its merger with Alpha Healthcare Acquisition Corporation, a special purpose acquisition company. The shares in Alpha Healthcare Acquisition Corporation (now called Humacyte) received by the Company as a result of this merger and in a contemporaneous private placement are quoted in an active market, and Humacyte has registered the Company's shares for resale under the Securities Act of 1933. No additional transfers between levels of the fair value hierarchy occurred as of December 31, 2021. The Company accounts for transfers at the end of the reporting period.

Non-derivative financial instruments

The significant methods and assumptions used for the classification and measurement of non-derivative financial instruments are as follows:

The Company assessed its business models and the cash flow characteristics of its financial assets. The vast majority of the non-derivative financial assets are held in order to collect the contractual cash flows. The contractual terms of the financial assets allow the conclusion that the cash flows represent payment of principal and interest only. Trade accounts and other receivables from unrelated parties (including receivables related to the Accounts Receivable Facility, SEE NOTE 14), Accounts receivable from related parties and Other financial assets are consequently measured at amortized cost.

Cash and cash equivalents are comprised of cash funds and other short-term investments. Cash funds are measured at amortized cost. Short-term investments are highly liquid and readily convertible to known amounts of cash. Short-term investments are measured at FVPL. The risk of changes in fair value is insignificant.

Equity investments are not held for trading. At initial recognition the Company elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic investments in OCI. All equity investments for which changes in fair value are recorded in OCI relate to purchases of publicly traded shares or percentage ownership of companies in the health sciences or adjacent fields and are made up of individually non-significant investments. At December 31, 2022, the Company held 12 non-listed equity investments (December 31, 2021: 12). During 2022, gains of €66,534 (December 31, 2021: €33,948) were transferred from OCI to retained earnings, primarily due to the disposal of an investment measured at fair value through OCI and the subsequent transfer of the related net gain to retained earnings by Vifor Fresenius Medical Renal Pharma Ltd. (the Company's equity method investee) as well as a disposal of an investment. There were no dividends recognized during 2022 and 2021 from these equity investments. If equity instruments are quoted in an active market, the fair value is based on price quotations at the period-end-date. As necessary, the Company engages external valuation firms to assist in determining the fair value of Level 3 equity investments. The external valuation uses a discounted cash flow model, which includes significant unobservable inputs such as investment specific forecasted financial statements and weighted average cost of capital, that reflects current market assessments as well as a terminal growth rate. The Company's listed and non-listed equity investments measured at FVOCI had the following fair values at December 31, 2022 and 2021:

T 5.76 **EQUITY INVESTMENTS MEASURED AT FVOCI**
IN € THOUS

	2022	2021
Non-listed equity investments	69,792	69,595
Equity investments FVOCI	**69,792**	**69,595**

The majority of the debt securities are held within a business model whose objective is achieving both contractual cash flows and selling the securities. The standard coupon bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount. Subsequently these financial assets have been classified as FVOCI. The smaller part of debt securities does not give rise to cash flows that are solely payments of prin-

cipal and interest. Consequently, these securities are measured at FVPL. In general, most of the debt securities are quoted in an active market.

Long-term debt is initially recognized at its fair value and subsequently measured at amortized cost. The fair values of major long-term debt are calculated on the basis of market information. Liabilities for which market quotes are available are measured using these quotes. The fair values of the other long-term debt are calculated at the present value of the respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Company as of the balance sheet date are used.

Variable payments outstanding for acquisitions are recognized at their fair value. The estimation of the individual fair values is based on the key inputs of the arrangement that determine the future contingent payment as well as the Company's expectation of these factors. The Company assesses the likelihood and timing of achieving the relevant objectives. The underlying assumptions are reviewed regularly.

Put option liabilities are recognized at the present value of the exercise price of the option. The exercise price of the option is generally based on fair value and, in certain limited instances, might contain a fixed floor price. The methodology the Company uses to estimate the fair values assumes the greater of net book value or a multiple of earnings, based on historical earnings, development stage of the underlying business and other factors. From time to time the Company engages an external valuation firm to assist in the valuation of certain put options. The external valuation assists the Company in estimating the fair values using a combination of discounted cash flows and a multiple of earnings and/or revenue. Under those limited circumstances in which the put option might contain a fixed floor price, the external valuation firm may assist the Company with the valuation by performing a Monte Carlo Simulation analysis to simulate the exercise price. The put option liabilities are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The estimated fair values of these put options can also fluctuate, and the discounted cash flows as well as the implicit multiple of earnings and/or revenue at which these obligations may ultimately be settled could vary significantly from the Company's current estimates depending upon market conditions. For the purpose of analyzing the impact of changes in unobservable inputs on the fair value measurement of put option liabilities, the Company assumes an increase on earnings (or enterprise value for the put options granted in the InterWell Health business combination) of 10% compared to the actual estimation as of the balance sheet date. The corresponding increase in fair value of €103,061 is then compared to the total liabilities and the shareholder's equity of the Company. This analysis shows that an increase of 10% in the relevant earnings (or enterprise value for the put options granted in the InterWell Health business combination) would have an effect of less than 1% on the total liabilities and less than 1% on the shareholder's equity of the Company.

At December 31, 2022, 2021 and 2020 the Company's potential obligations under these put option liabilities, which are recorded in other current liabilities and other non-current liabilities, were €1,468,517, €992,423 and €882,422, respectively. At December 31, 2022, 2021 and 2020, put option liabilities with an aggregate purchase obligation of €533,969, €561,872 and €395,759, respectively, were exercisable. In the last three fiscal years ending December 31, 2022, 231 such put options have been exercised for a total consideration of €85,087.

Following is a roll forward of Level 3 financial instruments at December 31, 2022, 2021 and 2020 (SEE TABLE 5.77 ON PAGE 266).

Derivative financial instruments

Derivative financial risks

The Company is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Company issues bonds and enters mainly into long-term credit agreements with banks. Due to these financing activities, the Company is exposed to changes to the prevailing interest rates.

In order to manage the risk of currency exchange rate and interest rate fluctuations, the Company enters into various hedging transactions by means of derivative instruments with highly rated financial institutions (generally investment grade) as authorized by the Company's General Partner. On a quarterly basis, the Company performs an assessment of its counterparty credit risk. The Company currently considers this risk to be low (as the counterparties are generally investment grade). The Company's policy, which has been consistently followed, is that financial derivatives be used only for the purpose of hedging foreign currency and interest rate exposure.

In certain instances, the Company enters into derivative contracts that do not qualify for hedge accounting but are utilized for economic purposes (economic hedges). The Company does not use financial instruments for trading purposes. The Company established guidelines for risk assessment procedures and controls for the use of financial instruments. They include a clear segregation of duties with regard to execution on one side and administration, accounting and controlling on the other.

T 5.77 **RECONCILIATION FROM BEGINNING TO ENDING BALANCE OF LEVEL 3 FINANCIAL INSTRUMENTS**
IN € THOUS

	2022			2021			2020		
	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities
Beginning balance at January 1,	50,679	47,690	992,423	188,518	66,359	882,422	183,054	89,677	934,425
Transfer to level 1	–	–	–	(158,551)	–	–	–	–	–
Increase	2,804	46	646,271	21,137	9,488	112,194	–	17,253	51,388
Decrease	–	(6,499)	(7,026)	–	(22,499)	(18,495)	–	(35,764)	(99,877)
Gain / loss recognized in profit or loss[1]	(13,968)	(3,904)	–	(12,975)	(6,716)	–	22,489	(1,996)	–
Gain/loss recognized in equity	–	–	(180,431)	–	–	(54,019)	–	–	73,993
Foreign currency translation and other changes	3,278	513	17,280	12,550	1,058	70,321	(17,025)	(2,811)	(77,507)
ENDING BALANCE AT DECEMBER 31,	**42,793**	**37,846**	**1,468,517**	**50,679**	**47,690**	**992,423**	**188,518**	**66,359**	**882,422**

[1] Includes realized and unrealized gains / losses.

To reduce the credit risk arising from derivatives the Company entered into Master Netting Agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

These master netting agreements do not provide a basis for offsetting the fair values of derivative financial instruments in the statement of financial position as the offsetting criteria under IFRS are not satisfied.

At December 31, 2022 and December 31, 2021, the Company had €16,049 and €3,151 of derivative financial assets subject to netting arrangements and €7,331 and €23,963 of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €12,434 and €736 as well as net liabilities of €3,716 and €21,547 at December 31, 2022 and December 31, 2021, respectively.

The Company calculates benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and reasonable market rates. Depending on the individual benchmarks, hedging strategies are agreed on and implemented.

Market risk

Foreign exchange risk management

The Company conducts business on a global basis in various currencies, though a majority of its operations are in Germany and the United States. For financial reporting purposes, the Company reports in euro pursuant to Section 315e and Section 244 HGB. Therefore, changes in the rate of exchange between the euro and the local currencies in which the financial statements of the Company's international operations are maintained, affect its results of operations and financial position as reported in its consolidated financial statements.

Additionally, individual subsidiaries are exposed to transactional risks mainly resulting from intercompany purchases between production sites and other subsidiaries with different func-

tional currencies. This exposes the subsidiaries to fluctuations in the rate of exchange between the invoicing currencies and the currency in which their local operations are conducted. For the purpose of hedging existing and foreseeable foreign exchange transaction exposures the Company enters into foreign exchange forward contracts.

The notional amounts of foreign exchange contracts in place that are designated and qualify as cash flow hedges totaled €198,709 and €190,707 at December 31, 2022 and December 31, 2021, respectively. At December 31, 2022, the Company had foreign exchange derivatives with maturities of up to 12 months. Earnings of the Company were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives matched mainly the critical terms of the underlying exposures.

The Company also enters into derivative contracts for forecasted product purchases and sales and for intercompany loans in foreign currencies which do not qualify for hedge accounting but are utilized for economic hedges as defined above. The notional amounts of economic hedges totaled €1,413,955 and €854,528 at December 31, 2022 and December 31, 2021, respectively.

The Company uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following twelve months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations using the values of the last 50 exchange rates with an interval of 21 trading days. The calculation is made assuming a confidence level of 95% and a holding period of up to one year. The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i.e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. Based on a net exposure of €1,214,115, the Company's CFaR amounts to €36,997 at December 31, 2022, this means with a probability of 95% a potential loss in relation to the forecasted foreign exchange cash flows of the next twelve months will be not higher than €36,997.

TABLE 5.78 shows the average hedging rate and the nominal amount of the foreign exchange forward contracts for the currencies with highest hedging volume at December 31, 2022:

T 5.78 **SIGNIFICANT CURRENCY PAIRS**
IN € THOUS

	Nominal amount	Average hedging rate
EUR/USD	799,235	1.0775
EUR/AUD	221,694	1.5700
EUR/CNY	186,980	7.0425

Interest rate risk management

The Company's interest rate risks mainly arise from money market and capital market transactions of the group for financing its business activities.

For purposes of analyzing the impact of changes in the relevant reference interest rates on the Company's results of operations, the Company calculates the portion of financial debt which bears variable interest rate and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Company assumes an increase in the Reference Rates of 0.5% compared to the actual rates as of the balance sheet date. The corresponding additional annual interest expense is then compared to the Company's net income. This analysis shows that an increase of 0.5% in the relevant Reference Rates would have an effect of less than 1% on the consolidated net income and less than 0.1% on the shareholder's equity of the Company.

The Company entered into interest rate hedges (pre-hedges) in anticipation of future long-term debt issuance. These pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future long-term debt issuance and which could rise until the respective debt is actually issued. These pre-hedges were settled at the issuance date of the corresponding long-term debt with the settlement amount recorded in AOCI amortized to interest expense over the life of the debt. At December 31, 2022 and December 31, 2021, the Company had €6,652 and €7,234, respectively, related to settlements of pre-hedges deferred in AOCI, net of tax.

A fundamental reform of major interest rate benchmarks has been undertaken globally. This included the replacement of certain interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as IBOR Reform). The Company had exposures to relevant IBORs through its financial instruments, which were affected as part of this market-wide initiative.

The Syndicated Credit Facility had a certain level of London Inter-Bank Offered Rate (LIBOR) exposure due to the possibility of multicurrency drawings in U.S. dollar as well as in euro. The LIBOR was replaced with the Term Secured Overnight Financing Rate. For further information on the Syndicated Credit Facility, SEE NOTE 14.

Derivative financial instruments valuation

TABLE 5.79 shows the carrying amounts of the Company's derivatives at December 31, 2022 and December 31, 2021:

T 5.79 **DERIVATIVE FINANCIAL INSTRUMENTS VALUATION**
IN € THOUS

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Current				
Foreign exchange contracts	9,151	(568)	571	(4,419)
Non-current				
Foreign exchange contracts	-	-	8	(71)
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS	**9,151**	**(568)**	579	(4,490)
Current				
Foreign exchange contracts	10,627	(6,541)	2,846	(21,428)
Non-current				
Foreign exchange contracts	-	(881)	-	-
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS	**10,627**	**(7,422)**	2,846	(21,428)

The significant methods and assumptions used in estimating the fair values of derivative financial instruments are as follows:

To determine the fair 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 balance sheet date for the applicable currency.

The Company's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation of derivatives that are assets. The Company monitors and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The default probability is based upon the credit default swap spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is performed by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

The effect of financial instruments on the consolidated statements of income

The effects of financial instruments recorded in the consolidated statements of income consist of interest income of €56,409 (2021: €52,948), interest expense of €358,995 (2021: €343,807) as well as expected credit losses of €42,470 (2021: €44,374).

In the fiscal year 2022, net losses from foreign currency transactions amount to €32,662 (2021: net losses €9,898).

TABLE 5.80 ON PAGE 269 shows the effect of derivatives in cash flow hedging relationship on the consolidated financial statements.

TABLE 5.81 ON PAGE 269 shows the effect of derivatives not designated as hedging instruments on the consolidated financial statements.

T 5.80 **THE EFFECT OF DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS ON THE CONSOLIDATED FINANCIAL STATEMENTS**
IN € THOUS

	Fair value gain (loss) recognized in AOCI on hedging instrument (hedge reserve)		Fair value gain (loss) recognized in AOCI on hedging instrument (cost of hedging)		Location of reclassified amounts from AOCI	Amount reclassified from hedge reserve		Amount reclassified from cost of hedging	
	2022	2021	2022	2021		2022	2021	2022	2021
Foreign exchange contracts	12,036	(3,585)	(3,379)	126	Interest income / expense	1,355	1,206	–	–
					thereof:				
					Revenue	2,698	275	40	773
					Costs of revenue	(2,088)	72	2,157	(1,060)
					Inventories	(418)	1,013	12	(2)
TOTAL	**12,036**	**(3,585)**	**(3,379)**	**126**		**1,547**	**2,566**	**2,209**	**(289)**

T 5.81 **THE EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS**
IN € THOUS

	Location of (gain) loss recognized in income on derivatives	Amount of (gain) loss recognized in income on derivatives for the year ended, December 31	
		2022	2021
Foreign exchange contracts	Selling, general and administrative expenses	8,914	(49,214)
Foreign exchange contracts	Interest income/expense	12,997	1,477
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS		**21,911**	**(47,737)**

Credit risk

The Company is exposed to potential losses in the event of non-performance by counterparties. With respect to derivative financial instruments it is not expected that any counterparty will fail to meet its obligations as the counterparties are highly rated financial institutions (generally investment grade). The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value at the balance sheet date. The maximum credit exposure of all derivatives amounted to €19,778 at December 31, 2022 (2021: €3,425). The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all financial assets. In order to control this credit risk, the Company's management carries out an aging analysis of trade accounts and other receivables from unrelated parties. For details on the aging analysis and on expected credit losses, please SEE NOTE 7.

Liquidity risk

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Company manages the liquidity of the group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Company's management believes that existing credit facilities, net cash provided by operating activities and additional short-term debt are sufficient to meet the Company's foreseeable demand for liquidity (SEE NOTE 13).

TABLE 5.82 ON PAGE 270 AND 271 shows the future undiscounted contractual cash flows (including interest) resulting from recognized financial liabilities and derivative financial instruments recorded in the consolidated balance sheets.

T 5.82 **PAYMENTS AGREED BY CONTRACTS (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	Payments due by period of			
	Less than 1 year	1 - 3 years	3 - 5 years	Over 5 years
2022				
Non-Derivatives				
Accounts payable to unrelated parties	813,255	426	-	-
Accounts payable to related parties	118,083	-	-	-
Other current financial liabilities	1,107,401	-	-	-
Short-term debt[1]	669,013	-	-	-
Bonds	806,805	1,167,570	2,882,965	3,557,066
Accounts receivable facility[2]	4,190	96,351	-	-
Other long-term debt	44,783	87,082	47,705	202,568
Lease liabilities[1]	815,613	1,479,359	1,164,048	1,922,861
Variable payments outstanding for acquisitions	4,794	30,140	-	6,149
Put option liabilities	667,371	692,707	110,942	54,200
Letters of credit	11,750	-	-	-
	5,063,058	3,553,635	4,205,660	5,742,844
Derivatives				
Derivative financial instruments - in cash flow hedging relationships				
(Inflow)	(10,573)	-	-	-
Outflow	11,136	-	-	-
	563	-	-	-
Derivative financial instruments - not designated as hedging instrument				
(Inflow)	(359,346)	(36,590)	-	-
Outflow	369,229	34,836	-	-
	9,883	(1,754)	-	-
TOTAL	**5,073,504**	**3,551,881**	**4,205,660**	**5,742,844**

[1] Includes amounts from related parties.
[2] Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2022.

PAYMENTS AGREED BY CONTRACTS (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	Payments due by period of			
	Less than 1 year	1 - 3 years	3 - 5 years	Over 5 years
2021				
Non-Derivatives				
Accounts payable to unrelated parties	736,069	68	-	-
Accounts payable to related parties	121,457	-	-	-
Other current financial liabilities	965,595	-	-	-
Short-term debt[1]	1,255,853	-	-	-
Bonds	759,946	1,249,033	2,553,673	3,563,460
Accounts receivable facility	-	-	-	-
Other long-term debt	49,959	103,315	38,991	51,466
Lease liabilities[1]	796,927	1,463,953	1,127,660	2,076,056
Variable payments outstanding for acquisitions	9,721	2,936	22,526	15,322
Put option liabilities	678,705	219,554	151,462	67,744
Letters of credit	11,065	-	-	-
	5,385,297	3,038,859	3,894,312	5,774,048
Derivatives				
Derivative financial instruments - in cash flow hedging relationships				
(Inflow)	(141,935)	(2,300)	-	-
Outflow	146,810	2,409	-	-
	4,875	109	-	-
Derivative financial instruments - not designated as hedging instrument				
(Inflow)	(611,024)	-	-	-
Outflow	638,609	-	-	-
	27,585	-	-	-
TOTAL	**5,417,757**	**3,038,968**	**3,894,312**	**5,774,048**

[1] Includes amounts from related parties.

24. OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the components of other comprehensive income (loss) for the years ended December 31, 2022, 2021, and 2020 are as follows:

T 5.83 **OTHER COMPREHENSIVE INCOME (LOSS)**
IN € THOUS

	2022			2021			2020		
	Pretax	Tax effect	Net	Pretax	Tax effect	Net	Pretax	Tax effect	Net
Components that will not be reclassified to profit or loss:									
Equity method investees – share of OCI	22,705	–	22,705	(25,334)	–	(25,334)	58,166	–	58,166
FVOCI equity investments	2,883	(231)	2,652	37,660	(8,492)	29,168	19,439	(2,326)	17,113
Actuarial gain (loss) on defined benefit pension plans	318,595	(94,062)	224,533	(15,781)	4,407	(11,374)	4,176	(1,191)	2,985
Components that may be reclassified subsequently to profit or loss:									
Foreign currency translation adjustment	826,847	–	826,847	1,034,239	–	1,034,239	(1,359,397)	–	(1,359,397)
FVOCI debt securities	(44,996)	8,050	(36,946)	(9,892)	1,482	(8,410)	29,096	(5,048)	24,048
Other comprehensive income (loss) relating to cash flow hedges:									
Changes in fair value of cash flow hedging reserve during the period	12,036	(3,045)	8,991	(3,585)	1,013	(2,572)	6,123	(1,839)	4,284
Cost of hedging	(3,379)	887	(2,492)	126	(7)	119	(2,062)	608	(1,454)
Reclassification adjustments	3,756	(1,044)	2,712	2,277	(599)	1,678	(1,282)	482	(800)
Total other comprehensive income (loss) relating to cash flow hedges	12,413	(3,202)	9,211	(1,182)	407	(775)	2,779	(749)	2,030
OTHER COMPREHENSIVE INCOME (LOSS)	**1,138,447**	**(89,445)**	**1,049,002**	**1,019,710**	**(2,196)**	**1,017,514**	**(1,245,741)**	**(9,314)**	**(1,255,055)**

25. SUPPLEMENTARY CASH FLOW INFORMATION

The following additional information is provided with respect to net cash provided by (used in) investing activities for the years ended December 31, 2022, 2021 and 2020:

T 5.84 **DETAILS FOR NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES**
IN € THOUS

	2022	2021	2020
Details for acquisitions			
Assets acquired	(830,460)	(547,146)	(337,300)
Liabilities assumed	16,407	70,143	41,761
Noncontrolling interests[1]	188,469	120,197	37,140
Non-cash consideration	578,009	12,482	33,804
Cash paid	(47,575)	(344,324)	(224,595)
Less cash acquired	58,101	19,518	9,759
NET CASH PAID FOR ACQUISITIONS	**10,526**	**(324,806)**	**(214,836)**
Cash paid for investments	**(23,311)**	**(77,010)**	**(10,899)**
Cash paid for intangible assets	**(46,348)**	**(32,355)**	**(33,250)**
TOTAL CASH PAID FOR ACQUISITIONS AND INVESTMENTS, NET OF CASH ACQUIRED, AND PURCHASES OF INTANGIBLE ASSETS	**(59,133)**	**(434,171)**	**(258,985)**
Details for divestitures			
Cash received from sale of subsidiaries or other businesses, less cash disposed	60,161	52,444	14,608
PROCEEDS FROM DIVESTITURES	**60,161**	**52,444**	**14,608**

[1] Includes noncontrolling interests subject to put provisions in the amount of €26,801 for the year ended December 31, 2020, which was previously disclosed separately.

TABLE 5.85 ON PAGE 274 shows a reconciliation of debt to net cash provided by (used in) financing activities for 2022 and 2021.

Interest payments are included in operating activities in the consolidated statements of cash flows in the amount of €349,537 and €331,837 as of December 31, 2022 and 2021. Accrued interest is presented in the consolidated balance sheets under Current provisions and other current liabilities. For further information SEE NOTE 12.

26. SEGMENT AND CORPORATE INFORMATION

The Company's operating and reportable segments are the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment. The operating segments are determined based upon how the Company manages its businesses with geographical responsibilities. All segments are primarily engaged in providing health care services and the distribution of products and equipment for the treatment of ESKD and other extracorporeal therapies.

Management evaluates each segment using measures that reflect all of the segment's controllable revenues and expenses. With respect to the performance of business operations, management believes that the most appropriate measures are revenue and operating income. The Company does not include income taxes as it believes taxes are outside the segments' control. Financing is a corporate function, which the Company's segments do not control. Therefore, the Company does not include interest expense relating to financing as a segment measurement. Similarly, the Company does not allocate certain costs, which relate primarily to certain headquarters' overhead charges, including accounting and finance as well as certain legal and IT costs, because the Company believes that these costs are also not within the control of the individual segments. Production of products, production asset management, quality and supply chain management as well as procurement related to production are centrally managed. Products transferred to the segments are transferred at cost; therefore, no internal profit is generated. The associated internal revenue for the product transfers and their elimination are recorded as corporate activities. Capital expenditures for production are based on the expected demand of the segments and consolidated profitability considerations. The Company's global research and development team as well as its Global Medical Office, which seek to optimize medical treatments and clinical processes within the Company, are also centrally managed. These corporate activities (Corporate) do not fulfill the definition of a segment according to IFRS 8, Operating Segments. In addition, certain revenues, investments and intangible assets, as well as any related expenses, are not allocated to a segment but are accounted for as Corporate.

Information pertaining to the Company's segment and Corporate activities for the years ended December 31, 2022, 2021 and 2020 is set forth in TABLE 5.86 STARTING ON PAGE 275.

T 5.85 RECONCILIATION OF DEBT TO NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES
IN € THOUS

			Non-cash changes				
	January 1, 2022	Cash Flow	Acquisitions (net of divestitures)	Foreign currency translation	Amortization of debt issuance costs and discounts	Other	December 31, 2022
Short-term debt from unrelated parties	1,178,353	(511,657)	(52)	(453)	-	(1,178)	665,013
Short-term debt from related parties	77,500	(73,500)	-	-	-	-	4,000
Long-term debt (excluding Accounts Receivable Facility)[1]	7,314,915	246,277	527	200,846	10,055	(1,549)	7,771,071
Accounts Receivable Facility	-	94,962	-	(1,206)	(31)	-	93,725
Lease liabilities from unrelated parties	4,630,100	(752,884)	(10,763)	218,744	-	439,863[2]	4,525,060
Lease liabilities from related parties	119,281	(22,268)	-	25	-	56,665[2]	153,703

[1] Cash Flow excluding repayments of variable payments outstanding for acquisitions in the amount of €3,975.
[2] Includes newly concluded leases, lease modifications and reassessments of leases with third parties and related parties. Furthermore, interest expense in the amount of €151,317, net of interest paid (included in Net cash provided by (used in) operating activities), are included.

			Non-cash changes				
	January 1, 2021	Cash Flow	Acquisitions (net of divestitures)	Foreign currency translation	Amortization of debt issuance costs and discounts	Other	December 31, 2021
Short-term debt from unrelated parties	62,950	1,115,777	164	(531)	-	(7)	1,178,353
Short-term debt from related parties	16,320	61,180	-	-	-	-	77,500
Long-term debt (excluding Accounts Receivable Facility)[1]	7,808,460	(812,002)	11,421	294,437	9,423	3,176	7,314,915
Accounts Receivable Facility	-	-	-	-	-	-	-
Lease liabilities from unrelated parties	4,352,267	(675,639)	42,600	297,110	-	613,762[2]	4,630,100
Lease liabilities from related parties	140,020	(21,315)	-	90	-	486[2]	119,281

[1] Cash Flow excluding repayments of variable payments outstanding for acquisitions in the amount of €3,975.
[2] Includes newly concluded leases, lease modifications and reassessments of leases with third parties and related parties. Furthermore, interest expense in the amount of €151,317, net of interest paid (included in Net cash provided by (used in) operating activities), are included.

T 5.86 **SEGMENT AND CORPORATE INFORMATION (CONTINUATION SEE NEXT PAGE)**
IN € THOUS

	North America Segment	EMEA Segment	Asia-Pacific Segment	Latin America Segment	Total Segment	Corporate[1]	Total
2022							
Revenue from health care services	11,948,330	1,456,175	980,792	552,679	14,937,976	28,604	14,966,580
Revenue from health care products	1,131,263	1,368,612	1,115,914	240,664	3,856,453	19,868	3,876,321
Revenue from contracts with customers	13,079,593	2,824,787	2,096,706	793,343	18,794,429	48,472	18,842,901
Other revenue external customers	470,335	26,422	54,843	3,516	555,116	–	555,116
Revenue external customers	13,549,928	2,851,209	2,151,549	796,859	19,349,545	48,472	19,398,017
Inter-segment revenue	19,233	–	117	1,128	20,478	(20,478)	–
REVENUE	**13,569,161**	**2,851,209**	**2,151,666**	**797,987**	**19,370,023**	**27,994**	**19,398,017**
OPERATING INCOME	**1,475,558**	**256,108**	**339,672**	**23,754**	**2,095,092**	**(583,337)**	**1,511,755**
Interest							(292,476)
INCOME BEFORE INCOME TAXES							**1,219,279**
Depreciation and amortization	(1,086,609)	(194,554)	(108,360)	(43,709)	(1,433,232)	(285,570)	(1,718,802)
Impairment loss	(84,874)	(3,658)	(240)	(3)	(88,775)	(30,786)	(119,561)
Income (loss) from equity method investees	73,699	(9,377)	969	1,268	66,559	–	66,559
Total assets	23,716,516	3,876,332	2,989,350	853,985	31,436,183	4,317,931	35,754,114
thereof investments in equity method investees	437,986	203,759	104,830	27,149	773,724	–	773,724
Additions of property, plant and equipment, intangible assets and right of use assets	696,504	165,196	85,719	44,691	992,110	326,311	1,318,421

[1] Includes inter-segment consolidation adjustments.

SEGMENT AND CORPORATE INFORMATION (CONTINUATION OF THE PREVIOUS PAGE)

IN € THOUS

	North America Segment	EMEA Segment	Asia-Pacific Segment	Latin America Segment	Total Segment	Corporate[1]	Total
2021							
Revenue from health care services	10,622,787	1,379,151	941,627	499,215	13,442,780	36,658	13,479,438
Revenue from health care products	1,051,878	1,336,921	1,017,262	201,054	3,607,115	16,836	3,623,951
Revenue from contracts with customers	11,674,665	2,716,072	1,958,889	700,269	17,049,895	53,494	17,103,389
Other revenue external customers	413,046	48,694	50,901	2,655	515,296	-	515,296
Revenue external customers	12,087,711	2,764,766	2,009,790	702,924	17,565,191	53,494	17,618,685
Inter-segment revenue	31,869	-	620	202	32,691	(32,691)	-
REVENUE	**12,119,580**	**2,764,766**	**2,010,410**	**703,126**	**17,597,882**	**20,803**	**17,618,685**
OPERATING INCOME	**1,643,918**	**309,327**	**349,599**	**11,959**	**2,314,803**	**(462,513)**	**1,852,290**
Interest							(280,429)
INCOME BEFORE INCOME TAXES							**1,571,861**
Depreciation and amortization	(983,568)	(195,032)	(105,934)	(38,890)	(1,323,424)	(261,943)	(1,585,367)
Impairment loss	(19,814)	(12,146)	(3,684)	(493)	(36,137)	(2,172)	(38,309)
Income (loss) from equity method investees	90,123	(1,074)	2,163	963	92,175	-	92,175
Total assets	22,667,874	3,943,175	3,042,941	787,207	30,441,197	3,925,361	34,366,558
thereof investments in equity method investees	459,231	197,717	104,077	25,880	786,905	-	786,905
Additions of property, plant and equipment, intangible assets and right of use assets	872,647	206,248	130,632	50,374	1,259,901	296,963	1,556,864

[1] Includes inter-segment consolidation adjustments.

SEGMENT AND CORPORATE INFORMATION (CONTINUATION OF THE PREVIOUS PAGE)
IN € THOUS

	North America Segment	EMEA Segment	Asia-Pacific Segment	Latin America Segment	Total Segment	Corporate[1]	Total
2020							
Revenue from health care services	11,060,231	1,364,976	876,036	484,930	13,786,173	24,416	13,810,589
Revenue from health care products	1,094,828	1,363,820	969,674	196,445	3,624,767	15,228	3,639,995
Revenue from contracts with customers	12,155,059	2,728,796	1,845,710	681,375	17,410,940	39,644	17,450,584
Other revenue external customers	323,361	33,792	48,468	2,858	408,479	–	408,479
Revenue external customers	12,478,420	2,762,588	1,894,178	684,233	17,819,419	39,644	17,859,063
Inter-segment revenue	28,753	5,933	239	304	35,229	(35,229)	–
REVENUE	**12,507,173**	**2,768,521**	**1,894,417**	**684,537**	**17,854,648**	**4,415**	**17,859,063**
OPERATING INCOME	**2,119,737**	**411,674**	**343,632**	**(156,555)**	**2,718,488**	**(414,079)**	**2,304,409**
Interest							(368,019)
INCOME BEFORE INCOME TAXES							**1,936,390**
Depreciation and amortization	(997,509)	(191,204)	(110,400)	(35,731)	(1,334,844)	(252,025)	(1,586,869)
Impairment loss	(1,231)	(2,266)	(1,065)	(194,468)	(199,030)	–	(199,030)
Income (loss) from equity method investees	87,493	4,237	2,950	18	94,698	(180)	94,518
Total assets	21,358,156	3,879,386	2,830,867	724,124	28,792,533	2,896,503	31,689,036
thereof investments in equity method investees	413,401	215,650	105,661	26,401	761,113	–	761,113
Additions of property, plant and equipment, intangible assets and right of use assets	1,162,847	249,401	143,939	50,682	1,606,869	395,654	2,002,523

[1] Includes inter-segment consolidation adjustments.

For the geographic presentation, revenues are attributed to specific countries based on the end user's location for products and the country in which the service is provided. Information with respect to the Company's geographic operations is set forth in TABLE 5.87.

T 5.87 **GEOGRAPHIC PRESENTATION**
IN € THOUS

	Germany	North America	Rest of the world	Total
2022				
Revenue external customers	487,281	13,568,655	5,342,081	19,398,017
Long-lived assets	1,517,741	20,889,568	4,132,487	26,539,796
2021				
Revenue external customers	511,390	12,087,711	5,019,584	17,618,685
Long-lived assets	1,478,579	19,618,557	4,191,436	25,288,572
2020				
Revenue external customers	493,436	12,478,420	4,887,207	17,859,063
Long-lived assets	1,202,528	17,878,746	4,325,335	23,406,609

27. SUBSEQUENT EVENTS

As of January 1, 2023, the Company implemented its new global operating model as announced on November 2, 2021 and will begin reporting under the new model in the first quarter of 2023. In the new operating model, the Company reorganized its business into two global operating segments and determined the segments based upon how the Company manages its business with responsibilities by products and services. The Company consolidated its health care products business, including research and development, manufacturing, supply chain and commercial operations, as well as supporting functions, such as regulatory and quality management, under a global umbrella (Care Enablement). The Company's global health care services business, which is primarily engaged in providing services for the treatment of ESKD and other extracorporeal therapies, including value and risk-based care programs, was combined into one segment (Care Delivery) and also includes the pharmaceutical products business and the income from equity method investees related to the sale of certain renal pharmaceuticals from Vifor Fresenius Medical Care Renal Pharma Ltd. in the U.S, which are used in our clinics to provide health care services to our patients. General and administrative functions will also be globalized using a three pillars model of business partnering, centers of excellence and global shared services. The Company's Global Medical Office, which seeks to optimize medical treatments and clinical processes within the Company, is centrally managed and its profit and loss are allocated to the segments. Similarly, the Company allocates costs related primarily to headquarters' overhead charges, including accounting and finance as well as certain human resources, legal and IT costs, as the Company believes that these costs are attributable to the segments and used in the allocation of resources to Care Delivery and Care Enablement. These costs are allocated at budgeted amounts, with the difference between budgeted and actual figures recorded at Corporate. However, certain costs, which relate mainly to shareholder activities, management activities, global internal audit as well as investments and intangible assets, are not allocated to a segment but are accounted for as corporate expenses (Corporate). The Company believes that these costs are not within the control of the individual segments. The activities included in Corporate do not fulfill the definition of a segment according to IFRS 8, Operating Segments and are reported separately.

Management evaluates each segment using measures that reflect all of the segment's controllable revenues and expenses. With respect to the performance of business operations, management believes that the most appropriate measures are revenue and operating income. The Company does not include income taxes as it believes taxes are outside the segments' control. In addition, financing is a corporate function, which the Company's segments do not control. Therefore, the Company does not include interest expense relating to financing as a segment measurement. Products transferred from Care Enablement to Care Delivery are transferred at fair market value. The associated internal profit and loss for the product transfers are recorded within Care Enablement initially and eliminated upon consolidation and included within "Inter-segment eliminations." Capital expenditures for production are based on the expected demand of the segments and consolidated profitability considerations.

The Company performed a reallocation of goodwill to the segments under the new operating structure and evaluated the effects of this reallocation on the recoverability of goodwill. One group of CGUs was identified in each of the Company's operating segments (Care Enablement and Care Delivery) as of January 1, 2023 with no indication of impairment. As a result of the evaluation on the recoverability of goodwill, preliminary estimates indicate that reasonably possible changes to key assumptions, particularly in light of increasing interest rates and further pressure from a deterioration of the macroeconomic environment, may result in an impairment of goodwill allocated to Care Enablement in the future, which will be continuously reevaluated during 2023.

On February 21, 2023, the supervisory board of Management AG approved the Management Board's resolution to initiate firm plans for a change of the legal form of the Company from a partnership limited by shares (Kommanditgesellgesellschaft auf Aktien – KGaA) into a German stock corporation (Aktiengesellschaft – AG). The Supervisory Board has taken note with approval of the resolutions mentioned before. It is intended to convene an extraordinary general meeting of the Company at the beginning of the third quarter of 2023 which shall resolve on the change of the legal form. Thereby, the Management Board and the supervisory board of Management AG as well as the Supervisory Board support the intention of Fresenius SE to seek the deconsolidation of the Company.

No other significant activities have taken place subsequent to the balance sheet date December 31, 2022 that have a material impact on the key figures and earnings presented. Currently, there are no other significant changes in the Company's structure, management, legal form or personnel.

28. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Compensation of the Management Board of the General Partner

The total compensation of the members of the Management Board of Fresenius Medical Care Management AG for the fiscal year 2022 amounted to €21,910 (2021: €26,833) and consisted of non-performance-based compensation (including fringe benefits) in the total amount of €8,752 (2021: €9,531), short-term performance-based compensation in the total amount of €2,845 (2021: €6,819), components with long-term incentive effects (multi-year variable compensation) with a total fair value on the allocation date of €9,013 (2021: €10,483) and other long-term benefits of €1,300 (2021: €0). The components with long-term incentive effects consist of 182,192 Performance Shares (2021: 192,446) allocated under the MB LTIP 2020.

Under IFRS, pension expense (service costs) for the members of the Management Board of Fresenius Medical Care Management AG in 2022 amounted to €4,483 (2021: €5,146), income from long-term incentive share-based compensation plans amounted to €646 (2021: €5,119 expense) and expense for termination benefits amounted to €1,840 (2021: €0). Total compensation expense, in accordance with IFRS, for the members of the Management Board of Fresenius Medical Care Management AG amounted to €18,574 (2021: €26,615).

As of December 31, 2022, outstanding balances with respect to the members of the Management Board of Fresenius Medical Care Management AG amounted to €29,987 (December 31, 2021: €54,626) and consisted mainly of pension commitments and provisions for performance-based compensation components. Short-term performance-based compensation is linked to the achievement of three financial targets (based on Revenue, Operating income and Net income) and one non-financial target (Sustainability). The individual contractual defined benefit pension commitments provide for pension and survivor benefits as of the time of conclusively ending active work or in case of full or partial reduction in earning capacity, and the amount of such benefits is calculated by reference to the amount of the Management Board member's most recent base salary. The defined contribution pension commitments, which are designed in the form of external financing as a defined contribution plan with a reinsurance policy, can be paid out after reaching the relevant retirement age either as a one-off payment or optionally in ten annual installments. For information on the terms and conditions of the components with long-term incentive effects SEE NOTE 20.

The total compensation of former members of the Management Board of Fresenius Medical Care Management AG amounted to €2,705 (2021: €629). As of December 31, 2022, pension obligations, according to IAS 19, towards this group of persons exist in an amount of €51,270 (December 31, 2021: €49,274).

Compensation of the supervisory board

In the fiscal year, the total compensation of the members of the Supervisory Board of FMC AG & Co. KGaA amounted to €1,244 (2021: €1,089).

The compensation of the supervisory board of the Fresenius Medical Care Management AG and the compensation of its Committees was, in compliance with article 7 para. 3 of the Articles of Association of FMC AG & Co. KGaA, charged to FMC AG & Co. KGaA. In the fiscal year the total compensation of the members of the supervisory board of Fresenius Medical Care Management AG amounted to €1,054 (2021: €1,084).

29. PRINCIPAL ACCOUNTANT FEES AND SERVICES

In 2022, 2021 and 2020, fees for the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), and its affiliates were expensed as follows:

T 5.88 **FEES**
IN € THOUS

	2022		2021		2020	
	Consolidated group	thereof Germany	Consolidated group	thereof Germany	Consolidated group	thereof Germany
Audit fees	14,354	2,961	10,524	2,041	9,386	1,608
Audit-related fees	686	301	1,038	614	510	394
Tax fees	1,204	–	633	–	951	54
Other fees	2,940	2,940	1,817	1,813	5,236	5,236

Audit fees are the aggregate fees billed by the Company's auditor for the audit of the Company's consolidated financial statements and the statutory financial statements of FMC AG & Co. KGaA and certain of its subsidiaries, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. Fees related to the audit of internal control over financial reporting are included in audit fees.

Audit-related fees are fees charged by the Company's auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under audit fees. This category mainly comprises fees billed by PwC for comfort letters, audit of the compensation report of the management board, audit of the sustainability report, agreed-upon procedure engagements and other attestation services subject to regulatory requirements.

Tax fees are fees for professional services rendered by the Company's auditor for tax compliance, tax consulting associated with international transfer prices, as well as support services related to tax audits.

In 2022, 2021 and 2020, other fees include amounts related to services from the Company's auditors, mainly in regard to corporate governance.

Fees billed by the Company's auditors for non-audit services in Germany include fees for the services described above within the audit-related fees, tax fees and other fees.

30. CORPORATE GOVERNANCE

The Management Board of the General Partner, represented by Fresenius Medical Care Management AG, and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA issued a compliance declaration pursuant to Section 161 of the German Stock Corporation Act (AktG). The Company has frequently made this declaration available to the public by publishing it on its website.

The Company's declaration of compliance can be found at the following address:

www.freseniusmedicalcare.com/en/investors/corporate-governance/declaration-of-compliance/

Hof an der Saale, February 24, 2023

Fresenius Medical Care AG & Co. KGaA

Represented by the General Partner
Fresenius Medical Care Management AG

Management Board

H. GIZA **F. W. MADDUX, MD**

DR. K. MAZUR-HOFSÄSS **W. VALLE**

SUPERVISORY BOARD AND MANAGEMENT BOARD

SUPERVISORY BOARD

Dr. Dieter Schenk
Chair
Attorney and Tax Advisor
Member of Supervisory Boards

Member of the Supervisory Board of:
Fresenius Management SE (Vice Chair)
Fresenius Medical Care Management AG (Vice Chair)
HWT invest AG (Chair) (until September 30, 2022)
Gabor Shoes AG (Chair)
TOPTICA Photonics AG (Chair)
VAMED AG, Austria (Chair) (since December 14, 2022)

Member of the Foundation Board and of the Economic Council of:
Else Kröner-Fresenius-Stiftung (Chair)

Rolf A. Classon
Vice Chair
Non-Executive Director

Member of the Supervisory Board of:
Fresenius Medical Care Management AG

Member of the Board of Directors of:
Catalent, Inc., U.S. (Non-Executive Director)
Perrigo Company plc, Ireland (Non-Executive Director) (Chair) (until May 6, 2022)
BICO Group AB, Sweden (Non-Executive Director) (since May 16, 2022)

Gregory Sorensen, MD
Chief Executive Officer of DeepHealth, U.S.
Executive Chair of the Board of Directors of IMRIS (Deerfield Imaging, Inc.), U.S.

Member of the Supervisory Board of:
Fresenius Medical Care Management AG
Siemens Healthineers AG

Member of the Board of Directors of:
Invicro, LLC, U.S. (Non-Executive Director) (until March 31, 2022)
REALM IDx, Inc., U.S. (Non-Executive Director) (since March 31, 2022)

Dr. Dorothea Wenzel
Non-Executive Director

Member of the Board of Directors of:
H. Lundbeck A/S, Denmark (Non-Executive Director)
DENTSPLY SIRONA Inc., U.S. (Non-Executive Director) (since February 24, 2022)

Pascale Witz
President of PWH Advisors

Member of the Board of Directors of:
Horizon Therapeutics plc, Ireland (Non-Executive Director)
Regulus Therapeutics, Inc., U.S. (Non-Executive Director)
Perkin Elmer, Inc., U.S. (Non-Executive Director)

Prof. Dr. Gregor Zünd
Chief Executive Officer of the University Hospital of Zurich

SUPERVISORY BOARD COMMITTEES

Audit and Corporate Governance Committee

Rolf A. Classon (Chair until December 31, 2022, since then ordinary Member)
Pascale Witz (Vice Chair until December 31, 2022, since then Chair)
Dr. Dorothea Wenzel (Vice Chair since January 1, 2023)

Nomination Committee

Dr. Dieter Schenk (Chair)
Rolf A. Classon (Vice Chair)
Dr. Dorothea Wenzel

Joint Committee[1]

Dr. Dorothea Wenzel (Vice Chair)
Rolf A. Classon

MANAGEMENT BOARD OF THE GENERAL PARTNER

Fresenius Medical Care Management AG

Helen Giza

Chair and Chief Executive Officer (since December 6, 2022, before since May 16, 2022 Deputy Chief Executive Officer) and Chief Financial Officer

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S.

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (since April 13, 2022)

Dr. Carla Kriwet (from October 1, 2022 until December 5, 2022)

Chair and Chief Executive Officer

Member of the Management Board of:
Fresenius Management SE, General Partner of Fresenius SE & Co. KGaA (from October 1, 2022 until December 5, 2022)

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S. (from October 1, 2022 until December 8, 2022)

Franklin W. Maddux, MD

Global Chief Medical Officer

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland

Member of the Board of Directors of:
Goldfinch Bio, Inc., U.S. (Non-Executive Director) (until November 20, 2022)

[1] Joint Committee of the Supervisory Boards of FMC AG & Co. KGaA and Fresenius Medical Care Management AG. Further members of the Joint Committee were respectively are Mr. Stephan Sturm (until September 30, 2022, until then also Chair) respectively Mr. Michael Sen (since October 1, 2022, also Chair) and Ms. Rachel Empey (until August 31, 2022) respectively Ms. Sara Hennicken (since September 1, 2022) as representatives of Fresenius Medical Care Management AG. Mr. Sturm respectively Mr. Sen and Ms. Empey respectively Ms. Hennicken were respectively are not members of the Supervisory Board of FMC AG & Co. KGaA.

Dr. Katarzyna Mazur-Hofsäß
Chief Executive Officer for Care Enablement

Member of the Supervisory Board of:
Xenios AG (Chair)
Medos Medizintechnik AG (Chair) (until September 1, 2022)

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (until April 13, 2022)

Member of the Board of Directors of:
Smith & Nephew plc, United Kingdom (Non-Executive Director)

Rice Powell (until December 31, 2022)
Member of the Management Board and (until September 30, 2022) Chief Executive Officer

Member of the Management Board of:
Fresenius Management SE, General Partner of Fresenius SE & Co. KGaA (until September 30, 2022)

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S. (Chair) (until September 30, 2022)

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (Vice Chair)
(until September 28, 2022)

William Valle
Chief Executive Officer for Care Delivery

Member of the Board of Directors of:
Fresenius Medical Care Holdings, Inc., U.S.

Member of the Board of Administration of:
Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (since April 13, 2022)

INDEPENDENT AUDITOR'S REPORT

To Fresenius Medical Care AG & Co. KGaA, Hof an der Saale

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of income, consolidated statement of shareholders' equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Fresenius Medical Care AG & Co. KGaA for the financial year from 1 January to 31 December 2022. In accordance with German legal requirements, we have not audited the content of the sections "Internal Control System" and "Compliance Management System" of the group management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets,- liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the sections referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group 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). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities 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 consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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 consolidated 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 matters of most significance in our audit were as follows:

- Recoverablity of goodwill
- Business Combination of InterWell Health

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

Recoverablity of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to € 15,791 million (44.2% of total assets or 102.2% of equity) is reported under the "Goodwill" balance sheet item. In accordance with IAS 36, the Company performs an annual impairment test of goodwill at least once a year for each group of cash generating units ("CGUs") or more frequently if the Company becomes aware of events that occur or if circumstances change that would indicate the carrying value may not be recoverable. To perform the annual impairment test of goodwill, the Company identified its groups of cash generating units and determined their carrying value by assigning the operating assets and liabilities, including the existing goodwill and intangible assets, to those groups of CGUs. Groups of CGUs reflect the lowest level on which goodwill is monitored for internal management purposes. To comply with IFRS to determine possible impairments of these assets, the value in use of the groups of CGUs is first compared to the group of CGU's carrying amount. In cases where the value in use of the group of CGUs is less than its carrying amount and the fair value less cost of disposal is not estimated to be higher than the value in use, the difference is recorded as an impairment of the carrying amount of the group of CGUs. The value in use of each group of CGUs is determined using estimated future cash flows for the unit discounted by a pre-tax discount rate ("WACC") specific to that group of CGUs. The annual impairment tests determined that no write-downs were necessary.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of CGUs, the pre-tax discount rate used and other assumptions, and is subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our procedures on the goodwill impairment tests, we assessed the effectiveness of the processes and controls established by the Company with respect to the valuation model and the determination of the applicable pre-tax discount rate. Our procedures also included, among others, comparing the Company's historical financial forecasted budgets with the actual results, agreeing future cash flows to approved budgets, and performing sensitivity analyses over significant assumptions used by the executive directors, including the applied pre-tax discount rate. In addition, we involved our valuation professionals with specialized skills and knowledge, who assisted in evaluating the pre-tax discount rates for each group of CGUs and the appropriateness of the valuation model. For the CGUs North America and EMEA, whose value in use did not exceed the carrying amount significantly, we also performed procedures to assess the revenue growth rates and operating income margins used in the cash flow forecasts by comparing the development of assumptions to underlying documentation, including patient growth expectations. We also performed sensitivity analyses over the revenue growth rates, residual value growth rates, and operating income margin to evaluate the impact of changes to the respective group of CGU's value in use.

   Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill are contained in NOTES 1G, 2A AND 11 of the notes to the consolidated financial statements.

Business Combination of InterWell Health

1. On August 24, 2022 (acquisition date), the Company completed a business combination between Fresenius Health Partners, Inc. (FHP), the Company's wholly-owned subsidiary Fresenius Medical Care Holdings, Inc, InterWell Health LLC and Cricket Health, Inc (Cricket). The contribution of the net assets of InterWell Health LLC and Cricket was accounted for as a business combination under IFRS 3, with the Company having been identified as the acquirer and InterWell Health LLC and Cricket as the acquirees. The contribution of the net assets of FHP was made at carrying amounts as an equity transaction under common control. Upon completion of the business combination described above, the Company owns approximately 75% of InterWell Topco L.P. (NewCo) and fully consolidates it. Shortly after the acquisition date, the Company also transferred Acumen Physician Solutions, LLC (Acumen) to NewCo. The Company granted put options to the non-controlling shareholders with an estimated redemption amount of € 566 million as of the balance sheet date and recorded a liability in the amount of the present value of the repayment amount. The transaction is associated with several complex accounting requirements and accounting of the business combination thus associated with a higher risk of error. Against this background, this matter was of particular significance in the context of our audit.

2. As part of our procedures on the business combination, we evaluated the design and operating effectiveness of controls established by the Company with respect to the determination of the accounting treatment for the business combination. Our procedures also included, among others, assessing the transaction agreements and evaluating whether the contributions of FHP and Acumen and the recognition of non-controlling interest have been accounted for and disclosed in accordance with the relevant accounting standards.

   Overall, we were able to satisfy ourselves that the accounting treatment of this business combination and that the estimates and assumptions made by the executive directors are comprehensible and adequately justified.

3. The Company's disclosures on the business combination are contained in NOTE 3 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the sections "Internal Control System" and "Compliance Management System" of the group management report as unaudited parts of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB, which we obtained prior to the date of our auditor's report
- the separate non-financial group report to comply with §§ 315b to 315c HGB, which we obtained prior to the date of our auditor's report
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible, which we obtained prior to the date of our auditor's report
- all remaining parts of the annual report, which are expected to be made available to us after the date of the auditor's report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group 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 consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated 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 consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 group 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 group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated 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 consolidated financial statements and on the group 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) 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 consolidated financial statements and this group 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 consolidated financial statements and of the group 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 consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group 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.
- 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 Group'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 consolidated financial statements and in the group 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 Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group 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 consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file FME_AG_KA_KLB_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 consolidated financial statements and the group 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 consolidated financial statements and the group 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 consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group 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 consolidated financial statements and the group 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 "Group 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 consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 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.

Group 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 consolidated 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 consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 12 May 2022. We were engaged by the supervisory board on 1 December 2022. We have been the group auditor of the Fresenius Medical Care AG & Co. KGaA, Hof an der Saale, 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 consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group 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 Peter Kartscher.

Frankfurt am Main, February 24, 2023

PRICEWATERHOUSECOOPERS GMBH
Wirtschaftsprüfungsgesellschaft

(SGD. PETER KARTSCHER)
Wirtschaftsprüfer
(German Public Auditor)

(SGD. HOLGER LUTZ)
Wirtschaftsprüfer
(German Public Auditor)

FURTHER INFORMATION

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the results of operations, financial position and net assets of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hof an der Saale,
February 24, 2023

Fresenius Medical Care AG & Co. KGaA

Represented by the General Partner
Fresenius Medical Care Management AG

Management Board

H. GIZA **F. W. MADDUX, MD**

DR. K. MAZUR-HOFSÄSS **W. VALLE**

REGIONAL ORGANIZATION

T 6.1 **REGIONAL ORGANIZATION OF FRESENIUS MEDICAL CARE (CONTINUATION SEE NEXT PAGE)**

Europe, Middle East and Africa			
Austria	FMC Austria GmbH	Vienna	100%
Belgium	FMC Belgium N.V.	Willebroek	100%
Bosnia and Herzegovina	FMC BH d.o.o.	Sarajevo	100%
Bulgaria	FMC Bulgaria EOOD	Gabrovo	100%
Croatia	FMC-Nephro d.o.o.	Zagreb	100%
Czech Republic	FMC-DS, s.r.o.	Prague	100%
Denmark	FMC Danmark A / S	Taastrup	100%
Finland	FMC Suomi Oy	Helsinki	100%
France	FMC France S.A.S.	Fresnes	100%
Germany	FMC Deutschland GmbH	Bad Homburg v. d. H.	100%
Great Britain	FMC (U.K.) Ltd.	Nottinghamshire	100%
Hungary	FMC Dializis Center Kft. *	Budapest	100%
Ireland	FMC (Ireland) Ltd.	Dublin	100%
Israel	FMC Israel Ltd.	Raanana	100%
Italy	FMC Italia S.p.A.	Palazzo Pignano	100%
Kazakhstan	FMC Kazakhstan LLP	Almaty	100%
Kyrgyzstan	FMC KGZ LLC	Bishkek	100%
Lebanon	FMC Lebanon S.a.r.l.	Beirut	100%
Morocco	FMC Nord Ouest et Centre Afrique S.A.	Casablanca	100%
Poland	FMC Polska S.A.	Poznań	100%
Portugal	NephroCare Portugal, S.A.	Lisbon	100%
Romania	FMC Romania S.r.l.	Bucharest	100%
Russian Federation	JSC Fresenius SP	Moscow	100%
Saudi Arabia	Saudi Advanced Renal Services Ltd.	Riyadh	100%
Serbia	FMC Srbija d.o.o.	Vršac	100%
Slovakia	FMC Slovensko, spol. s.r.o.	Pieštany	100%

REGIONAL ORGANIZATION OF FRESENIUS MEDICAL CARE (CONTINUATION FROM PREVIOUS PAGE)

Europe, Middle East and Africa				
Slovenia	FMC Slovenija d.o.o.	Celje		100%
South Africa	FMC South Africa (Pty.) Ltd.	Johannesburg		100%
Spain	NMC of Spain, S.A.U.	Madrid		100%
Sweden	FMC Sverige AB	Sollentuna		100%
Switzerland	FMC (Schweiz) AG	Oberdorf		100%
The Netherlands	FMC Nederland B.V.	Nieuwkuijk		100%
Turkey	Fresenius Medikal Hizmetler A.S.	Istanbul		100%
Ukraine	FMC Ukraine TOV	Kiev		100%
North America				
Mexico	FMC de México, S.A. de C.V.	Zapopan		100%
U.S.	FMC Holdings, Inc.	New York		100%
Latin America				
Argentina	FMC Argentina S.A.	Buenos Aires		100%
Brazil	FMC Ltda.	Jaguariúna		100%
Chile	FMC Chile S.A.	Santiago de Chile		100%
Colombia	FMC Colombia S.A.	Bogotá		100%
Curaçao	Caribbean Medic Health Care System N.V.	Willemstad		100%
Ecuador	NEFROCONTROL S.A.	Quito		100%
Guatemala	SUGERENCIAS MEDICAS, S.A.	Guatemala-City		100%
Peru	FMC del Perú S.A.	Lima		100%
Uruguay	Casarelio S.A.	Montevideo		100%

Asia-Pacific				
Australia	FMC Australia Pty. Ltd.	Sydney		100%
Bangladesh	FMC Bangladesh Ltd.	Dhaka		100%
China	FMC (Shanghai) Co., Ltd.	Shanghai		100%
Hong Kong	FMC Hong Kong Ltd.	Wan Chai		100%
India	FMC India Private Ltd.	Gurugram		100%
Indonesia	PT FMC Indonesia	Jakarta		100%
Japan	Fresenius-Kawasumi Co., Ltd.	Tokyo		70%
Malaysia	FMC Malaysia Sdn. Bhd.	Petaling Jaya		100%
Myanmar	FMC Myanmar Company Ltd.	Yangon		100%
Pakistan	FMC Pakistan (Private) Ltd.	Lahore		100%
Philippines	FMC Philippines, Inc.	Manila		100%
Singapore	Asia Renal Care (SEA) Pte. Ltd.	Singapore		100%
South Korea	FMC Korea Ltd.	Seoul		100%
Sri Lanka	FMC Lanka (Private) Ltd.	Colombo		100%
Taiwan	FMC Taiwan Co., Ltd.	Taipei		100%
Thailand	FMC (Thailand) Ltd.	Bangkok		100%
Vietnam	FMC Vietnam LLC	Ho Chi Minh City		100%

Production Sales Service

Simplified chart of Fresenius Medical Care's regional organization. Line of business in respective country in 2022.
We use FMC for Fresenius Medical Care except for all susidiaries marked with *. Some percentage of subsidiaries represent direct and indirect shareholdings.

FIVE-YEAR SUMMARY

T 6.2 **FIVE-YEAR SUMMARY (CONTINUATION SEE NEXT PAGE)**
IN € M, EXCEPT PER SHARE DATA

	2022	2021	2020	2019	2018
Statements of income					
Revenue	19,398	17,619	17,859	17,477	16,547
Earnings before interest, taxes, depreciation, amortization and impairment loss (EBITDA)	3,350	3,476	4,090	3,863	3,827
Operating income	1,512	1,852	2,304	2,270	3,038
Net income (attributable to shareholders of FMC AG & Co. KGaA)	673	969	1,164	1,200	1,982
Basic earnings per share in €	2.30	3.31	3.96	3.96	6.47
Balance sheets					
Non-current assets	27,551	26,400	24,414	25,770	18,395
Total assets	35,754	34,367	31,689	32,935	26,242
Equity	15,449	13,979	12,331	13,227	12,902
Total debt and lease liabilities	13,213	13,320	12,380	13,782	7,546
Cash flow					
Net cash provided by (used in) operating activities	2,167	2,489	4,233	2,567	2,062
Free cash flow (net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments)	1,480	1,660	3,197	1,454	1,059
Share data					
Year-end share price Frankfurt, Xetra in €	30.57	57.14	68.20	65.96	56.64
Year-end share price (ADS) New York in $	16.34	32.46	41.56	36.83	32.39
Weighted average number of shares	293,246,430	292,944.732	294,055,525	302,691,397	306,541,706
Total dividend amount[1] in € M	329	396	392	351	355
Dividend per share[1] in €	1.12	1.35	1.34	1.20	1.17

FIVE-YEAR SUMMARY (CONTINUATION FROM PREVIOUS PAGE)

IN € M, EXCEPT PER SHARE DATA

	2022	2021	2020	2019	2018
Employees					
Headcount	128,044	130,251	133,129	128,300	120,328
Operational ratios in %					
Operating income margin	7.8	10.5	12.9	13.0	18.4
Basic earnings per share growth	(30.6)	(16.4)	(0.1)	(38.7)	54.9
Organic revenue growth	1.6	1.4	3.1	5.2	3.9
Return on invested capital (ROIC)[2]	3.3	4.9	5.8	6.1	12.4
Net leverage ratio[3]	3.4	3.3	2.7	3.2	1.8
Net cash provided by (used in) operating activities in % of revenue	11.2	14.1	23.7	14.7	12.5
Free cash flow in % of revenue	7.6	9.4	17.9	8.3	6.4
Equity ratio (equity / total assets)	43.2	40.7	38.9	40.2	49.2
Dialysis care data					
Treatments in M	52.3	52.9	53.6	52.1	50.0
Patients	344,687	345,425	346,553	345,096	333,331
Dialysis clinics	4,116	4,171	4,092	3,994	3,928

[1] 2022: proposal to be approved by the Annual General Meeting on May 16, 2023.
[2] See calculation in the Group Management Report, chapter "Overview of the group", section "Performance management system" starting on PAGE 23.
[3] See calculation in the Group Management Report, chapter "Economic Report", section "Results of operations, financial position and net assets – Financial position – Financing strategy" starting on PAGE 48.

FINANCIAL CALENDAR 2023

Subject to change

MAY 9 — Report on first quarter

MAY 16 — Annual General Meeting

MAY 22 — Payment of dividend
Subject to the approval by the Annual General Meeting

AUGUST 2 — Report on second quarter

NOVEMBER 2 — Report on third quarter

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FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that are based on plans, projections, and estimates and are subject to various risks and uncertainties. Actual results could differ materially from those described in these forward-looking statements due to certain factors. The risks and uncertainties are detailed in the reports filed with the U.S. Securities and Exchange Commission. We do not undertake any obligation to update any forward-looking statements in this Annual Report.

PUBLICATION SERVICE

This Annual Report is available in both German and English. Annual Reports, Interim Reports, and further information on the Company are also available on our website: www.freseniusmedicalcare.com.

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