

# Shaping the future of kidney care

2023

19.45

Revenue in BN €

0.76

Net income<sup>1</sup> excluding special items<sup>2</sup> in BN €

1.19

Dividend per share in €<sup>3</sup>

119,845

Employees<sup>4</sup>

332,548

Patients

2022

19.40

Revenue in BN €

0.73

Net income<sup>1</sup> excluding special items and PRF<sup>2</sup> in BN €

1.12

Dividend per share in €

128,044

Employees<sup>4</sup>

344,687

Patients

<sup>1</sup> Net income attributable to shareholders of Fresenius Medical Care AG.<sup>2</sup> 2023: costs related to the FME25 program, Humacyte Investment Remeasurement, Legal Form Conversion Costs and impacts from Legacy Portfolio Optimization; 2022: costs related to the FME25 Program, Net Gain Related to InterWell Health, Humacyte Investment Remeasurement, Hyperinflation in Turkey and Impacts Related to the War in Ukraine. Additionally, 2022 was adjusted for the Provider Relief Funding.<sup>3</sup> Proposal to be approved by the Annual General Meeting on May 16, 2024.<sup>4</sup> Headcount.

Fresenius Medical Care is the world's leading provider of products and services for individuals with kidney diseases, of whom around 4.1 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

	2023	2022	Change
Revenue in € BN	19.45	19.40	5% cc
Net income <sup>1</sup> in € BN	0.50	0.67	(24%) cc
Net income <sup>1</sup> excl. special items and PRF <sup>2</sup> in € BN	0.76	0.73	6% cc
Operating income in € BN	1.37	1.51	(7%) cc
Operating income excl. special items and PRF <sup>2</sup> in € BN	1.74	1.54	15% cc
Basic earnings per share in €	1.70	2.30	(24%) cc
Basic earnings per share excl. special items and PRF <sup>2</sup> in €	2.58	2.49	6% cc
Net cash provided by (used in) operating activities in € BN	2.63	2.17	21%
Free cash flow <sup>3</sup> in € BN	1.96	1.48	32%
Capital expenditures, net in € BN	(0.67)	(0.69)	(3%)
Acquisitions and investments (excl. investments in debt securities) in € BN	(0.04)	(0.06)	(40%)
Operating income margin excl. special items and PRF <sup>2</sup> in %	8.9	7.9	
Return on invested capital (ROIC) <sup>4</sup> in %	2.8	3.3	
Net leverage ratio <sup>5</sup>	3.2	3.4	
Equity ratio (equity/total assets) <sup>6</sup> in %	43.7	43.2	

cc = at constant currency

<sup>1</sup> Net income attributable to shareholders of Fresenius Medical Care AG.

<sup>2</sup> 2023: costs related to the FME25 program, Humacyte Investment Remeasurement, Legal Form Conversion Costs and impacts from Legacy Portfolio Optimization; 2022: costs related to the FME25 Program, Net Gain Related to InterWell Health, Humacyte Investment Remeasurement, Hyperinflation in Türkiye and Impacts Related to the War in Ukraine. Additionally, 2022 was adjusted for the Provider Relief Funding.

<sup>3</sup> Net cash provided by (used in) operating activities, after capital expenditures, before acquisitions and investments.

<sup>4</sup> See calculation in the Group Management Report, chapter "Overview of the Group", section "Performance management system" starting on page 36.

<sup>5</sup> 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 56.

<sup>6</sup> As of December 31 of the respective year.

A photograph of a patient in a hospital bed wearing a headset, with a healthcare professional's hands visible in the foreground. The patient is looking towards the camera with a slight smile. The background shows medical equipment and a blurred hospital room.

We continue to further strengthen our business and position ourselves to once again shape the future of kidney care.

# Content

## TO OUR SHAREHOLDERS

- 07 Letter to our Shareholders
- 11 Management Board
- 12 Report by the Supervisory Board
- 22 Capital Markets and Shares

## GROUP MANAGEMENT REPORT

- 30 General Information
- 31 Overview of the Group
- 48 Economic Report
- 66 Subsequent Events
- 66 Outlook
- 69 Risks and Opportunities Report
- 89 Corporate Governance Fundamentals

## NON-FINANCIAL GROUP REPORT

- 93 Sustainability Management
- 101 Patients
- 109 Employees
- 114 Environmental Protection
- 120 Compliance
- 123 Protecting Data
- 125 Supplier Management
- 126 Human Rights
- 127 About this Report
- 128 Other Key Figures
- 131 Independent Practitioner's Report

## CORPORATE GOVERNANCE

- 134 Declaration on Corporate Governance
- 155 Compensation Report

## CONSOLIDATED FINANCIAL STATEMENTS

- 197 Consolidated Financial Statements
- 206 Notes to Consolidated Financial Statements
- 305 Supervisory Board and Management Board
- 308 Independent Auditor's Report

## FURTHER INFORMATION

- 316 Responsibility Statement
- 316 Regional Organization
- 318 Five-Year Summary
- 320 Financial Calendar, Imprint and Contact

# To our Shareholders

- 07 Letter to our Shareholders
- 11 Management Board
- 12 Report by the Supervisory Board
- 22 Capital Markets and Shares

# Letter to our Shareholders

## Dear Shareholders,

The year 2023 was a transformative one for Fresenius Medical Care, as we set out to achieve important structural, operational, and cultural changes. With your support, and thanks to the hard work and dedication of our employees around the world, I am proud to say that we successfully executed on our commitment of fundamental transformation and made progress against all facets of our strategic plan.

The structural changes we set out to achieve were no small undertaking. We introduced a new operating model, realigning our business into two distinct global segments: Care Delivery and Care Enablement. This then enabled us to implement a new financial reporting framework with enhanced transparency. And we significantly simplified our governance structure with the change of our legal form, which in turn strengthened the rights of our free float shareholders.

Critically, we achieved all of this in 2023 while driving a turnaround of the business and improving our operating and financial returns. I thank you – our shareholders – along with our employees and our patients, for your ongoing support and trust during this important year of level-setting.

**Helen Giza**  
Chief Executive Officer  
and Chair of the  
Management Board

## Exceeding expectations: Our 2023 performance

Last year was not only a year of great structural change but also of operational performance turnaround and improving financial key performance indicators. For fiscal year 2023, we delivered top- and bottom-line growth, even exceeding our twice-raised earnings outlook.

At the same time, we continued to successfully execute on our FME25 transformation program. We achieved annual sustainable savings of 346 million euros, ahead of our initial plan for the year (250 to 300 million euros). The program continues well on track to achieving the targeted 650 million euros of sustainable annual savings by year end 2025.

Additionally, we made significant progress on our turnaround efforts in Care Delivery in the U.S., driving operational efficiencies in labor productivity and improving our clinic operating leverage.

We have been moving at speed on our portfolio optimization program to reduce distraction and focus on our core and higher margin businesses. In the first quarter of 2023 we ceased the development of a non-global dialysis cyclor. Later in the year we announced and closed divestments of our clinic network and production sites in Argentina; our clinic network in Hungary; and National Cardiovascular Partners (NCP), our cardiovascular clinic network in the U.S. In 2023 we announced additional divestments that are subject to regulatory approval and are in the process of closing. These include our clinic network in Sub-Saharan Africa and Cura Day Hospital Group in Australia.

The divestments closed in 2023 accounted for 214 million euros of revenue and 20 million euros of operating income.

“I am proud to say that we successfully executed on our commitment of fundamental transformation, and made progress against all facets of our strategic plan.”



CEO Helen Giza looks back on a strong performance in 2023.



### Disciplined capital allocation

Our strategic plan includes a stringent financial framework and a clear capital allocation priority to deleverage, strengthen our balance sheet, and create headroom for our strategy beyond our published 2025 plans.

I am very proud to report a 21 percent increase in operating cash flow. In line with our commitment to deleverage, we used proceeds from the Tri-care settlement, as well as 135 million euros in divestment proceeds, to reduce debt. Net financial as well as total debt including lease liabilities was meaningfully reduced by 1 billion euros in 2023.

We have been successful in reducing our net leverage ratio from 3.4x to 3.2x, putting us closer to the lower end of our self-imposed target range of 3.0x to 3.5x.

In light of fully being on track for our deleveraging and as prescribed by our dividend policy, for 2023 the Supervisory Board and Management Board propose a dividend of 1.19 euros per share. This 6 percent increase is in line with our year-over-year adjusted net income growth.

### Purpose-driven. Patient-centric.

At Fresenius Medical Care we are driving change and executing against our strategic priorities from a very privileged position.

As the leading vertically integrated kidney care company worldwide, our products serve roughly half of the world's dialysis patients. Those suffering from kidney disease count on us in the most fundamental ways. We are truly Creating a future worth living. For patients. Worldwide. Every day.

In 2023 we continued to make progress toward our sustainability goals. Underscoring our focus on high quality care, patient feedback measured by the Net Promoter Score resulted in an "excellent" designation of 72. Throughout 2023 we saw sequential stability in our clinical quality performance at a high level, another important measurement of patient service and care.

With our commitment to the Science Based Targets Initiative (SBTi), we underlined our goal to achieve climate neutrality in our operations by 2040, in line with the Paris Agreement.

Aligned with our commitment to increase the proportion of women in management across the two levels below the Management Board, I am pleased to report the achievement of a four point increase in 2023 (34 percent in 2023 versus 30 percent in 2022). By the end of 2027 we aim to increase the share of women in the first level below the Management Board to 35 percent, and the share of women in the second level to 45 percent.

## Focused execution: Our 2024 roadmap

2024 will be a year of continued disciplined execution and value, building on the critical foundational work accomplished in 2023. As we move further away from the COVID-19 pandemic, we anticipate a return to treatment volume growth in the U.S. over the course of the year.

Financially, in 2024 we expect to deliver revenue growth in the low- to mid-single digit percent range, and operating income growth in the mid- to high-teens percent range, compared to prior year.

Through on-going execution of our FME25 transformation plan, we expect to achieve an additional 100 to 150 million euros in sustainable savings.

Portfolio optimization continues at speed throughout the year. At the beginning of the year, we announced the sale of our clinic network in Turkiye. In March we announced the sale of dialysis clinics in Brazil, Colombia, Chile, and Ecuador for a total transaction price of 300 million euros. The transactions represent further important milestones in our portfolio optimization program, with each expected to close throughout 2024.

## Looking further ahead

We have re-confirmed our group margin target of 10 percent to 14 percent by 2025, with a detailed roadmap to achieve it. While it is critical that we remain focused on executing against our current strategic plan through 2025, in parallel, I am working with the Management Board and my Leadership team to shape the future of Fresenius Medical Care beyond 2025.

I am very excited by the opportunity to once again lead the market in kidney care innovation with the introduction of high volume hemodiafiltration ("high volume HDF") in the U.S.

Building on the success achieved in Europe, in February 2024 we announced receipt of the U.S. Food and Drug Administration clearance for our 5008x Hemodiafiltration system. This system, which is enabled by our expertise in membrane technology, delivers meaningful mortality reductions and has the potential to be a game-changer for patients in the U.S.

and for our commercial success. Thanks to our vertically integrated business model, we are well positioned to once more set the new standard of care for our industry.

We are taking a holistic approach and remain long-term focused in shaping our strategy beyond 2025. Capital allocation and shareholder returns are crucial focus points in the definition of the strategy.

I would like to thank you for your ongoing trust in us and support as we continue to further strengthen our business and position ourselves to once again shape the future of kidney care.

Sincerely,

**Helen Giza**

Chief Executive Officer and  
Chair of the Management Board

# Management Board

**William Valle**

Care Delivery  
(from January 2022  
until December 2023)

**Helen Giza**

CEO and Chair  
(since December 2022)  
  
Chief Financial Officer  
(from November 2019  
until September 2023)

**Martin Fischer**

Chief Financial Officer  
(since October 2023)

**Franklin  
W. Maddux, MD**

Global Medical Officer  
(since January 2020)

**Dr. Katarzyna  
Mazur-Hofsäß**

Care Enablement  
(since January 2022)



# Report by the Supervisory Board

## Dear Shareholders,

We reflect on an eventful year, one that Fresenius Medical Care AG has successfully completed. Persistent geopolitical conflicts and a challenging macroeconomic environment have characterized the past year and thus influenced the health care market. Rapid developments in technology, such as artificial intelligence, in the utilization of large datasets, and advances in biology and drug research, are bringing about fundamental changes in the health care industry.

Amidst these changes, Fresenius Medical Care has even exceeded its own targets set for the fiscal year 2023. The Company has implemented a new operating model along with transparent financial reporting and has consistently advanced the transformation and optimization of its portfolio. Following the deconsolidation from the Fresenius Group and the change of legal form, Fresenius Medical Care has opened a new chapter. This historic step grants the Company more freedom and more responsibility. Fresenius Medical Care can now fully focus on what it does best: advocating for the well-being of patients worldwide.

In the past year, the Supervisory Board has been reconstituted. I extend my sincere gratitude to the outgoing members for their dedication, energy, and ideas. To the new members, I wish them every success in their work for the benefit of Fresenius Medical Care.

On behalf of the Supervisory Board, I express my appreciation to the leadership team and all employees for their successful work during this challenging year. I warmly congratulate Martin Fischer and Craig Cordola on their appointment to the Management Board. I also extend my gratitude to William Valle, the outgoing board member, for his significant contributions to shaping the Company over many years.

For 2024 and beyond, the foundation for sustainable, value-creating growth has been laid. I am convinced that the management team, led by CEO Helen Giza, together with the dedicated employees, will build upon what has been achieved and successfully tackle the significant challenges of today and tomorrow.

**Michael Sen**  
Chairman  
of the Supervisory Board



Fresenius Medical Care successfully implemented several significant steps in the past fiscal year. As an important milestone, the change of legal form from a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) to a stock corporation (Aktiengesellschaft – AG) was successfully completed on November 30, 2023. Since then, the Company has the legal form of an AG with the company name “Fresenius Medical Care AG”. The resulting simplified corporate governance structure gives the company more flexibility and autonomy and strengthens the role of the free float shareholders.

The General Partner Fresenius Medical Care Management AG ceased to be the Company’s general partner upon the change of the legal form of the Company becoming effective. The management of the Company and the conduct of its business are now no longer the responsibility of the general partner, but of the Management Board of the Company.<sup>1</sup> Furthermore, upon the change of legal form becoming effective and the exit of the General Partner, the Company only has one Supervisory Board that combines the responsibilities of the Supervisory Board of the Company in the legal form of the KGaA on the one hand and of the Supervisory Board of the General Partner on the other hand.<sup>2</sup> In deviation from the Supervisory Board of the Company in the legal form of the KGaA, the Supervisory Board in the legal form of the AG is now also responsible for the appointment, dismissal and compensation of the members of the Management Board as well as resolutions on the approval of transactions requiring approval.

Furthermore, Fresenius Medical Care continuously advanced its structural change initiated in the past fiscal year with the implementation of the new operating model with two global operating segments (Care Delivery and Care Enablement) and

the alignment of the financial reporting with the new structure. By the measures taken to increase operational efficiency and the turnaround plan, significant sustainable savings were achieved as part of the FME25 transformation program. In addition, Fresenius Medical Care advanced the optimization of its portfolio and withdrew from unsustainable markets and divested non-core businesses that had a dilutive effect on the operating margin.

Fresenius Medical Care will continue to pursue and expand the FME25 transformation program to continuously optimize its processes along the new operating model. Through a clear focus on strengthening the core business and further operational and structural efficiencies, the Company aims to return to a sustainable profitable growth path and improve the creation of shareholder value. Fresenius Medical Care will, in particular, focus on the core areas of company structure, capital allocation, operational efficiency and portfolio optimization.

Significant events concerning the organization and composition of the Management Board or the Supervisory Board were:

#### > [New composition of the Supervisory Board](#)

As a consequence of the change of legal form, the Supervisory Board of Fresenius Medical Care AG is to be composed in accordance with different statutory provisions than before. The Supervisory Board is now composed of twelve members, six of whom represent the shareholders of the Company (shareholder representatives) and six of whom represent the employees of the Company (employee representatives). The term of office of the previous members of the Supervisory Board of the Company ended upon the effectiveness of the change of the legal form of the Company on November 30, 2023. The shareholder representatives on the Supervisory Board of the Company in the legal form of the AG were elected by the Extraordinary General Meeting of the Company on July 14, 2023 or, based on the appointment right (Entsendungsrecht) in favor of Fresenius SE & Co. KGaA, have been appointed by the latter. The shareholder represen-

tatives on the Supervisory Board of Fresenius Medical Care AG are Mr. Michael Sen (Chairman of the Supervisory Board), Ms. Sara Hennicken, Mr. Shervin J. Korangy, Dr. Marcus Kuhner, Mr. Gregory Sorensen, M.D., and Ms. Pascale Witz. Mr. Sen and Ms. Hennicken were appointed to the Company’s Supervisory Board by Fresenius SE & Co. KGaA, while the other shareholder representatives were elected to the Supervisory Board by the Extraordinary General Meeting of the Company. The employee representatives on the Supervisory Board of the Company will be elected by the employees in the course of 2024 in accordance with the applicable statutory provisions. In order to ensure that the Supervisory Board is already fully staffed before the conclusion of these elections, Ms. Stefanie Balling, Ms. Beate Haßdenteufel, Mr. Frank Michael Prescher, Dr. Manuela Stauss-Grabo, Mr. Ralf Erkens and Ms. Regina Karsch have been appointed as employee representatives to the Supervisory Board of the Company, upon motion of the Management Board of the Company, by court order of the local court of Hof (Saale), Germany, effective as of January 26, 2024. The term of office of the court-appointed employee representatives on the Supervisory Board of the Company will remain effective until completion of the election of employee representatives by Fresenius Medical Care’s workforce located in Germany.

#### > [Changes in the Management Board](#)

Effective October 1, 2023, Mr. Martin Fischer was appointed as Chief Financial Officer (CFO) to the Management Board with responsibility for the global finance organization of Fresenius Medical Care. He succeeded Ms. Helen Giza, who was appointed Chair of the Management Board in December 2022 and continued to serve as acting CFO until her successor took office. Mr. Fischer had been Head of Finance for Siemens Healthineers’ Diagnostics Division based in Tarrytown, New York, U.S. since 2019. Previously, he headed the Board Office and Organizations function for Siemens Healthineers and was responsible for the development of the business plan and the reorganization of the operating model for the company’s initial public offering in March 2018. Prior to that,

<sup>1</sup> Against this background, references to the Management Board in the Report by the Supervisory Board refer to the Management Board of Fresenius Medical Care Management AG for the period until the change of legal form became effective on November 30, 2023 and to the Management Board of Fresenius Medical Care AG for the period thereafter.

<sup>2</sup> Against this background, the information in the Report by the Supervisory Board for the period until the change of legal form became effective on November 30, 2023 refer to the Supervisory Board of Fresenius Medical Care AG & Co. KGaA and to the Supervisory Board of Fresenius Medical Care AG for the period thereafter.

Mr. Fischer held a number of key international operational and finance positions in the health care sector within Siemens AG. Mr. Fischer holds a degree in business informatics from the Reutlingen University of Applied Sciences for Technology and Economics and an MBA from Friedrich Alexander University in Nuremberg and completed the Chief Financial Officer Program at Columbia Business School in New York, USA.

As of January 1, 2024, Mr. Craig Cordola was appointed as member of the Management Board and Chief Executive Officer of the Care Delivery segment which consolidates the global health care services business. As part of a planned transition, Mr. Cordola succeeded Mr. William Valle who left the Management Board at the end of the year under review. Prior to joining Fresenius Medical Care, Mr. Cordola served in several executive roles with Ascension from 2017 through 2023, including Executive Vice President of Ascension Capital, Executive Vice President and Chief Operating Officer, and President and Chief Executive Officer, of Ascension Texas. Previously, Mr. Cordola held several senior executive and leadership positions at Memorial Hermann Health System in Houston, Texas. He is a Fellow of the American College of Healthcare Executives and holds a degree in Psychology from The University of Texas in Austin. Furthermore, he also earned a Master of Healthcare Administration (MHA) and a Master of Business Administration (MBA) from the University of Houston-Clear Lake.

In the past fiscal year, the Supervisory Board once again 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 Management Board or, respectively, 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 matters.

All relevant questions of the business policy, the company's planning and the strategy were subject to the deliberations. Reports of the Management Board on the course of the business, the profitability and liquidity as well as on the situation and outlook 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 as well as discussions on portfolio changes and investment projects. The Supervisory Board and its competent committees comprehensively discussed these as well as also all further significant business events. The Supervisory Board passed resolutions within its competencies according to law and the Articles of Association.

## Meetings

In the past fiscal year, fifteen meetings of the Supervisory Board, some of which lasted several days, were held (twelve meetings of the Supervisory Board of the Company in the legal form of the KGaA and three meetings of the Supervisory Board of the Company in the legal form of the AG). Of these meetings, seven meetings were conducted in presence, one meeting was conducted as hybrid meeting, i.e., in presence with the possibility of a virtual participation, and seven meetings were conducted as video conferences. In addition, the members of the Supervisory Board who are considered independent within the meaning of the applicable provisions discussed the intended change of legal form three times via video conferences in the past fiscal year. 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 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 was in total 98.3%. The

table on the next page shows the participation of the individual members in the past fiscal year.<sup>3</sup>

The Management Board and the Supervisory Board cooperate on a basis of trust 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 was also in contact with members of the senior management level last year. 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 of 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.

The members of the Audit Committee are entitled to obtain information, via the Chair of the Audit Committee, directly from the heads of certain central departments of the Company. As in previous years, it was however standard practice for the heads of central departments to report directly to the Supervisory Board and to be available for questions and for discussion.

<sup>3</sup> The employee representatives were appointed to the Supervisory Board only after the end of the year under review. The Nomination Committee and the Joint Committee did not convene in the year under review and are therefore not shown in this overview.

### T 1.1 PARTICIPATION OF THE MEMBERS IN THE MEETINGS OF THE SUPERVISORY BOARD AND THE COMMITTEES IN THE PAST FISCAL YEAR

	Supervisory Board	Audit Committee*	Presiding Committee	Compensation Committee
Rolf A. Classon	11/12	7/8	–	–
Sara Hennicken	3/3	–	–	–
Shervin J. Korangy	3/3	–	–	1/1
Dr. Marcus Kuhnert	3/3	1/1	1/1	–
Dr. Dieter Schenk	12/12	–	–	–
Michael Sen	3/3	–	1/1	–
Gregory Sorensen, MD	15/15	1/1	–	–
Dr. Dorothea Wenzel	12/12	8/8	–	–
Pascale Witz	15/15	9/9	–	1/1
Prof. Dr. Gregor Zünd	12/12	–	–	–

\* Until November 30, 2023: Audit and Corporate Governance Committee

## 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 the comprehensive support of the Management Board with the change of legal form from a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) to a stock corporation (Aktiengesellschaft – AG). In particular, when preparing its proposed resolution on the change of legal form for the Extraordinary General Meeting of the Company on July 14, 2023, the Supervisory Board carefully reviewed whether the change of legal form is in the best interest of the Company and its shareholders and, in this context, thoroughly considered the effects and potential risks of the change of legal form.

At several meetings, the Supervisory Board also focused on the further development of the FME25 transformation program

by the Management Board and was extensively involved in its implementation during the year under review.

In the year under review, the Supervisory Board also dealt with investments, the business strategy, the portfolio optimization, including the divestment of non-core businesses, as well as strategically relevant environmental, social and governance (ESG) aspects.

As part of its strategic focus, Fresenius Medical Care concentrates on businesses and markets that offer the greatest potential for sustainable profitable growth. The Company is therefore withdrawing from unsustainable markets and selling non-core businesses that have a dilutive effect on the operating margin. The Company is thus placing a clear focus on debt reduction as part of a stringent approach to capital allocation. In this context, Fresenius Medical Care withdrew from the dialysis business in Argentina and Hungary in the year under review and agreed the strategic sale of dialysis centers in

southern Africa. The Company also completed the sale of its outpatient cardiovascular clinic business National Cardiovascular Partners in the USA. In addition, Fresenius Medical Care reached an agreement on the sale of the Australian Cura Day Hospitals Group in the year under review, subject to final regulatory approval.

The business development, the competitive situation and the Management Board's planning for the individual functions and business segments were also focal points of the Supervisory Board's discussions. The Supervisory Board was also extensively informed by the Management Board about a study by a pharmaceutical manufacturer on the efficacy of GLP-1 receptor agonists. In this context, the Management Board provided the Supervisory Board with comprehensive reports on the potential impact on the patient base and the evaluated consequences for the expected business base and business development. 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 preparation of a revised compensation system for the members of the Management Board for approval at the Company's 2024 AGM, which shall apply to the compensation of all current Management Board members from 2024 onwards. It is intended in particular to include sustainability as a performance target also for the long-term incentive and to introduce, in addition to the already existing shareholding requirements, formal Share Ownership Guidelines, which will link the long-term development of the Company even more closely to the

compensation of the Management Board. In accordance with the regulations of the U.S. Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE) applicable to the Company as a foreign private issuer, the Supervisory Board also resolved to introduce a policy providing for the recovery, under certain circumstances, of incentive-based compensation paid to members of the Management Board on the basis of financial information that is subsequently restated (so-called Incentive-Based Compensation Recovery Policy).

The Supervisory Board also dealt with group financing matters in the year under review. In the past fiscal year, Fresenius Medical Care refinanced a bond in the amount of EUR 650 million, which matured in November 2023. The Company used a mix of long-term bank financing at very attractive financing conditions as well as cash and short-term loans for refinancing.

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 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 SEC with a view to provisions of the U.S. Foreign Corrupt Practices Act (FCPA). The "Non-Prosecution Agreement" concluded in this context expired on March 2, 2023, and the separate SEC order expired on March 29, 2023.

The Supervisory Board also received detailed reports on the IT security systems and measures implemented at Fresenius Medical Care, including data security incidents that occurred in the year under review and their remediation.

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 on May 16, 2023. The Extraordinary Annual General Meeting of the Company on

July 14, 2023, which resolved on the change of the Company's legal form was held as a physical meeting. In this context, the Supervisory Board also prepared the selection of the candidates proposed separately for election as shareholder representatives on the Supervisory Board. In doing so, the Supervisory Board paid particular attention to ensuring that the candidates proposed for election had a broad range of skills and backgrounds, namely extensive experience in various areas of health care and in all major markets, including the USA. Further details can be found in the Declaration on Corporate Governance starting on page 134 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 and the adoption of resolutions of the Supervisory Board. The respective Chairs of the committees 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 134 of the Annual Report.

## Audit Committee

In accordance with its rules of procedure, the Audit Committee (until November 30, 2023: Audit and Corporate Governance Committee) in particular performs all the duties imposed on an audit committee pursuant to section 107 paragraph 3 sentence 2 of the German Stock Corporation Act (AktG) and the applicable rules of the SEC and the NYSE. This includes, in particular, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the audit of the financial statements, in particular the selection and independence of the auditor as well as the quality of the audit. Also, the Supervisory Board of the Company has delegated 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 to the Audit Committee.

The Audit Committee convened nine times in the past fiscal year. Of these meetings, four meetings were conducted in presence, and five meetings were conducted as video conferences.

All members of this committee in the year under review<sup>4</sup> – Dr. Marcus Kuhnert (since November 30, 2023, since then also Chair), Ms. Pascale Witz (until November 30, 2023 also Chair, since November 30, 2023 Deputy Chair) and Mr. Gregory Sorensen, MD (since November 30, 2023) – and the members who left before the end of the year under review – Mr. Rolf A. Classon (until November 30, 2023) and Dr. Dorothea Wenzel (until November 30, 2023, until then also Deputy Chair) – are financial experts according to section 100 paragraph 5 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

<sup>4</sup> Following the court appointment of the employee representatives to the Company's Supervisory Board, the Supervisory Board also elected Ms. Stefanie Balling (since then also Deputy Chair) and Mr. Frank Michael Prescher as employee representatives as members of the Audit Committee with effect from March 14, 2024. Ms. Pascale Witz resigned from the Audit Committee at the same time.





members of the Audit Committee can be found in the Declaration on Corporate Governance starting on page 134 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 as well as the separate Non-Financial Group Report of the Company. 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, the effects of the premature termination of a study by a pharmaceutical manufacturer on the efficacy of its GLP-1 receptor agonists, asset groups held for sale, the valuation of receivables from dialysis treatments in the U.S., the valuation of uncertain tax positions, the accounting treatment of significant legal disputes, changes in segment reporting, the accounting treatment of a contract for value-based renal care, the impact of cyber risks, finance transformation, the FME25 program and the portfolio optimization program on financial reporting, the effects of a settlement with the U.S. government relating to the Tricare program and the effects of macroeconomic and geopolitical developments on the Fresenius Medical Care Group and on the Company's annual financial statements, the valuation of investments in affiliated companies and the recognition of income from investments.

Representatives of the auditor participated in 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 committee also consulted with the external auditors on a regular basis without the Management Board. The Chair of the 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 committee.

The committee dealt on several occasions with the monitoring of the accounting and its 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 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) prepared for disclosure purposes (so-called ESEF documents) as well as the early risk recognition system. The audit showed that the Management Board 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 also dealt with environmental, social and governance (ESG) aspects of strategic relevance to the Company. In this context, the committee discussed in particular the regu-

latory requirements in the area of sustainability and the Company's progress in pursuing the set global sustainability targets.

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 Committee. In the year under review, there were no transactions requiring such approval. In accordance with section 111a paragraph 2 sentence 2 AktG, the 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 committee regularly reported to the Supervisory Board on the results of the discussions and resolutions in the committee.

## Presiding Committee

The Presiding Committee was formed for the first time in the year under review by the Supervisory Board of the Company in the legal form of the AG by resolution dated September 21, 2023.

The Presiding Committee is, in particular, responsible for preparing the meetings of the Supervisory Board, coordinating the work of the Supervisory Board and its committees and advising and supporting the Chairman and Deputy Chairman of the Supervisory Board as well as administrative matters. The Presiding Committee resolves upon matters that cannot be delayed if the Supervisory Board cannot pass a resolution

in a timely manner. The Presiding Committee is also responsible for various matters concerning the Management Board, such as recommendations to the Supervisory Board on the appointment or dismissal of Management Board members. Furthermore, the Presiding Committee reviews and assesses the Company's corporate governance.

The Presiding Committee convened in the past fiscal year one time in person to deal with constituting the committee and with corporate governance aspects of the Company.

## Compensation Committee

The Compensation Committee was formed by the Supervisory Board of the Company in the legal form of the AG by resolution dated September 21, 2023.

The Compensation Committee prepares the decisions of the Supervisory Board regarding the compensation of the members of the Management Board. This includes the preparation of the determination of the compensation system and the plan terms of the short-term and long-term incentive of the Management Board as well as the definition of the targets for variable compensation components and the definition of target values as well as of the determination of the target achievement. The Compensation Committee also reviews the compensation report.

In the past fiscal year, the Compensation Committee convened one time in person to prepare the review and revision of the compensation system for the members of the Management Board by the Supervisory Board.

## Nomination Committee

The Nomination Committee identifies and recommends suitable candidates to the Supervisory Board for its proposals to

the General Meeting for the election of Supervisory Board members. The Nomination Committee also recommends suitable candidates to the Supervisory Board in case a judicial appointment of a shareholder representative on the Supervisory Board is required. The Nomination Committee further makes recommendations to the Supervisory Board on members of the shareholder representatives to be elected to the committees of the Supervisory Board. This does not apply to the election of members of the shareholder representatives to the Mediation Committee.

In the past fiscal year, the Nomination Committee did not convene since no meeting was required.

## Mediation Committee

The Mediation Committee (Vermittlungsausschuss) was formed with effect from March 14, 2024 after the employee representatives had been appointed by the court and therefore after the end of the fiscal year. The Mediation Committee is responsible for proposals for the appointment or dismissal of members of the Management Board to the Supervisory Board, if the respective measure is not passed by the Supervisory Board with the required majority during the first vote.

## Joint Committee

Until the change of the legal form of the Company became effective on November 30, 2023, the Company had a Joint Committee, which was 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 required the approval of the Joint Committee. In the past fiscal year, the Joint Committee did not convene since no meeting was required.

## Dialogue with Investors

The Chair of the Supervisory Board and, until the change of the legal form of the Company became effective, 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 matters concerning the corporate governance of the Company falling within the competence of the Supervisory Board. Key topics in the year under review were the change of the legal form, the corporate governance structures and the composition of the Management Board. The function of Lead Independent Director was not re-established following the change of legal form.

## 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 and 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. This includes – 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 and sustainability requirements. 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 German Future Financing Act (Zukunftsfinanzierungsgesetz) and the German Whistleblower Protection Act (Hinweisgeberschutzgesetz), regulatory developments in the area of sustainability, developments in German, European and U.S. data protection law, and new regulations of the 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. If specific conflicts of interest exist or cannot be ruled out with certainty, the concerned Supervisory Board member will disclose this to the Supervisory Board. If a subsequent review reveals that a conflict of interest exists, suitable measures will be taken to resolve the conflict of interest. In the year under review, a conflict of interest on the part of Dr. Dieter Schenk, who – in addition to his function as member and Chairman of the Supervisory Board of the Company in the legal form of a KGaA – was and is also a member of the Supervisory Board of the General Partner of Fresenius SE & Co. KGaA, could not be ruled out with respect to resolutions on the implementation of the Company's change of legal form. Dr. Schenk therefore did not take part in the voting on these resolutions. Apart from this, no interests of conflict arose in the year under review.

The change of legal form of the Company effected extensive changes in the composition of the Supervisory Board of the Company and its committees. In particular, upon the change of legal form becoming effective on November 30, 2023, the term

of office of the members of the Supervisory Board of the Company who were in office up until then ended. Furthermore, the Supervisory Board of the Company is now also to be composed of employee representatives who could not be appointed by court order or be elected to the Supervisory Board before 2024. Against this background, a self-assessment of the work of the Company's Supervisory Board in the year under review would not have offered any additional benefit. The members of the Supervisory Board of the Company who were in office in the year under review have therefore agreed that the next regular self-assessment should be carried out in 2024, when the Supervisory Board of the Company is fully composed and has been operating in its new composition.

Further details on corporate governance, in particular on the independence of the Supervisory Board members, 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 134 of the Annual Report. The Declaration on Corporate Governance was discussed by the Supervisory Board and approved in its meeting of March 14, 2024.

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 2023. The Declaration of Compliance is permanently available to the public on the Company's website at [www.freseniusmedicalcare.com](http://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 120a 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 (Handelsgesetzbuch – 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. Accounting, the annual financial statements, the management report as well as the consolidated financial statements and the group management report for fiscal year 2023 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (PwC). PwC has been the auditor of the Company since the fiscal year 2020 and was elected as auditor for the year under review by resolution of the Annual General Meeting on May 16, 2023, which was confirmed in the Extraordinary General Meeting on July 14, 2023, and mandated by the Supervisory Board. The auditor provided each of the aforementioned documents with an unqualified certifi-

cate. Mr. Peter Kartscher (as already in the previous years since 2020) and Mr. Dominik Höhler (for the first time) signed the respective audit certificate as the auditors. The audit reports of the auditor were made available to the Audit Committee and the Supervisory Board. The Audit 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 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 19, 2024, 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 20, 2024.

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 Management Board, were approved by the Supervisory Board at its meeting on March 14, 2024; in the legal form of an AG, the annual financial statements of the Company are adopted by this approval of the Supervisory Board.

The Supervisory Board also approved the Management Board's proposal for the allocation of profit which provides for a dividend of € 1.19 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 fiscal year 2023. 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 review by the auditor. The representatives of the auditor who signed the statement on the limited assurance engagement review participated in the discussions of the Supervisory Board about the separate Non-Financial Group Report. They reported to the Supervisory Board on the significant findings of their limited assurance engagement review 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 Management Board 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 period until the end of the dependency relationship with Fresenius SE & Co. KGaA upon the effectiveness of the change of legal form of the Company, i.e. for the period from January 1 to November 30, 2023. 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, FME AG (until November 30, 2023 FMC-AG & Co. KGaA) received appropriate consideration 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 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 23, 2024, 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 Committee and the Supervisory Board agree with the assessment of the auditor. Following the final results of its own review, the Supervisory Board does not raise any objec-

tions against the declaration of the Management Board at the bottom of the report on the relationships to affiliates.

## Acknowledgements

Dr. Dieter Schenk, Mr. Rolf A. Classon, Dr. Dorothea Wenzel and Prof. Dr. Gregor Zünd resigned from the Company's Supervisory Board upon the change of the Company's legal form becoming effective on November 30, 2023, as they were not available for election at the Company's Extraordinary General Meeting on July 14, 2023. Dr. Schenk has been associated with Fresenius Medical Care since the founding of the Company, first as Deputy Chair and then as Chair of the Supervisory Board. During this time, he has made an extraordinary personal commitment to the Company and contributed his knowledge, skills and experience to the Supervisory Board for the benefit of the Company, always keeping the needs of all capital market participants in mind. Mr. Classon was actively involved for many years in various functions for the Supervisory Board of the Company and its committees and has decisively shaped Fresenius Medical Care. Dr. Wenzel and Prof. Dr. Zünd have rendered outstanding services to Fresenius Medical Care. The Supervisory Board would like to thank them all very much for their valuable commitment and their dedicated work for the benefit of Fresenius Medical Care.

Mr. William Valle stepped down from the Management Board at the end of December 31, 2023. He had been with the Company since 2009 and a member of the Management Board since 2017, initially responsible for the North America region and since 2022 for the Care Delivery business segment. The Supervisory Board would like to thank Mr. Valle for his dedicated and valuable work for Fresenius Medical Care.

Finally, the Supervisory Board would like to thank the members of the Management Board and all employees of the group for their outstanding commitment. We would like to express our great appreciation to all of them for their work in the past fiscal year!

Bad Homburg v. d. Höhe, March 14, 2024

On behalf of the Supervisory Board

**MICHAEL SEN**

*Chair*

# Capital Markets and Shares

Strategic decisions, the successful implementation of our turnaround plans, the streamlining of our corporate structure, and an improved market environment compared to the previous year influenced the business development of Fresenius Medical Care in 2023. This was also reflected in the performance of our shares, which ended the year significantly higher than the previous year. In addition to internal successes and business performance, external factors caused significant volatility in the share price during the year. In particular, the study results on new weight-reducing medications from the pharmaceutical sector temporarily impacted the share price.

## Price development of Fresenius Medical Care shares

The yearly low was reached right at the beginning of 2023 when the share closed trading on January 3, 2023, at €30.25.

In 2023, Fresenius Medical Care focused on necessary internal adjustments to position the Company for the future, making it more resilient, agile, and efficient. These measures included organizational, legal, personnel, and profitability-related adjustments.

Since the beginning of 2023, the Company has been managed operationally in two segments: Care Enablement and Care Delivery. The global and consistent management of these segments enables targeted and efficient decision-making processes as well as the reduction of redundancies. The increased transparency, combined with a clear allocation of responsibilities within the entire value chain of each segment, is expected to further support profitability growth.

The proposed change of legal form from a partnership limited by shares (KGaA) to a stock corporation (AG) on February 21, 2023, aims to provide the Company with more flexibility and autonomy through simplified governance structures, as well

C 1.2 SHARE PRICE PERFORMANCE, ABSOLUTE, JANUARY 1, 2023 – DECEMBER 31, 2023  
IN €



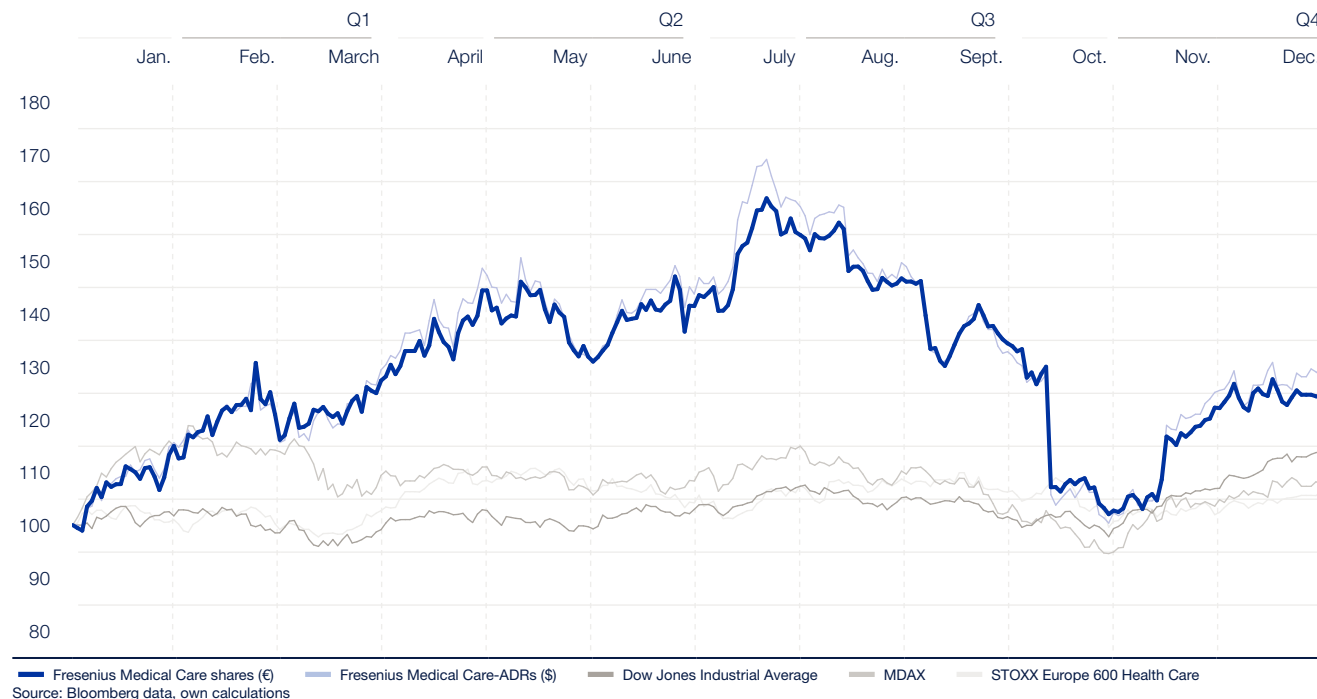
— Fresenius Medical Care share  
Source: Bloomberg data

## T 1.3 INDEX AND SHARE PRICE PERFORMANCE

	Dec. 31, 2022	Dec. 29, 2023	Change	Year High	Year Low
Fresenius Medical Care Shares in €	30.57	37.96	<b>+24%</b>	49.33	30.25
Fresenius Medical Care ADRs in \$	16.34	20.83	<b>+27%</b>	27.56	16.11
Dow Jones Industrial Average	33,147	37,690	<b>+14%</b>	37,710.10	31,819.14
MDAX	25,118	27,137	<b>+8%</b>	29,808.91	23,772.02
STOXX Europe 600 Health Care	997	1,061	<b>+6%</b>	1,101.01	974.63

## C 1.4 INDEX AND SHARE PRICE PERFORMANCE

INDEXED, JANUARY 1, 2023 – DECEMBER 31, 2023 (DECEMBER 31, 2022 = 100), IN%



as to strengthen the role of minority shareholders. At the Extraordinary General Meeting on July 14, 2023, the Company's shareholders overwhelmingly approved the change of legal form and elected representatives of the shareholders to the new supervisory board. The change of legal form became effective with its registration in the commercial register on November 30, 2023.

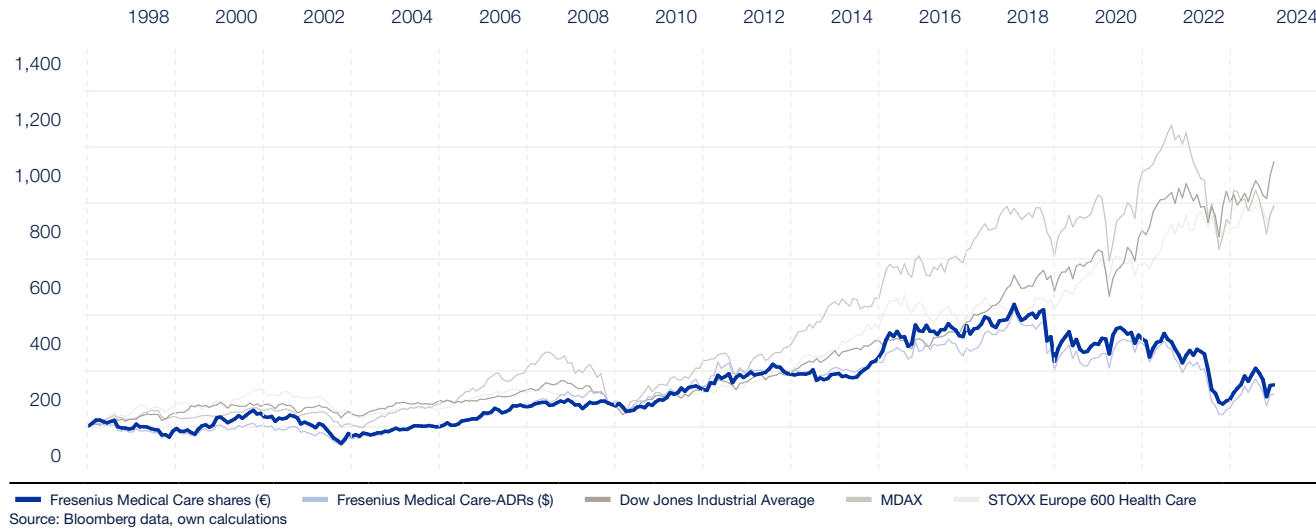
During a virtual Capital Markets Day in April 2023, Fresenius Medical Care announced new medium-term financial targets. These include improving the operating income margin from 7.9% in 2022 to 10-14% in 2025, as well as doubling the return on invested capital (ROIC) by 2025. The transformation program FME25, initiated in 2021 and expanded at the beginning of the year, along with an operational turnaround, are expected to significantly contribute to achieving these goals.

During the past fiscal year, significant personnel changes were also initiated in the management board. In July 2023, the Company announced that Helen Giza, who has been serving as CEO since December 2022, would transfer the additional interim responsibility of CFO to the new Chief Financial Officer, Martin Fischer, effective October 1, 2023. Additionally, it was announced at the end of October that Craig Cordola would become a new board member for the global service business Care Delivery starting January 1, 2024.

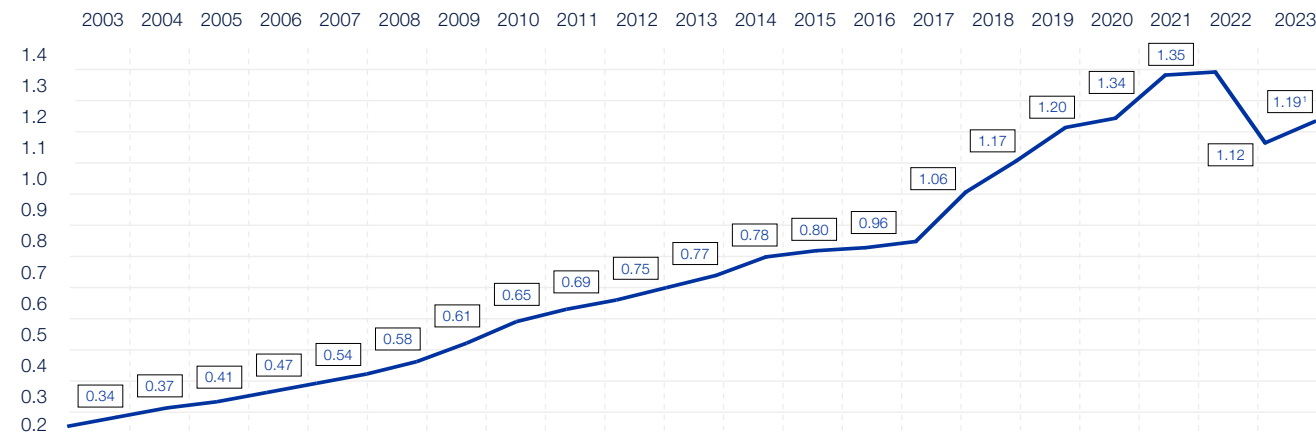
These changes, measures, and financial targets were overall welcomed by the capital market. Supported by a positive earnings development and visible progress in the implementation of the turnaround plans, Fresenius Medical Care AG's share reached its yearly high of €49.33 in July 2023.

News regarding therapy options for patients with chronic kidney disease led to temporary strong pressure on the share price later in the year. For instance, on October 10, 2023, Novo Nordisk announced that the ongoing Semaglutide study (FLOW) for patients with type 2 diabetes and chronic kidney disease would be terminated early due to demonstrated effec-

**C 1.5 INDEX AND SHARE PRICE PERFORMANCE IN A 27-YEAR COMPARISON**  
WITH DIVIDENDS REINVESTED, INDEXED, JANUARY 1, 1997 – DECEMBER 31, 2023 (DECEMBER 31, 1996 = 100), IN %



**C 1.6 DEVELOPMENT OF THE DIVIDEND**  
IN €



<sup>1</sup> Proposal to be approved by the Annual General Meeting on May 16, 2024.

tiveness. The anticipated effectiveness of the drug group known as GLP-1 analogs led many capital market participants to assume that there could be a long-term decrease in the number of dialysis patients. However, based on the available clinical and medical data, Fresenius Medical Care believes that the impact of this drug group on long-term organic treatment growth will remain neutral.

In November, two increases in the earnings outlook for the year 2023 underscored the Company's continuous efforts and progress:

The positive effects of the turnaround measures, an accelerated improvement in operational performance in the first nine months of 2023, and a solid business outlook for the fourth quarter of 2023 led to the first increase in the earnings outlook on November 1.

On November 21, the second increase in the earnings outlook followed as a result of a favorable legal settlement with the U.S. government, which resulted in a positive net impact on revenue of approximately €191 M and operating income of approximately €181 M.

The share ended the year on the last trading day, December 29, 2023, with an Xetra closing price of €37.96. This represents a share price increase of +24% compared to the last closing price of 2022.

For further information on share price and index development, refer to [TABLES 1.3](#) and [1.10](#), as well as [CHARTS 1.2](#), [1.4](#), and [1.5](#).



## Fresenius Medical Care American Depositary Receipts (ADRs)

Fresenius Medical Care shares are listed on the New York Stock Exchange as American Depositary Receipts (ADRs). The performance of the ADRs is essentially tied to that of Fresenius Medical Care shares, taking into account the exchange rate development of the euro to the US dollar. More than half of the combined trading volume in 2023, measured by the total number of shares traded, was attributed to ADRs. Two ADRs represent one share.

## Dividend

According to the dividend policy, the payout is aligned with the Company's earnings development. The management board and supervisory board will propose a dividend of €1.19 per share to shareholders at the annual general meeting on May 16, 2024. This represents an increase of 6% compared to the previous year.

With 293.4 M dividend-eligible shares (as of December 31, 2023), the total payout would amount to €349 M; the payout ratio in relation to the group's net income for the year 2023 would be approximately 70% (2022: approximately 49%). Based on the dividend proposal and the closing price of 2023, the dividend yield of the shares would be 3.1% (2022: 3.7%). Fresenius Medical Care remains committed to its demanding goal of creating value for its shareholders.

## Shareholder structure

In our analysis of the shareholder structure as of December 31, 2023, approximately 93% of the free float could be attributed to their respective owners (see [TABLES 1.7](#) and [1.8](#)). Accordingly, the largest shareholder, Fresenius SE & Co. KGaA, con-

tinues to hold approximately 94.4 M of the total approximately 293.4 M outstanding Fresenius Medical Care shares. This corresponds to a stake of 32.2%. Additionally, 13 institutional investors were identified as holding at least 1% of the share capital.

587 institutional investors hold shares of Fresenius Medical Care according to the latest analysis. The largest 20 of them account for approximately 66.0% of the identified free float, excluding the stake of Fresenius SE & Co. KGaA (previous year: 60.5%). 66.6% of the institutional free float as of December 31, 2023, was held by investors from the United States. 11.2% were from the United Kingdom. 3.8% of the institutional free float could be identified in Germany, 3.8% in France, and another 5.2% in Canada.

**T 1.7 NUMBER OF IDENTIFIED SHARES AS PER SHAREHOLDER STRUCTURE ANALYSIS  
ROUNDED IN M**

	Number of shares	in %
Number of shares outstanding as at December 31, 2023	293.41	100
Identified shares	279.16	95
Unidentified shares	14.26	5
Shares in free float	199.03	68
Identified shares in Free Float	184.78	93
Unidentified shares in free float	14.26	7
<b>FRESENIUS SE</b>	<b>94.38</b>	<b>32</b>

**T 1.8 GEOGRAPHICAL DISTRIBUTION OF INSTITUTIONAL FREE FLOAT  
ROUNDED IN M**

	Dec. 2023		Dec. 2022	
	Number of shares	in %	Number of shares	in %
United States	120.5	67	118.0	66
United Kingdom	20.2	11	15.6	9
Germany	6.9	4	9.0	5
Canada	9.4	5	7.4	4
France	6.9	4	7.2	4
Rest of Europe	10.9	6	14.3	8
Rest of World	6.2	3	7.7	4
<b>REGIONALLY ATTRIBUTABLE SHARES</b>	<b>181.0</b>	<b>100</b>	<b>179.2</b>	<b>100</b>

## Voting rights notifications

According to received notifications, as of the end of 2023, a total of three shareholders, in addition to Fresenius SE & Co. KGaA, each held more than 3% of the voting rights in Fresenius Medical Care.

All voting rights notifications in accordance with sections 33, 38, and 39 of the Securities Trading Act (WpHG) are published on our website at <https://www.freseniusmedicalcare.com/en/home/mainnavigation/investors/notification-of-voting-rights>.

## Sustainable investment

Corporate sustainability plays an important role in the investment decisions of institutional investors. In order to assess companies' performance in this area, investors rely not only on non-financial reporting but also on sustainability ratings and rankings. Throughout the year, the Company continuously implemented sustainability initiatives and expanded its sustainability reporting. As a result, Fresenius Medical Care once again achieved high quality ratings in relevant ESG ratings in 2023.

Fresenius Medical Care achieved the third-highest rating score of "A" in the MSCI sustainability rating, maintaining its position from the previous year. In 2023, the Company is included in the Dow Jones Sustainability Index (DJSI) Europe for the 14th time and remained a member of the FTSE4Good Index for the second consecutive year. Additionally, the Company regularly participates in other sustainability ratings and publishes the results on its website.

Details of the current ESG ratings can be publicly accessed via the following link: <https://www.freseniusmedicalcare.com/en/ratings-and-indices>.

For further information on Fresenius Medical Care's sustainability activities, please refer to the non-financial group report starting from page 92.

### T 1.9 KEY SHARE DATA

<b>Share type</b>	No par value bearer share
<b>Stock exchanges</b>	
Germany	Frankfurt Stock Exchange/Prime Standard
U.S. (ADR)	New York Stock Exchange (NYSE)
<b>Securities identification numbers and ticker symbols</b>	
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)

## Analyst assessments of our shares

Financial analysts continue to show significant interest in Fresenius Medical Care. As of the end of 2023, 25 financial analysts or brokers actively covered the Company and its share. At the year-end, seven of them issued a buy recommendation, 15 issued a hold recommendation, and three issued a sell recommendation. Two brokers initiated coverage of Fresenius Medical Care for the first time in 2023, two brokers resumed coverage after a hiatus, while two brokers ceased coverage altogether. The average price target set by brokers for Fresenius Medical Care's share at year-end was approximately €42.

## Rating and financing

In November 2023, a €650 M bond matured, which was successfully refinanced through long-term bank loans and existing liquidity.

By successfully utilizing various financing instruments outside the bond market, Fresenius Medical Care has confirmed its access to diverse sources of financing. At the same time, these instruments allow the Company to flexibly reduce debt in the event of extraordinary cash inflows.

In long-term capital management, the Company continues to primarily focus on the net debt/EBITDA ratio. The self-imposed target range is between 3.0x and 3.5x. At year-end

## T 1.10 KEY FIGURES FOR FRESENIUS MEDICAL CARE SHARES

		2023	2022	2021	2020	2019	2018
<b>NUMBER OF SHARES<sup>1</sup></b>	in M	293.4	293.4	293.0	292.88	304.44	306.88
<b>Share prices (Xetra trading)</b>							
High for the year	in €	49.33	63.56	70.96	79.00	76.32	93.00
Low for the year	in €	30.25	26.26	52.78	56.00	55.58	56.64
Year-end	in €	37.96	30.57	57.14	68.20	65.96	56.64
<b>Share prices (ADR NYSE)</b>							
High for the year	in \$	27.56	34.84	43.32	46.55	42.75	57.51
Low for the year	in \$	16.11	12.81	29.82	29.21	31.10	31.30
Year-end	in \$	20.83	16.34	32.46	41.56	36.83	32.39
<b>Market capitalization<sup>2</sup></b>							
Year-end	in € M	11,138	8,970	16,742	19,974	20,081	17,382
<b>Index weighting</b>							
MDAX <sup>3</sup>	in %	5.27	–	–	–	–	–
<b>Dividend</b>							
Dividend per share	in €	1.19 <sup>4</sup>	1.12	1.35	1.34	1.20	1.17
Dividend yield <sup>5</sup>	in %	3.13	3.66	2.36	1.96	1.82	2.1
Total dividend payout	in € M	349	329	396	392	358	359
<b>Earnings per share (EPS)</b>							
Number of shares <sup>6</sup>	in M	293.41	293.25	292.94	294.06	302.69	306.54
Earnings per share (EPS)	in €	1.70	2.30	3.31	3.96	3.96	6.47

<sup>1</sup> Shares outstanding on December 31 of the respective year.<sup>2</sup> Based on shares outstanding.<sup>3</sup> Fresenius Medical Care was included in the MDAX for the first time in 2023, having previously been a member of the DAX.<sup>4</sup> Based on the proposal to be approved by the Annual General Meeting on May 16, 2024.<sup>5</sup> With reference to the respective year-end closing price.<sup>6</sup> Weighted average number of shares outstanding.

2023, the net debt/EBITDA ratio was within the target range at 3.2x. Potential proceeds from the ongoing portfolio optimization are intended for further debt reduction. This reaffirms the Company's clear commitment to maintaining its investment-grade rating.

On February 24, 2023, Standard & Poor's decided to downgrade Fresenius Medical Care's rating from BBB to BBB- with a negative outlook, citing, among other reasons, the announced deconsolidation from Fresenius SE & Co. KGaA leading to a revaluation on a standalone basis. On February 27, 2023, Moody's confirmed the Baa3 corporate rating while placing the outlook as negative. On August 25, 2023, Fitch also confirmed the BBB- corporate rating and replaced the "Rating Watch Negative" with a negative outlook. Fresenius Medical Care maintains its investment-grade status unchanged by the three leading rating agencies Standard & Poor's, Moody's, and Fitch at year-end 2023.

An overview can be found in [TABLE 5.79](#) on page 272.

## Investor Relations activities

Continuous and transparent communication with all capital market participants is at the core of Fresenius Medical Care's Investor Relations efforts. Key elements of the Company's capital market communication include strategy, operational and financial performance, as well as sustainability activities. The target audience includes shareholders, analysts, other capital market participants, employees, financial media, and the general public.

To provide insights into medium- and long-term value drivers beyond the current business performance, the Investor Relations team organized a virtual Capital Markets Day with all members of the Management Board. During the event on April 19, 2023, historical financial metrics based on the new global operating model and reporting structure were pre-

sented for the first time. The management team of Fresenius Medical Care provided strategic insights, explained the building blocks for sustainably achieving margin targets by 2025, and answered participants' questions.

Throughout the fiscal year 2023, the Investor Relations team engaged in over 700 discussions with institutional investors to update them on the Company's progress. Additionally, approximately 250 capital market participants took advantage of the opportunity to gather insights on relevant topics during the virtual Capital Markets Day. Overall, the Investor Relations team participated in 42 events, including broker conferences, roadshows for institutional investors, and other formats such as teleconferences.

In collaboration with the Treasury department, the Investor Relations team organized a dedicated roadshow in March for debt investors, focusing particularly on topics such as ratings, financing, and the priorities for the use of proceeds.

For further details on Fresenius Medical Care's Investor Relations activities, please visit our website at <https://www.freseniusmedicalcare.com/en/investors/investors-overview>.

# Group Management Report

30	General Information
31	Overview of the Group
48	Economic Report
66	Subsequent Events
66	Outlook
69	Risks and Opportunities Report
89	Corporate Governance Fundamentals

# General Information about this Group Management Report

At an extraordinary general meeting (EGM) of the Company held on July 14, 2023, the shareholders of the Company approved the transformation of the legal form of the Company from a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) into a German stock corporation (Aktien-gesellschaft – AG) (the Conversion). Upon effectiveness of the Conversion, which occurred on November 30, 2023 after registration of the Conversion with the competent commercial register, Fresenius Medical Care Management AG (renamed Fresenius Vermögensverwaltung AG), Hof (Saale), (Management AG) exited the Company as a General Partner and Fresenius SE ceased to control the Company.

The following discussion of the Group Management Report of Fresenius Medical Care AG (Fresenius Medical Care AG & Co. KGaA prior to the transformation of legal form) and its subsidiaries (hereafter referred to as “we”, “our”, “FME AG”, “Fresenius Medical Care”, “the Group” or “the Company”, as the context requires) 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 finan-

cial conditions include forward-looking statements. We made these forward-looking statements based on the expectations and beliefs of the 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 [25](#) 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 3,925 proprietary dialysis centers in around 50 countries worldwide, we provide care for over 332,000 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 around 40 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).

As of January 1, 2023, and as part of our FME25 transformation program (FME25 Program), we have commenced operations in our new global operating model, reorganizing our business into two global operating segments: Care Enablement and Care Delivery. This restructuring aligns the Company's operating model with key value drivers and supports our ongoing plans to globalize and simplify our structure in the course of implementing our growth strategy. Care Enablement includes research and development (R&D), manufacturing, supply chain and commercial operations, along with supporting functions such as regulatory and quality management. The products business is organized along the three treatment modalities that the Company serves: In-center, Home, and Critical Care. Care Delivery is primarily engaged in providing services for the treatment of end-stage renal disease (ESRD) and other extracorporeal therapies, including value and risk-based care programs. Care Delivery 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., which are used in our clinics to provide health care services to our patients.

Our Global Medical Office, dedicated to optimizing medical treatments and clinical processes within the Company while supporting both Care Delivery and Care Enablement, is centrally managed, and its profit and loss are allocated to the segments. General and Administrative functions were also globalized using a three-pillar model of business partnering, centers of excellence, and global shared services. See [NOTE 29](#) of the notes to the consolidated financial statements for a further discussion on our operating segments.

On November 30, 2023, Fresenius Medical Care completed its Conversion from a partnership limited by shares into a German stock corporation and has since then no longer been fully consolidated by Fresenius SE. The Conversion was approved by our shareholders at an EGM in July 2023. This change marks a new chapter in the Company's history as we refined our governance structure and introduced a German branch system with a co-determined Supervisory Board and a Management Board, in accordance with German legal requirements.

In total, the Supervisory Board of the Fresenius Medical Care AG comprises twelve members. Alongside the four members elected by the EGM, Fresenius SE, holding 32.2% of the ordinary share capital, appointed its Chief Executive Officer (CEO) Michael Sen and its Chief Financial Officer (CFO) Sara Hennicken as members of the new Supervisory Board, with Michael Sen serving as Chair. The appointment of permanent employee representatives, the Labour Director, and the establishment of all committees are anticipated to be completed by the end of the first quarter of 2024.

We aim to leverage the advantages of the new legal structure, enabling more focused, faster, and agile decision making. This new configuration provides us with access to capital markets for financing and ensures independent decisions on financial and dividend policies. Furthermore, the role of free-float shareholders is strengthened, enhancing their influence on the composition of the Company's management.

Our primary focus post-Conversion remains on improving operational performance and driving our transformation efforts to ensure shareholder value creation.

Fresenius Medical Care's company headquarters is in Bad Homburg v. d. Höhe, Germany.

[CHART 2.1](#) on page 32 provides an overview of our most important production sites and regional offices.

## C 2.1 MAJOR LOCATIONS

## North America

- **Waltham, U.S.**  
Regional offices  
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 **Reynosa, MX**  
Bloodlines
- 07 **Guadalajara, MX**  
Dialysis solutions
- 08 **Tijuana, MX**  
Cycler, concentrates

## South America

- **Rio de Janeiro, BR**  
Regional offices  
South America
- 09 **Bogotá, CO**  
Dialysis solutions
- 10 **Jaguariúna, BR**  
Dialysis solutions

Europe,  
Middle East  
and Africa

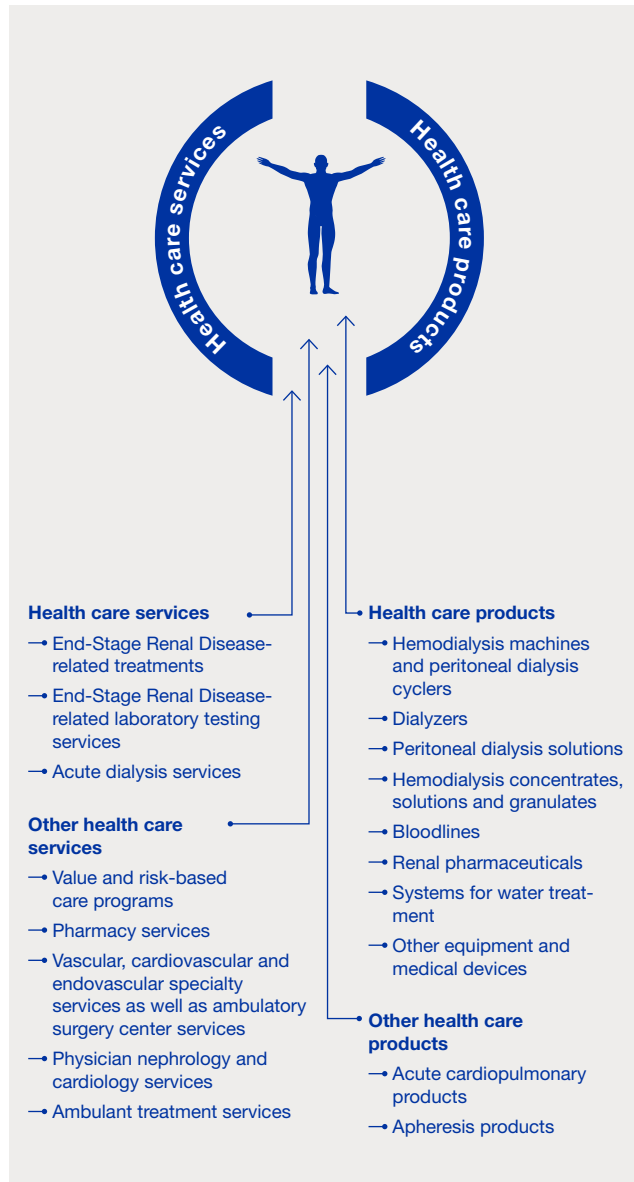
- **Bad Homburg, DE**  
Company headquarters and  
regional offices Europe,  
Middle East and Africa
- 11 **Schweinfurt, DE**  
Dialysis machines
- 12 **St. Wendel, DE**  
Dialyzers, PD solutions
- 13 **L'Arbresle, FR**  
Dialyzers, concentrates
- 14 **Palazzo Pignano, IT**  
Bloodlines
- 15 **Krems, AT**  
Adsorbers
- 16 **Vršac, RS**  
Dialyzers, bloodlines
- 17 **Antalya, TR**  
Concentrates

## Asia-Pacific

- **Hong Kong, CN**  
Regional offices  
Asia-Pacific
- 18 **Inukai, JP**  
Fibers
- 19 **Buzen, JP**  
Dialyzers, PD bags
- 20 **Changshu, CN**  
Dialysis machines, dialyzers, PD bags
- 21 **Enstek, MY**  
Concentrates, PD bags
- 22 **Smithfield, AU**  
Concentrates
- 23 **Scoresby, AU**  
Dialysis chairs, packs



## c.2.2 OUR PRODUCTS AND SERVICES



## 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 products and services for the fiscal year 2023 are shown in [CHART 2.2](#).

For information regarding the divestiture of business providing certain of these services during 2023, see [NOTES 3](#) and [4](#) of the notes to the consolidated financial statements.

Approximately 4.1 M (2022: 3.9 M) patients worldwide regularly underwent dialysis treatment at the end of 2023. 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 worldwide 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.
- > 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

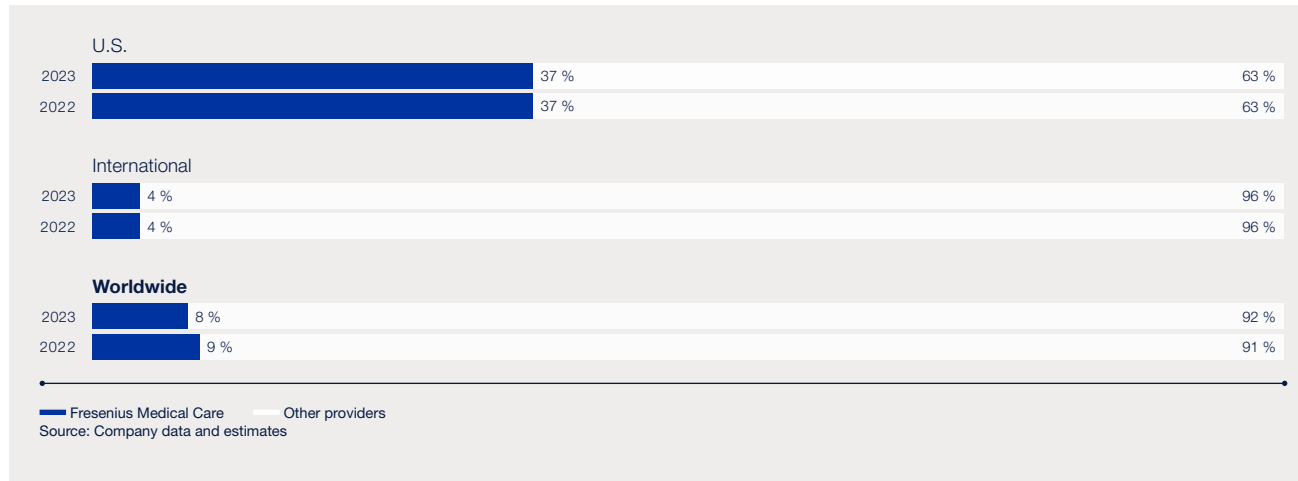
Dialysis patients receive life-saving dialysis treatment and other associated services such as laboratory tests in our 3,925 (2022: 4,116) dialysis centers worldwide. Dialysis treatment at our clinics is usually performed three times a week over a period of several hours by trained medical staff. We also provide advice on medical support and training for home dialysis patients in our dialysis centers.

In 2023, we treated 62% (2022: 60%) of our patients in the U.S. and 38% (2022: 40%) outside the U.S. (International).

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.

### C 2.3 PATIENTS TREATED



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 4.1 M in 2023 (2022: 3.9 M) – a 5% growth rate. Fresenius Medical Care is the global leader in dialysis care, providing treatment to about 8% of all dialysis patients (2022: 9%). In 2023, 332,548 people were treated in Fresenius Medical Care’s network of dialysis centers (2022: 344,687). More information on the number of patients within our Care Delivery segment can be found in [CHART 2.3](#).

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 2023 (2022: 35%). In the case of hemodialysis products, we had a 42% share of the global market (2022: 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 410 M units in 2023 (2022: 395 M). Approximately 165 M (around 40%) of these were made by Fresenius Medical Care (2022: 161 M or around 41%), 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 99,000 machines installed in 2023 (2022: 90,000), approximately 49,000, or around 50% (2022: 42,000 or around 47%), were produced by Fresenius Medical Care.

Furthermore, we hold a strong position in the market for peritoneal dialysis products: Around 14% (2022: 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 37% of all dialysis patients here (2022: 37%). In the U.S., home dialysis is becoming increasingly important. In 2023, about 16% (2022: 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 1,310 dialysis centers (2022: 1,450) and approximately 127,000 patients (2022: 139,000) in around 50 countries (2022: around 50), Fresenius Medical Care operates by far the largest network of clinics.

## Manufacturing & Supply Chain

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, Manufacturing & Supply Chain was integrated in the Care Enablement business segment. This milestone marked another step towards realizing the objective of our production strategy: To manufacture high-quality products in the right place at the right time and under the best possible terms. We implement this strategy through a network of larger production sites, where we manufacture products for global distribution, complemented by smaller production sites focused on supplying products regionally.

At the end of 2023, 15,884 people (total headcount) were employed in Manufacturing & Supply Chain (2022: 16,916).

## 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 and a rise in chronic diseases are set to reshape patient demographics. The combination of fragmented care, cost pressure, and staff shortages will create a need for new solutions. Moreover, digitalization, particularly through data analytics and artificial intelligence, is already causing changes in the delivery of health care.

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

### 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.

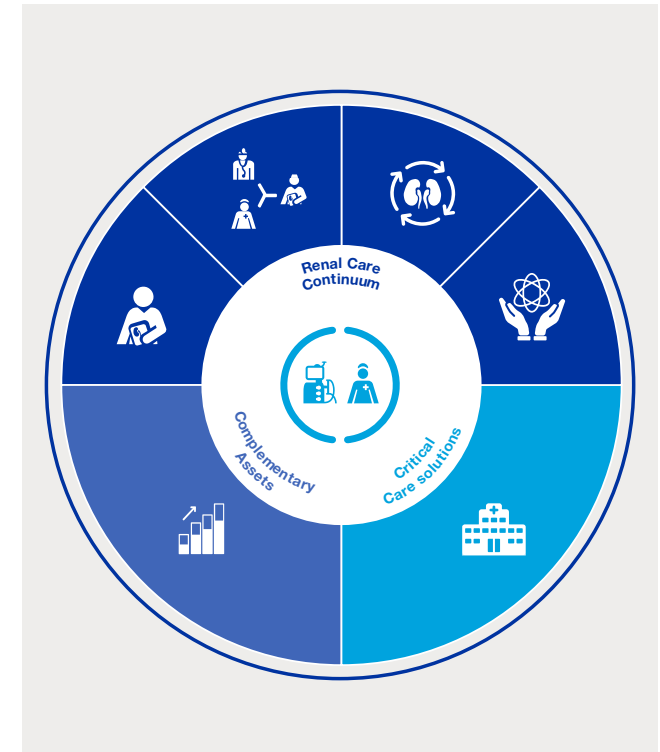
#### > Future innovations:

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 from around 1.0 million patients in 2023 to over 1,5 million per year over the next decade. In addition to acute dialysis, we are also active in other areas of extracorporeal critical care therapy, such as the treatment of acute heart, lung and multi-organ failure.

#### C 2.4 OUR STRATEGY



### 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 (as defined below) business combination, which supports our business activities, see [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 and is also reflected in our strategy. We plan to include sustainability as a non-financial performance target for management compensation plan. Starting in 2024, the Supervisory Board will submit a thoroughly reviewed and revised system for the compensation of the Management Board. In addition to short-term sustainability targets, it is intended in particular to incorporate sustainability as a performance target for the long-term incentive plan.

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, we launched our FME25 Program. As one major milestone, the introduction of the new operating model saw the implementation of two global segments – Care Delivery and Care Enablement. We structured our operating model along our key value drivers and are advancing our efforts to globalize and simplify our structure as part of the implementation of our growth strategy.

The new structure allows us to significantly reduce overhead costs and optimize our portfolio in both operating segments. While we have successfully implemented the operating model and made progress with the savings planned under the FME25 Program, we are actively pursuing measures to 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 29](#) of the notes to the consolidated financial statements.

## Legacy Portfolio Optimization

We are consistently implementing our strategic program for Legacy Portfolio Optimization (as defined below), focusing within the strategic goal alignment on businesses and markets that hold the greatest potential for sustainable profitable growth. Consequently, we are withdrawing from non-sustainable markets and divesting businesses that do not align with our core operations, that may have a dilutive effect, or both. This approach signifies a clear emphasis on debt reduction as part of a disciplined capital allocation strategy.

As part of the strategic realignment of our product portfolio, we ceased the development of a dialysis cyclor at the beginning of 2023. In the first half of 2023, we announced the divestment of our clinic network in Sub-Saharan Africa and sold our clinics in Hungary. In December 2023, we completed our exit from the Argentinian business and concluded the sale of the outpatient cardiovascular clinic business, National Cardiovascular Partners (NCP), in the U.S. Additionally, pending final regulatory approval, Fresenius Medical Care has signed an agreement for the sale of the Australian Cura Day Hospitals Group (Cura).

## 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 International Financial Reporting Standards (IFRS® Accounting Standards) as issued by the International Accounting Standards Board (IASB) 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. Our Global Medical Office, which seeks to optimize medical treatments and clinical processes within the Company and supports both Care Delivery and Care Enablement, is centrally managed and its profit and loss are allocated to the segments. Similarly, we allocate costs related primarily to headquarters’ overhead charges, including accounting and finance as well as certain human resources, legal and IT costs, as we believe 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 the corporate level. However, certain costs, which relate mainly to shareholder activities, management activities as well as global internal audit, are not allocated to a segment but are accounted for as corporate expenses (Corporate). Financing is a corporate function which is not controlled by the operating segments. Therefore, the Company does not include interest expense relating to financing as a segment measurement. In addition, the Company does not include income taxes as a segment measurement, as it believes taxes are outside the segments’ control.

Certain of the following financial measures and other financial information as well as discussions and analyses set out in this report include measures that are not defined by IFRS Accounting Standards (Non-IFRS Measures). We believe this information, along with comparable IFRS® Accounting Standards 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. Non-IFRS financial measures should not be viewed or interpreted as a substitute for financial information presented in accordance with IFRS Accounting Standards.

## 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 FME AG (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 Accounting Standards 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 Accounting Standards, 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 are presented at Constant Currency excluding special items (defined below) for management purposes. Each of these indicators presented at Constant Currency is considered a non-IFRS measure. 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 FME AG and other items from period to period. In addition, under our long-term incentive plans, we measure the attainment of certain predetermined 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 FME AG and other items prepared in accordance with IFRS Accounting Standards and
2. Constant Currency changes in revenue, operating income, net income attributable to shareholders of FME AG 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 FME AG and other items prepared in accordance with IFRS Accounting Standards. We present the growth rate derived from non-IFRS measures next to the growth rate derived from IFRS Accounting Standards measures such as revenue, operating income, net income attributable to share-

holders of FME AG 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 providing the outlook. In the presentation of the expected business development 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 2023, we identified the costs related to the FME25 Program, the Humacyte Investment Remeasurement, the Legal Form Conversion Costs and the impacts from Legacy Portfolio Optimization (each defined below) and in 2022, we identified the costs related to the FME25 Program, the Net Gain Related to InterWell Health, the Impacts Related to the War in Ukraine, the Humacyte Investment Remeasurement and the Hyperinflation in Turkiye 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 Accounting Standards 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 Accounting Standards.

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 2024” 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.

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

	Results 2023		Results 2022
	As reported (in accordance with IFRS Accounting Standards)	At Constant Currency excl. Special Items <sup>1</sup>	As reported (in accordance with IFRS Accounting Standards)
Revenue	19,454	20,464	19,398
Revenue growth in %	0	5	10
Operating income	1,369	1,778	1,512

<sup>1</sup> Performance indicators used for management purposes, for further information on Constant Currency and Special Items, see above in this section.

#### 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.

[TABLE 2.5](#) provides an overview of our primary key performance indicators.

The results at Constant Currency excluding Special Items should only be viewed as a supplement to our results disclosed in accordance with IFRS Accounting Standards 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 Accounting Standards 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

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

ROIC is the ratio of operating income, for the last twelve months, after tax (net operating profit after tax or NOPAT) to the average invested capital of the last five quarter closing dates, including adjustments for acquisitions and divestitures made during the last twelve months with a purchase price above a €50 M threshold, consistent with the respective adjustments made in the determination of adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) 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 39 show the reconciliation of average invested capital to total assets, which we believe to be the most directly comparable IFRS Accounting Standards financial measure, and how ROIC is calculated.

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

	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022
<b>2023</b>					
Total assets	33,930	35,635	34,960	35,501	35,754
Plus: Cumulative goodwill amortization and impairment loss	629	703	644	640	645
Minus: Cash and cash equivalents <sup>1</sup>	(1,427)	(1,574)	(1,363)	(1,224)	(1,274)
Minus: Loans to related parties	—	—	—	—	(1)
Minus: Deferred tax assets <sup>1</sup>	(292)	(304)	(314)	(307)	(313)
Minus: Accounts payable to unrelated parties <sup>1</sup>	(775)	(762)	(721)	(822)	(813)
Minus: Accounts payable to related parties	(123)	(119)	(140)	(111)	(138)
Minus: Provisions and other current liabilities <sup>2</sup>	(2,936)	(3,235)	(3,018)	(3,007)	(3,008)
Minus: Income tax liabilities	(231)	(263)	(230)	(215)	(171)
<b>Invested capital</b>	<b>28,775</b>	<b>30,081</b>	<b>29,818</b>	<b>30,455</b>	<b>30,681</b>
<b>Average invested capital as of December 31, 2023</b>	<b>29,962</b>				
Operating income	1,369				
Income tax expense <sup>3</sup>	(508)				
<b>NOPAT</b>	<b>861</b>				

<sup>1</sup> Includes amounts related to assets, and associated liabilities, classified as held for sale (see NOTE 4 of the notes to the consolidated financial statements).

<sup>2</sup> 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.

<sup>3</sup> Adjusted for noncontrolling partnership interests.

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

	Dec. 31, 2023	Sept. 30, 2023 <sup>4</sup>	June 30, 2023 <sup>4</sup>	March 31, 2023 <sup>4</sup>	Dec. 31, 2022 <sup>4</sup>
<b>2023</b>					
Total assets	—	(370)	(361)	(361)	(368)
Minus: Cash and cash equivalents	—	20	20	20	20
Minus: Accounts payable to unrelated parties	—	5	5	5	5
Minus: Provisions and other current liabilities <sup>2</sup>	—	16	16	16	16
<b>Invested capital</b>	<b>—</b>	<b>(329)</b>	<b>(320)</b>	<b>(320)</b>	<b>(327)</b>
<b>Adjustment to average invested capital as of December 31, 2023</b>	<b>(259)</b>				
Adjustment to operating income <sup>4</sup>	(32)				
Adjustment to income tax expense <sup>4</sup>	12				
<b>Adjustment to NOPAT</b>	<b>(20)</b>				

<sup>2</sup> 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.

<sup>4</sup> Including adjustments for acquisitions and divestitures made during the last twelve months 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**

2023	Dec. 31, 2023	Sept. 30, 2023 <sup>4</sup>	June 30, 2023 <sup>4</sup>	March 31, 2023 <sup>4</sup>	Dec. 31, 2022 <sup>4</sup>
Total assets	33,930	35,265	34,599	35,140	35,386
Plus: Cumulative goodwill amortization and impairment loss	629	703	644	640	645
Minus: Cash and cash equivalents <sup>1</sup>	(1,427)	(1,554)	(1,343)	(1,204)	(1,254)
Minus: Loans to related parties	—	—	—	—	(1)
Minus: Deferred tax assets <sup>1</sup>	(292)	(304)	(314)	(307)	(313)
Minus: Accounts payable to unrelated parties <sup>1</sup>	(775)	(757)	(716)	(817)	(808)
Minus: Accounts payable to related parties	(123)	(119)	(140)	(111)	(138)
Minus: Provisions and other current liabilities <sup>2)</sup>	(2,936)	(3,219)	(3,002)	(2,991)	(2,992)
Minus: Income tax liabilities	(231)	(263)	(230)	(215)	(171)
<b>Invested capital</b>	<b>28,775</b>	<b>29,752</b>	<b>29,498</b>	<b>30,135</b>	<b>30,354</b>
<b>Average invested capital as of December 31, 2023</b>	<b>29,703</b>				
Operating income <sup>4</sup>	1,337				
Income tax expense <sup>3, 4</sup>	(496)				
<b>NOPAT</b>	<b>841</b>				
<b>ROIC in %</b>	<b>2.8</b>				

<sup>1</sup> Includes amounts related to assets, and associated liabilities, classified as held for sale (see NOTE 4 of the notes to the consolidated financial statements).

<sup>2</sup> 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.

<sup>3</sup> Adjusted for noncontrolling partnership interests.

<sup>4</sup> Including adjustments for acquisitions and divestitures made during the last twelve months 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**

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	(138)	(103)	(124)	(92)	(141)
Minus: Provisions and other current liabilities <sup>2)</sup>	(3,008)	(3,488)	(3,222)	(3,188)	(3,319)
Minus: Income tax liabilities	(171)	(242)	(207)	(194)	(174)
<b>Invested capital</b>	<b>30,681</b>	<b>32,999</b>	<b>31,009</b>	<b>29,625</b>	<b>28,797</b>
<b>Average invested capital as of December 31, 2022</b>	<b>30,622</b>				
Operating income	1,512				
Income tax expense <sup>3</sup>	(487)				
<b>NOPAT</b>	<b>1,025</b>				

<sup>2</sup> 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.

<sup>3</sup> Adjusted for noncontrolling partnership interests.




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

2022	Dec. 31, 2022	Sept. 30, 2022 <sup>4</sup>	June 30, 2022 <sup>4</sup>	March 31, 2022 <sup>4</sup>	Dec. 31, 2021 <sup>4</sup>
Total assets	–	–	576	539	291
Minus: Cash and cash equivalents	–	–	(55)	(52)	(51)
Minus: Provisions and other current liabilities <sup>2</sup>	–	–	(4)	(4)	(3)
<b>Invested capital</b>	<b>–</b>	<b>–</b>	<b>508</b>	<b>475</b>	<b>466</b>
<b>Adjustment to average invested capital as of December 31, 2022</b>	<b>290</b>				
Adjustment to operating income <sup>4</sup>	(25)				
Adjustment to income tax expense <sup>4</sup>	8				
<b>Adjustment to NOPAT</b>	<b>(17)</b>				

<sup>2</sup> 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.

<sup>4</sup> Including adjustments for acquisitions and divestitures made during the last twelve months 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**

2022	Dec. 31, 2022	Sept. 30, 2022 <sup>4</sup>	June 30, 2022 <sup>4</sup>	March 31, 2022 <sup>4</sup>	Dec. 31, 2021 <sup>4</sup>
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	(138)	(103)	(124)	(92)	(141)
Minus: Provisions and other current liabilities <sup>(2)</sup>	(3,008)	(3,488)	(3,226)	(3,192)	(3,322)
Minus: Income tax liabilities	(171)	(242)	(207)	(194)	(174)
<b>Invested capital</b>	<b>30,681</b>	<b>32,999</b>	<b>31,517</b>	<b>30,100</b>	<b>29,263</b>
<b>Average invested capital as of December 31, 2022</b>	<b>30,912</b>				
Operating income <sup>4</sup>	1,487				
Income tax expense <sup>3, 4</sup>	(479)				
<b>NOPAT</b>	<b>1,008</b>				
<b>ROIC in %</b>	<b>3.3</b>				

<sup>2</sup> 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.

<sup>3</sup> Adjusted for noncontrolling partnership interests.

<sup>4</sup> Including adjustments for acquisitions and divestitures made during the last twelve months with a purchase price above a €50 M threshold.

## 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.

## 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 FME AG).

## Basic earnings per share growth

Percentage growth in basic earnings per share at Constant Currency (Non-IFRS Measure) is a 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.

## 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 the years ended 2023 and 2022 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

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, which we define as EBITDA 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 17](#) of the notes to the consolidated financial statements),
- > non-cash charges,
- > impairment loss (including any impairment losses associated with the FME25 Program and Legacy Portfolio Optimization, as defined below), and
- > Special Items, including:
  - > costs related to our FME25 Program,
  - > the impact from the initial application of hyperinflationary accounting under IAS 29, Financial Reporting in Hyperinflationary Economies (IAS 29), in Türkiye (Hyperinflation in Türkiye),
  - > the impact from the remeasurement of our investment in Humacyte, Inc. (Humacyte Investment Remeasurement),
  - > the net gain related to the business combination completed on August 24, 2022 among Fresenius Health Partners, Inc. (FHP), the value-based care division of the Company’s wholly-owned subsidiary Fresenius Medical Care Holdings, Inc., with InterWell Health LLC, a physi-

cian organization driving innovation in the kidney care space in the U.S., and Cricket Health, Inc. (Cricket), a U.S. provider of value-based kidney care with a patient engagement and data platform. The new company operates under the InterWell Health brand (InterWell Health). The net gain includes the remeasurement gain of our 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 (Net Gain Related to InterWell Health) (for further information regarding the InterWell Health business combination, see [NOTE 3](#) of the notes to the consolidated financial statements),

- > 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, 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,
- > certain costs associated with the Conversion, primarily related to the requisite relabeling of our products, transaction costs (such as costs for external advisors and conducting an extraordinary general meeting) and costs related to the establishment of dedicated administrative functions required to manage certain services which have historically been administered at the Fresenius SE group level and paid by the Company through corporate charges (Legal Form Conversion Costs), and
- > impacts from strategic divestitures identified during the review of our business portfolio, mainly due to exiting unsustainable markets and non-core businesses, as well

as the cessation of certain R&D programs to enable more focused capital allocation towards areas in our core business that are expected to have higher profitable growth (Legacy Portfolio Optimization). During the year ended December 31, 2023, these impacts mainly comprise the derecognition of capitalized development costs and the impairment of intangible assets (licenses and distribution rights) as well as termination costs (including certain contractual obligation expenses) related to a dialysis cyclor development program which was discontinued in the first quarter of 2023 and other impacts related to agreed-upon divestitures in 2023 (see [NOTE 4](#) of the notes to the consolidated financial statements).

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, 2023 and 2022, see section “Results of operations, financial position and net assets Financial position Financing strategy” in the chapter “Economic Report”.

## Research and development

Developing innovative products and continuously improving our therapies are intrinsic elements of our strategy. Our worldwide R&D activities, which became part of Care Enablement starting in 2023, allow us to efficiently develop products and

therapies in cooperation with our Global Medical Office, systematically promoting the global exchange of knowledge and technology.

## Global research and development strategy

Health care systems face major financial challenges. We therefore aim to direct our R&D 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.

Our R&D strategy contributes to our corporate strategy, which aims to provide health care for chronically and critically ill patients across the renal care continuum by developing adjacent products and therapies for Extracorporeal Membrane Oxygenation, as well as by developing and acquiring complementary assets. Furthermore, our globally oriented R&D strategy enables us to respond more effectively to the worldwide rise in demand for high-quality yet cost-efficient treatment and therapy methods. In doing so, we also take regional or local 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 this chapter).

Starting January 1, 2023, we consolidated our previously decentralized health care products business, including R&D, in our Care Enablement segment. The products business is organized along the three treatment modalities we serve: In-center, Home, and Critical Care.

In conjunction with our R&D activities, we collaborate with external partners to expand our comprehensive innovation and technology network. These partners include numerous academic institutions, such as research institutes at prestigious

universities in the U.S. With the Renal Research Institute in New York, a subsidiary of Fresenius Medical Care, we have a renowned institution in the field of clinical research into all aspects of chronic kidney failure that is 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 2023

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, home dialysis is the preferred and gentlest treatment modality in renal replacement therapy. Our focus is on making peritoneal dialysis (PD) and home hemodialysis (HHD) therapy systems more accessible, intelligent, and connected. In PD, we have continued to connect our cyclers, improve quality, and roll out our latest cycler to new markets.

Following the Food and Drug Administration (FDA) clearance in November 2022, which upgraded the Liberty Select Cycler to enable remote therapy management with the Kinexus Therapy Management platform in the United States, we successfully conducted an Early User Experience in the first quarter of 2023, followed by a full market launch. These innovations have connected the majority of the Liberty Select Cyclers, enabling clinical teams to remotely access patient

treatment data and, with the latest release, remotely program or update patient prescriptions.

Our newest automated peritoneal dialysis (APD) cycler, SILENCIA, utilizes an extremely simple, ultra-quiet, and highly reliable gravity-based mechanism for fluid control, allowing for high quality APD to be carried out at very low cost. We continued our roll-out in South America and successfully expanded into Asia and the Middle East, consistently improving its quality, and adding new features. Future launch plans for North Africa are in progress.

In 2023, significant improvements were introduced to the NxStage chronic HHD portfolio, with multiple submissions to the FDA. In August 2023, the FDA granted 510(k) clearance for the GuideMe software upgrade to the NxStage Versi@HD system. The new software provides graphical walk-through guidance that aims to enhance ease of use and improve confidence for both patients and nurses. The software is designed to make the training experience easier for patients, more efficient for nurses, and ease the transition to home dialysis.

An FDA 510(k) submission in September 2023 includes new enhancements to the NxStage PureFlow SL platform. These improvements include the ability to clean a wider range of incoming water contaminants, automated chloramine monitoring (reducing patient burden by eliminating the need for manual chloramine testing), and multi-patient use, an important innovation to enable multiple patients to safely utilize the same PureFlow SL system in health care facilities (e.g. transitional care units and skilled nursing facilities).

Also in September 2023, a 510(k) premarket notification was submitted to the FDA for enhancements to the NxStage premixed dialysate bags, enabling increased user-friendliness through a new bag design and improved connectivity. In addition, formulations available in hanging bags have been expanded and manufacturing enhanced for cost reduction.

### In-center dialysis

Within the area of in-center dialysis, 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.

In 2023, the CONVINCe study revealed a statistically significant 23% decrease in mortality rates for patients treated with high-volume hemodiafiltration compared to those receiving standard high-flux hemodialysis. These findings have the potential to prompt significant changes in the standard treatment approach and contribute to reducing mortality rates among the vulnerable population in need of kidney replacement therapy. As we intensify our efforts to make high-volume hemodiafiltration available to an increasing number of patients worldwide and, particularly for the first time in the U.S., we are accelerating the development of machines that facilitate online fluid generation and innovative techniques for delivering hemodiafiltration.

Our engineers and researchers are working on more individualized care for dialysis patients as every person is different and has individual needs. At the same time, we strive to counter the increasing shortage of qualified nurses by automating diagnostic and therapeutic features on our devices, thus reducing complexity, and enabling more time for better care.

New smart controls and management systems will enable progress in medical services for dialysis patients as well. Our 6008 CAREsystem represents the highest standard for therapy and lays the foundation for automated monitoring of predialytic natremia, which can help to detect worsening of clinical conditions. The system's precision comes from the individualized dialysate sodium prescription management to better meet medical guideline recommendations.

In the field of membrane engineering, our expertise enables continuous dialyzer innovations: The FX CorAL® dialyzer includes our latest membrane technology and has been introduced successfully in several markets globally. In 2023, FX CorAL® was cleared by the FDA for use in the United States, paving the way toward delivering on our strategic promise to optimize our global products portfolio. The core of the FX CorAL® dialyzer is its Helixone® hydro membrane, which forms a special gel-like layer of water on the surface of the inner membrane that reduces protein adsorption while the blood is being cleaned to achieve a lower induction of the immune response in the patient while maintaining high selective permeability for the removal of toxins and excess water.

We optimize resource utilization, such as water and energy, to enable eco-friendly dialysis. In 2023, we increased our efforts to develop devices in the water treatment cascade, which allows improved hygienic properties of the water treatment system while at the same time facilitating savings in water and electricity consumption. Our flagship product, Aqua A reverse osmosis, received FDA approval and has been successfully launched in the United States. Additionally, to improve our water treatment system footprint in China, we prepared and assembled the microscopic particulate analysis-type test prototypes in our Changzhou production facility.

We made further efforts to improve sustainability by assessing new designs for bloodlines, such as the newly launched CombiSet 2500 in the U.S. market, representing a substantial reduction of total material while offering equal handling and usability benefits for dialysis centers.

## Critical care

Our R&D activities for critical care aim to provide hospitals and intensive care units (ICUs) with a comprehensive portfolio of technologies for the extracorporeal organ support of critically ill patients. As human organs are a mutually linked system,

critical care R&D pursues a multi-organ support approach, drawing on our extensive expertise in extracorporeal blood treatment for acute kidney injury. Based on a holistic comprehension of human physiology, our goal is to develop multi-organ therapies and translate them into smart technology solutions.

Along with a wide range of therapies for effective treatment of acute kidney failure, multiFiltratePRO, a highly innovative platform for continuous kidney replacement therapy (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.

A major step forward in digital support for ICUs is the development of the Ready4 multiFiltratePRO AR solution, an augmented reality learning experience that will launch in 2024, and is designed to help ICU teams deliver effective CKRT with the multiFiltratePRO dialyzer system. ICUs may retrain their staff on-demand using virtual 3D objects, prompts and training videos.

We believe our Ready4 multiFiltratePRO AR service will provide another reason to choose the multiFiltratePRO dialyzer in the ICU and continue the global expansion of this technology, which is now used in 50 countries in Asia, Australia, Africa, Europe, South and North America. In December 2022, the multiFiltratePRO received 510(k) clearance from the U.S. FDA.

Another leading CKRT platform, the NxStage System One with NxView, is available in the United States. Leading institutions across the country have adopted its Cartridge Express with Speedswap that enables a flow-compromised filter to be replaced during therapy without changing a treatment set, which can provide operational benefits when working in ICUs. In addition, the R&D team also supported the launch of the Critical Care Insights Report for the NxStage System One with NxView, which translates raw machine data into actionable

insights that chart the path for meaningful CKRT program improvements at U.S. hospitals.

## 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 for our patients, seamless connectivity and workflow optimizations for nurses and significant reductions in treatment costs for our customers.

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 physiological models, 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 CAPD. With stay•safe MyTraining VR, patients can perform virtual dialysis treatment to learn about key aspects of the dialysis process. Further information on digitalization projects can be found in the separate Non-Financial Group Report.

## R&D resources

In fiscal year 2023, Fresenius Medical Care spent a total of around €232 M on R&D (2022: €229 M), corresponding to around 6% (2022: 6%) of our health care product revenue. At the end of 2023, our patent portfolio comprised some 9,537 property rights in approximately 1,594 patent families, i.e. groups of patents linked to the same invention. Our R&D work in fiscal year 2023 produced around 60 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, 2023, 1,358 employees (total headcount) worked for Fresenius Medical Care in R&D worldwide (December 31, 2022: 1,235). They come from various backgrounds: Employees with medical, business and technical qualifications work alongside software specialists in interdisciplinary teams. More than 840 employees – the majority of our R&D staff – are based in Europe. Most R&D 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 Krams (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 R&D organization coordinates collaboration and technology exchange among the various sites.

### T 2.13 EMPLOYEES TOTAL HEADCOUNT

	Dec. 31, 2023	Dec. 31, 2022	Change	Share in %
<b>TOTAL COMPANY</b>	<b>119,845</b>	<b>128,044</b>	(8,199)	100
<b>U.S.</b>	<b>66,384</b>	<b>70,336</b>	(3,952)	56
Care Delivery	55,047	57,156		
Care Enablement	11,321	13,164		
Corporate	16	16		
<b>GERMANY</b>	<b>7,581</b>	<b>7,827</b>	(246)	6
Care Delivery	2,394	2,656		
Care Enablement	5,125	5,114		
Corporate	62	57		
<b>REST OF THE WORLD</b>	<b>45,880</b>	<b>49,881</b>	(4,001)	38
Care Delivery	33,556	37,838		
Care Enablement	12,323	12,042		
Corporate	1	1		

More information is shown in the [TABLE 2.12](#).

### T 2.12 RESEARCH AND DEVELOPMENT

	2023	2022	2021
Research and development expenditures in € M	232	229	221
Number of patents <sup>1</sup>	9,537	10,086	10,048
Employees <sup>1, 2</sup>	1,358	1,235	1,236

<sup>1</sup> As of December 31, for the respective period presented.

<sup>2</sup> 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, 2023, Fresenius Medical Care employed a total of 119,845 members of staff (total headcount) in 70 countries worldwide. Our workforce therefore decreased by 6% year-on-year, or by 8,199 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](#) on page 46 shows the breakdown of employees by our major category of activities.

Staff costs at Fresenius Medical Care decreased to €7,768 M in 2023 (2022: €7,939 M), corresponding to 40% (2022: 41%) of revenue. Average staff costs per employee (annual average based on total headcount) amounted to €63,095 (2022: €61,194).

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.

## 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.

### Care Enablement

With a focus on quality, costs and availability, we introduced a stable infrastructure with efficient processes and systems over the last several years. All production sites follow the Lean Manufacturing approach which, in our plants in North America and in nine of twelve plants in Europe, Middle East and Africa includes the “Lean Six Sigma” management system. The focus of Lean Manufacturing and Six Sigma is the continuous improvement of manufacturing processes in order 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 outside the U.S. under one Consolidated QMS (CQMS). Every medical device plant at these locations 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). Our production activities in the U.S. continue to be governed by our North American management system in compliance with FDA regulations. The QMS of each site is additionally reviewed through periodic corporate and local management review and internal audits.

All certified plants have successfully passed the annual ISO 13485, ISO 9001, MDSAP underlying regulatory requirements, external QMS audits and authority inspections for maintaining their required certifications and licenses.

### Care Delivery

Our dialysis 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.

At each of our dialysis clinics in the U.S., a quality assurance committee is responsible for reviewing quality of care data, choosing local quality improvement projects and monitoring the progress towards achieving the quality targets which are informed by KDOQI, KDIGO and the Quality Agenda established by the Medical Office of Fresenius Medical Care in the U.S. Outside the U.S., Clinic Quality Management Department (CQM) is responsible for establishing and maintaining all quality management activities.

Commencing in 2024, the implementation of an internally developed Quality Management System, which has widened the process scopes by considering the objective of protecting patients, employees and the environment.

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

At the core of Fresenius Medical Care is our steadfast commitment to our patients. This approach shapes how we manage sustainability, emphasizing our contribution to global health care challenges and on activities with the biggest impact for our company vision. Successfully managing our sustainability impacts, risks and opportunities means creating economic, ecological, and social value. Acting sustainably is a fundamental component of our strategy.

Over the past years, we have continuously stepped up our sustainability management efforts. Following the successful completion of our Global Sustainability Program at the end of 2022, we have defined new global targets to further drive the integration of sustainability into our business and continuously improve our sustainability performance. We focus on three strategic areas: enhancing quality of care and access to health care, building the best team to serve patients, and reducing our Company’s environmental footprint.

Further information can be found in the separate Non-Financial Group Report.

# Economic Report

The dialysis market is a sustainable growth market with 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.

Key drivers influencing our business include the government remuneration systems and respective rates. Looking at reimbursement rates in certain countries, it is important to recognize that these rates are covering a wider range of services on a highly individual level. Dialysis is a vital medical service, which is why it is usually paid for by the responsible health care system.

In 2022, we received government support in connection with the COVID-19 pandemic, particularly in the U.S., which was discontinued in 2023. At the same time, certain financial burdens remained, primarily due to the consistently high wage costs.

The macroeconomic environment remains challenging, but energy prices have stabilized at a high level and there are increasing signs that the commodities market, the general inflationary environment and the U.S. labor market are also stabilizing, though inflation related to wages continues to be a headwind in the upcoming year.

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 2023 compared to fiscal year 2022 was characterized by steady fluctuations, increases and appreciation, of the euro against the U.S. dollar. On average over the course of the year, the euro traded stronger against the U.S. dollar compared to fiscal year 2022.

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 or ESRD is a global disease. The number of patients requiring renal replacement therapy is increasing worldwide: At the end of 2023, approximately 5.1 M patients (2022: 4.9 M) underwent dialysis treatment or received a donor organ.

Further information can be found in [TABLE 2.14](#) on page 49.

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 (ESRD)

	2023	Share in %	2022	Share in %
<b>Patients with chronic kidney failure</b>	<b>5,071,000</b>	<b>100</b>	<b>4,865,000</b>	<b>100</b>
of which patients with transplants	969,000	19	942,000	19
<b>Of which dialysis patients</b>	<b>4,102,000</b>	<b>81</b>	<b>3,923,000</b>	<b>81</b>
In-center hemodialysis	3,628,000	71	3,469,000	71
Peritoneal dialysis	444,000	9	427,000	9
Home hemodialysis	30,000	1	27,000	1

Source: Company information and estimates.

The number of dialysis patients rose worldwide by around 5% in 2023 (2022: 4%).

New drug classes like GLP-1 (Glucagon-like peptide-1) receptor agonists or SGLT2 (Sodium-Glucose-Transporter 2) inhibitors, are thought to slow the progression of chronic kidney disease, provide cardiovascular health benefits and therefore could have a significant positive impact on people with diabetes and other chronic diseases. With regard to the GLP-1-receptor agonists drug class, we expect a balanced influence on the number of people with ESRD in the long term. Patients with chronic kidney failure who take GLP-1 receptor agonists could have a longer life expectancy and be in better health. This could give us the opportunity to admit healthier patients who could potentially require kidney replacement therapy for a longer time in the future. For further information see [NOTE 2 A](#)) of the notes to the consolidated financial statements.

However, all the published clinical studies examining the impact of GLP-1 receptor agonists on kidney-related endpoints to date have only included patients with early-stage CKD, a cohort of patients whose typical progression to end stage kidney disease transpires over a decade or longer. A clearer understanding of the effects of GLP-1 receptor agonists in patients with more advanced CKD (slowed disease progres-

sion and mortality), as well as the mortality benefits in patients with ESRD (mortality) will depend on the results of future clinical trials.

## Comparison of dialysis treatment methods

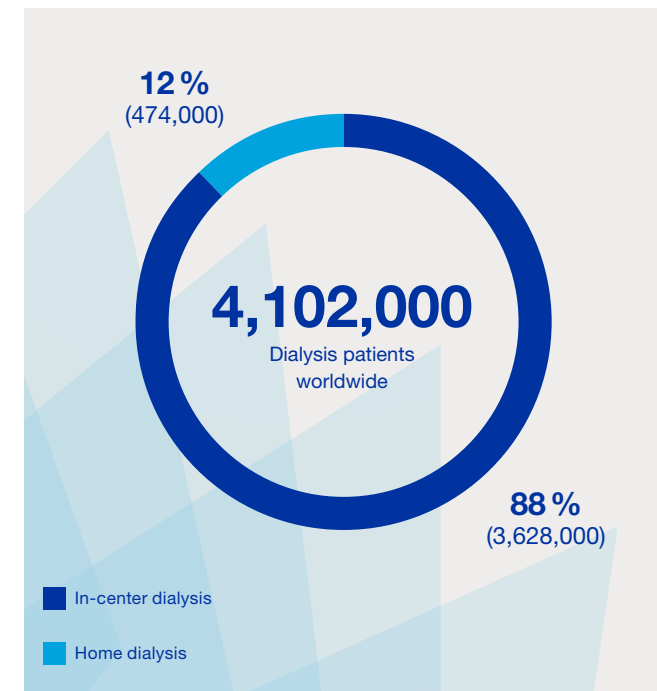
In 2023, most dialysis patients were treated in one of around 50,000 dialysis centers worldwide (2022: 48,000), with an average of approximately 80 patients per center (2022: 80). However, this figure varies considerably from country to country.

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 2023 (2022: 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 (2022: 1%). In the year under review, 11% of all dialysis patients were treated with peritoneal dialysis, usually at home (2022: 11%). As a result, 12% of the dialysis patients were treated with home dialysis (2022: 12%). In 2023, about 15% (2022: 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, the predominant treatment method is continuous renal replacement therapy. Over 50% or 1,000,000 acute patients were treated with this method in 2023 (2022: around 50% or 900,000). The number of patients requiring continuous renal replacement therapy to treat acute kidney failure is set to rise from around 1.0 million patients in 2023 to over 1,5 million per year over the next decade. In this field, Fresenius Medical Care is well positioned with a market share of approximately 29% (2022: 30%).

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



## Volume of the dialysis market

According to our estimates, the volume of the global dialysis market decreased to around €81 BN in 2023 (2022: €83 BN). We expect the following approximate breakdown for this market volume: around €16 BN (2022: €16 BN) for dialysis products and approximately €65 BN (2022: €67 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 within our Care Delivery segment, we cannot provide a meaningful estimate of the market volume.

## Our services are mostly paid for by health insurers and companies

The most important payers of Fresenius Medical Care's services 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.

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 health care system costs.

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 2023, around 25% (2022: 26%) of our total revenue was attributable to reimbursements by CMS.

Future changes in health care regulation are a key factor influencing our business. The U.S.-government has embedded drivers to manage the substantial health care costs. Historically, the magnitude of government reimbursement rate

increases in the U.S. has been limited and is expected to continue in this manner. A reduction in Medicare, commercial insurance, Medicare Advantage plans, or patient access to commercial insurance, could have a particularly adverse impact on our Care Delivery business.

On October 27, 2023, CMS issued a final rule for the reimbursement rate for chronic kidney failure treatments for calendar year (CY) 2024. 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 2024 is \$271.02, up 2.1% on the CY 2023 base rate of \$265.57. This increase is based on a market basket increase of 2.4%, partially offset by a multifactor productivity adjustment of 0.3% that is mandated by the Affordable Care Act (ACA). While the final rule provides for a routine update to the wage index based on existing policy, the significant rise in labor costs over the past few years has not been offset.

Various incentives are in place to encourage health care providers to improve outcomes and develop new products. For instance, CMS has finalized a change to the ESRD PPS transitional drug add-on payment adjustment (TDAPA) related policy for CY 2024, along with a new add-on payment adjustment for certain new renal dialysis drugs and products in existing ESRD PPS functional categories after the TDAPA period concludes.

Any significant reduction in Medicare reimbursement rates could have a material adverse effect on our 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, the demand for our products and services could be reduced and the results of operations could be adversely affected.

In *Marietta Memorial Hospital Employee Health Benefit Plan v. 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 ESRD. This could make commercial insurance relatively less attractive to ESRD patients and Medicare relatively more appealing. The Marietta ruling could potentially lead to certain employer group health plans excluding reimbursement for dialysis services, with a material and adverse impact on our business, financial conditions, and results of operations, depending on the number of affected patients. While the Marietta ruling did not significantly impact our business in 2023, the absence of legislative action and a shift of commercially insured patients to Medicare and Medicaid could have negative implications in 2024 and beyond. In December 2023, six bipartisan members of the House reintroduced the Restore Protections for Dialysis Patients Act (H.R. 6860), which would address the Marietta decision. The bill includes updated language, which would restore the understanding of the Medicare Secondary Payer Act prior to the Marietta decision and ensure that patients cannot be discriminated against because of their need for dialysis.

More information can be found 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 2023, 46% of the Group’s health care services revenue was related to private insurers in North America (2022: 43%).

#### **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. CMS will continue to provide a TDAPA for the drug difelikefalin (trade name “Korsuva”) at the rate of the average sales price until March 31, 2024.

#### **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 incentive program (QIP). Failure to reach these standards can lead to a reduction in annual reimbursements of up to 2%.

In the CY 2024 final rule, CMS added measures to the ESRD QIP effective in both 2026 and 2027, including measures to screen and report for social determinants of health and a “Facility Commitment to Health Equity” reporting measure. CMS also removed several measures from the QIP including the “Ultrafiltration Rate” reporting measure and Standardized Fistula Rate clinical measure.

#### **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, directing 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 mandatory ESRD Treatment Choices (ETC) model, runs from January 2021 until June 2027, consisting of two partial reimbursement programs: For a period of three years, home dialysis treatment claims will receive an 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. Performance based payment adjustments started in July 2022 and ending in June 2027. At December 31, 2023, a total of 988, or around 35%, of our U.S. dialysis clinics were involved in the model.

Pursuant to the Executive Order, the Secretary of the HHS 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 CKCC model were accepted in June 2020, as well as 4 other applications that we submitted in the second performance year of the CKCC model. This model allows health care providers to assume various amounts of financial risk by forming so-called Kidney Care Entities (KCE). Once implemented, the CKCC model is expected to run

through 2026. As of December 2023, approximately 53,000 patients were aligned to KCEs in which we participated.

### Reimbursement for dialysis treatments to members of the Military Service

On November 21, 2023, Fresenius Medical Care entered into a favorable settlement agreement with the U.S. government, concluding a complaint filed in 2019. The complaint sought to recover owed funds from the U.S. Department of Defense under the Tricare program for services rendered on or before January 11, 2023.

Tricare provides reimbursement for dialysis treatments and other medical care provided to members of the military services, their dependents, and retirees. The litigation challenged unpublished administrative actions by Tricare administrators to reduce the compensation rates paid for dialysis treatments provided to Tricare beneficiaries based on a recasting of invoicing codes. Tricare administrators had basically acknowledged the unpublished administrative action, but declined to change or abandon it.

The settlement agreement effectively resolves the dispute underlying the complaint, positively impacting business development in 2023.

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

### 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 related effects

In the previous years, we have received COVID-19-related relief measures in some countries, for instance in the U.S., to mitigate certain adverse financial impacts of the pandemic. However, these measures did not fully offset any lost revenues and increased costs we had to incur. Certain expenses, especially the cost base for wages, have remained high, even after the reliefs were discontinued in 2023. In addition, our business is still affected by excess mortality caused by the COVID-19 pandemic: The so-called annualization effect describes the fact that the patients who died during the pandemic would have been on dialysis for an average of three to three and a half years. The excess mortality also affected people who would have needed dialysis in the near future. The resulting effects on patient numbers and treatment volume have not yet been fully recovered.

For further information see [NOTE 5 I\)](#) 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 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

#### Deconsolidation and Conversion

At our EGM held on July 14, 2023, our shareholders approved the Conversion. Upon effectiveness of the Conversion, which occurred upon registration of the Conversion with the competent commercial register on November 30, 2023, Management AG exited the Company and Fresenius SE ceased to control (as defined by IFRS 10) the Company.

#### Legacy Portfolio Optimization

As noted above, we are reviewing our business portfolio, specifically with a view to exiting unsustainable markets and non-core businesses and the cessation of certain R&D programs to enable more focused capital allocation towards

areas in our core business that are expected to have higher profitable growth. During the year ended December 31, 2023, the impacts from Legacy Portfolio Optimization mainly comprise the items described under “Net leverage ratio (Non-IFRS Measure)” in section “Performance management system” within the chapter “Overview of the Group” (see [NOTE 4](#) of the notes to the consolidated financial statements).

Overall, the impacts from Legacy Portfolio Optimization resulted in a negative effect on operating income of €204 M for the year ended December 31, 2023.

## Inflation, higher energy prices and raw material costs

The macroeconomic environment remains challenging, but energy prices have stabilized at a high level and there are increasing signs that the commodities market, the general inflationary environment and the U.S. labor market are also stabilizing, though inflation related to wages continues to be a headwind in the upcoming year.

## FME25 Program

Effective as of January 1, 2023, we commenced reporting reflecting our new global operating model in which we reorganized our business into two global operating segments. External reporting was adjusted accordingly. For further information see [NOTES 1](#) and [29](#) of the notes to the consolidated financial statements.

Overall, the costs related to the FME25 Program resulted in a negative impact on operating income of €153 M for the year ended December 31, 2023 (€204 M for the year ended December 31, 2022). For the year ended December 31, 2023, recurring savings related to the FME25 Program were €346 M (€131 M for the year ended December 31, 2022).

In the discussion of our results for the year ended December 31, 2023 compared to the year ended December 31, 2022 below, the effects of the costs and savings related to the FME25 Program are presented on a net basis.

The impacts from Legacy Portfolio Optimization and the costs related to the FME25 Program are treated as Special Items.

## Tricare Settlement

We filed a complaint against the U.S. Department of Defense in 2019 which sought to recover amounts owed to us under the Tricare program for services on or before January 11, 2023 (for further information on this complaint, see [NOTE 25](#) of the notes to the consolidated financial statements). On November 21, 2023, we entered into a settlement agreement with the U.S. government which resolved the dispute underlying the complaint and concluded the litigation (Tricare Settlement). As a consequence of the settlement agreement, both revenue and operating income were positively impacted in the amount of €191 M and €181 M for the year ended December 31, 2023.

For further information regarding the impact of the legal settlement on our outlook for 2024, see the section “Key performance indicators development of Fresenius Medical Care in 2024” in the chapter “Outlook”.

## Other Trends

During 2022, we faced significant challenges in the labor market, particularly in the U.S., resulting in staff shortages, high turnover rates and meaningfully higher costs. In 2023, we have seen a stabilization of both the labor market and the inflationary environment. Additionally, while overall treatments decreased slightly for the year ended December 31, 2023 compared to the year ended December 31, 2022, as the annualization effect of COVID-19-related excess mortality continues

to impact growth and divestitures in connection with Legacy Portfolio Optimization and the FME25 Program had a negative impact on overall treatment numbers, the year ended December 31, 2023 evidenced a trend towards improving treatment volumes globally, with sequentially stable underlying treatment volumes in the U.S., which were negatively affected by the cancellation of less profitable acute care contracts contributing a 0.5% decline in Same Market Treatment Growth (as defined below) as indicated in the discussion of our consolidated revenue and operating segment results and in the tables under “Key Performance Indicators,” below.

## Changes in Management Board

On October 1, 2023, Martin Fischer was appointed CFO, succeeding Helen Giza in her role as CFO. Helen Giza was appointed as CEO and Chair of the Management Board in December 2022, and previously served as acting CFO. Martin Fischer assumed responsibility for the Global Finance Organization of Fresenius Medical Care. Following the Conversion on November 30, 2023, Martin Fischer became a member of the Management Board of Fresenius Medical Care AG.

Additionally, on October 31, 2023, Fresenius Medical Care announced the appointment of Craig Cordola as a new Management Board member for the Care Delivery segment, commencing his new role on January 1, 2024. Craig Cordola succeeded William (Bill) Valle, who had been with the Company since 2009 and had led the Care Delivery segment since 2022. Previously, Mr. Valle served as CEO for North America starting in 2017 and had been a member of the Management Board since 2017. Mr. Valle retired from the Company at the end of 2023.

## Comparison of actual business results with the outlook

Our business conditions have stabilized in 2023 and developed partly better than expected. The macroeconomic environment continued to be challenging, but the trend towards improving treatment volumes and stabilization of both the labor market in the U.S. and the inflationary environment has been confirmed. The business development was still impacted by inflationary cost increases as well as by unfavorable foreign currency transaction effects, partially offset by savings from the FME25 Program and the positive impact from the Tricare Settlement. We met our outlook for the fiscal year 2023.

Our 2023 outlook was based on the outlined assumptions in chapter “Outlook” in the Group Management Report of the Annual Report 2022 and excluded Special Items. Special Items include costs related to the FME25 Program, the Humacyte Investment Remeasurement, the Legal Form Conversion Costs and the impacts from Legacy Portfolio Optimization and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of providing the outlook. We have adjusted the actual results for 2023 accordingly to make them comparable with the outlook. The Tricare Settlement is not treated as Special Item, because in previous reporting periods, the negative impact related to this matter had not been treated as Special Item due to its operational nature.

The costs related to the FME25 Program mainly include the impairment of fixed, intangible and right-of-use assets, severance payments and related personnel expense, IT costs and consulting expenses. The impacts from Legacy Portfolio Optimization mainly comprise the derecognition of capitalized development costs and the impairment of intangible assets (licenses and distribution rights) as well as termination costs (including certain contractual obligation expenses) related to a dialysis cyclor development program which was discontinued in the first quarter of 2023 and other impacts related to agreed-

upon divestitures in 2023 (see [NOTE 4](#) of the notes to the consolidated financial statements). The FME25 Program and the impacts from Legacy Portfolio Optimization affect both Segments, Care Delivery und Care Enablement.

The Legal Form Conversion Costs include costs primarily related to the requisite relabeling of our products, transaction costs (such as costs for external advisors and conducting an extraordinary general meeting), insurance costs and costs related to the establishment of dedicated administrative functions required to manage certain services which have historically been administered at the Fresenius SE group level and were paid through corporate charges. The Legal Form Conversion Costs and the special Item from the Humacyte Investment Remeasurement are assigned to Corporate.

The targeted growth rates were 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. To provide a comparable basis for the 2023 outlook, the prior year basis was adjusted accordingly for the Provider Relief Funding.

A reconciliation of the results for 2023 and 2022 to the respective results for 2023 and 2022 excluding Special Items can be found at the end of this section. The outlook for fiscal year 2023 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. We generated revenue of €20.5 BN in 2023 at Constant Currency (2022: €19.4 BN), resulting in an increase of 5%, which is within the range of our expectations. Excluding the positive impact from the Tricare Settlement revenue amounted to €20.3 BN at Constant Currency, resulting in an increase of 4%, which is also within the range of our expectations.

Both segments, Care Delivery and Care Enablement, 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 remain flat or decline up to at a high-single digit percentage rate at Constant Currency for the fiscal year 2023. Based on the earnings development we have narrowed the target range in the second quarter of 2023 and raised it in the third quarter of 2023 to a growth at a low-single digit percentage rate. Furthermore, as a consequence of the Tricare Settlement, the earnings outlook was raised once again at November 21, 2023. We expected thereafter operating income to grow by 12 to 14 percent at Constant Currency. Operating income excluding Special Items in 2023 was €1.8 BN at Constant Currency (2022: €1.5 BN), an increase of 15%. This slightly exceeds our adjusted outlook. Excluding the positive impact from the Tricare Settlement operating income excluding Special Items amounted to €1.6 BN at Constant Currency, resulting in an increase of 3%. This meets our previous target, which was released in the third Quarter of 2023.

[TABLE 2.16](#) on page 55 shows the actual results and our outlook for the fiscal year 2023.

[TABLE 2.17](#) and [2.18](#) on page 55 provides a reconciliation of the results for 2023 and 2022 to the respective results for 2023 and 2022 excluding Special Items as well as a reconciliation of the currency translation effects on the results for 2023 at Constant Currency.

**T 2.16 RESULTS AND OUTLOOK PRIMARY KEY PERFORMANCE INDICATORS FOR 2023**  
 IN € M

	Results 2023	Results 2023	Outlook 2023
	As reported	Excl. Special Items (at Constant Currency) <sup>1,2,3</sup>	
Revenue	19,454	20,464	Low to mid-single digit percentage rate growth
Operating income	1,369	1,778	12%–14% growth (initially: flat to high-single digit percentage rate decline)

<sup>1</sup> The outlook for 2023 was narrowed in the second quarter of 2023 and raised in third quarter of 2023 as well as at November 21, 2023; it was based on the outlined assumptions in chapter "Outlook" in the Group Management Report of the Annual Report 2022 and excluded Special Items. Special Items include costs related to the FME25 Program, the Humacyte Investment Remeasurement, the Legal Form Conversion Costs and the impacts from Legacy Portfolio Optimization and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of providing the outlook. The growth rates were 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 Turkey and the Impacts Related to the War in Ukraine. Additionally, the results 2022 were adjusted for the Provider Relief Funding.

<sup>2</sup> The results for 2023 have been adjusted for Special Items in order to make business performance comparable with the outlook for 2023. A reconciliation of the results for 2023 and 2022 to the results for 2023 and 2022 excluding Special Items as a basis for the 2023 targets can be found in [TABLE 2.17](#) and [2.18](#).

<sup>3</sup> For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system".

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

	Special Items					Results 2023 excl. Special Items	Currency translation effects	Results 2023 excl. Special Items at Constant Currency <sup>1</sup>
	Results 2023	FME25 Program	Humacyte Investment Remeasurement	Legal Form Conversion Costs	Legacy Portfolio Optimization			
Revenue	19,454	—	—	—	—	19,454	1,010	20,464
Operating income	1,369	153	(15)	30	204	1,741	37	1,778

<sup>1</sup> For further information on Constant Currency, see the chapter "Overview of the Group" section "Performance management system".

**T 2.18 OPERATING PERFORMANCE EXCLUDING SPECIAL ITEMS**  
 IN € M

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

## Results of operations, financial position and net assets

The following sections summarize our consolidated 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.

### Results of operations

Revenue and operating income generated in countries outside the eurozone are subject to currency fluctuations. As a significant portion of our operations are derived from our businesses in the U.S., the development of the euro against the U.S. dollar can have a material impact on our results of operations, financial position and net assets and the impacts of foreign currency transaction and translation effects are included in the discussion of our key and secondary performance indicators below.

### Key Performance Indicators

The following discussions include our two operating and reportable segments and the measures we use to manage these segments. Due to the change in our operating structure as of January 1, 2023, as mentioned above, we have restated the financial information for 2022 for our operating segments in order to conform to the current year's presentation. For further information, see [NOTE 1](#) and [NOTE 29](#) of the notes to the consolidated financial statements.

### Year ended December 31, 2023 compared to year ended December 31, 2022

#### T 2.19 RESULTS OF OPERATIONS IN € M

	2023	2022	Change in %		
			As reported	Currency translation effects	Constant Currency <sup>1</sup>
Revenue	19,454	19,398	0	(5)	5
Costs of revenue	(14,529)	(14,504)	0	6	6
Selling, general and administrative costs	(3,196)	(3,170)	1	4	5
Research and development	(232)	(229)	1	2	3
Income from equity method investees	122	67	83	0	83
Other operating income <sup>2</sup>	515	550	(6)	(13)	7
Other operating expense <sup>2</sup>	(765)	(748)	2	20	22
Remeasurement Gain from Interwell Health	—	148			
Operating income	1,369	1,512	(9)	(2)	(7)
Operating income margin	7.0	7.8			
Interest income	88	68	30	(21)	51
Interest expense	(424)	(360)	18	5	23
Income tax expense	(301)	(325)	(8)	3	(5)
Net income	732	895	(18)	(2)	(16)
Net income attributable to noncontrolling interests	(233)	(222)	6	2	8
Net income attributable to shareholders of FME AG	499	673	(26)	(2)	(24)
Basic and diluted earnings per share in €	1.70	2.30	(26)	(2)	(24)

<sup>1</sup> For further information on Constant Exchange Rates, see "I. Performance management system" above.

<sup>2</sup> For further information regarding the revised presentation of other operating income and other operating expense, see [NOTE 1](#) and [NOTE 5 F](#) of the notes to the consolidated financial statements.



**T 2.20 REVENUE**  
**IN € M, EXCEPT DIALYSIS TREATMENT, PATIENT AND CLINIC DATA**

	2023	2022	As reported	Change in %			Same Market Treatment Growth <sup>2</sup>
				Currency translation effects	Constant Currency <sup>1</sup>	Organic growth	
Revenue	19,454	19,398	0	(5)	5	4	
Care Delivery segment	15,578	15,593	0	(5)	5	3	0.3
Thereof: U.S.	12,665	12,575	1	(2)	3	3	(0.3)
Thereof: International	2,913	3,018	(4)	(16)	12	7	1.4
Care Enablement segment	5,345	5,353	0	(5)	5	4	
Inter-segment eliminations	(1,469)	(1,548)	(5)	5	0		
Dialysis treatments	51,654,540	52,310,131	(1)				
Patients	332,548	344,687	(4)				
Clinics	3,925	4,116	(5)				

<sup>1</sup> For further information on Constant Exchange Rates, see "1. Performance management system" above.

<sup>2</sup> 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).

### Consolidated

Revenue remained stable as compared to the year ended December 31, 2022 as organic growth in both Care Delivery and Care Enablement and the impact related to the Tricare Settlement in the amount of €191 M were offset by a negative impact from foreign currency translation.

### Care Delivery

Care Delivery revenue remained stable as compared to the year ended December 31, 2022 as an increase in organic growth, the impact related to the Tricare Settlement in the amount of €191 M and a positive, hyperinflation-driven impact associated with closed or sold clinics related to revenues prior to divestiture. These effects were offset by a negative impact from foreign currency translation. As of December 31, 2023, the number of patients treated in dialysis clinics that we own or operate in Care Delivery decreased as compared to December

31, 2022, primarily driven by divestitures in connection with our Legacy Portfolio Optimization plan. Treatments in our Care Delivery segment decreased as compared to the year ended December 31, 2022, mainly due to the effect of closed or sold clinics (primarily related to Legacy Portfolio Optimization). During the year ended December 31, 2023, we opened 24 dialysis clinics and combined, closed or sold 215 clinics.

### U.S.

In the U.S., the increase in revenue was driven by an increase in organic growth which was supported by a favorable impact from our value and risk-based care programs, including integration and investment costs, (Value and Risk-Based Care Programs), reimbursement rate increases and a favorable payor mix as well as the impact related to the Tricare Settlement in the amount of €191 M, partially offset by a negative impact from foreign currency translation and the effect of closed or sold clinics. organic growth in the U.S. was supported

by reimbursement rate increases in 2023, partially offset by the prior year impact of the reconciliation of revenues for the final performance year of our ESRD Seamless Care Organizations (ESCOs). In the U.S., 205,308 patients (December 31, 2022: 206,033) were treated in dialysis clinics that we own or operate. Treatments remained relatively stable at 31,210,375 for the year ended December 31, 2023 as compared to 31,361,555 for the year ended December 31, 2022, primarily as Same Market Treatment Growth was limited by the cancellation of less profitable acute care contracts. We owned or operated 2,615 dialysis clinics in the U.S. at December 31, 2023 as compared to 2,671 dialysis clinics at December 31, 2022. During the year ended December 31, 2023, we opened 15 dialysis clinics and combined, closed or sold 71 clinics.

### International

In our operations outside the U.S. (International), the decrease in revenue was driven by a negative impact from foreign currency translation, partially offset by an increase in organic growth and a positive, hyperinflation-driven impact associated with closed or sold clinics related to revenues prior to divestiture. There were 127,240 patients, a decrease of 8% (December 31, 2022: 138,654) treated in dialysis clinics that we own or operate in International, primarily driven by divestitures in connection with our Legacy Portfolio Optimization plan. Treatments in International decreased by 2% to 20,444,165 for the year ended December 31, 2023 as compared to 20,948,576 for the year ended December 31, 2022 driven by the effect of closed or sold clinics (primarily related to Legacy Portfolio Optimization), partially offset by Same Market Treatment Growth. We owned or operated 1,310 dialysis clinics in International at December 31, 2023 as compared to 1,445 dialysis clinics at December 31, 2022. During the year ended December 31, 2023, we opened 9 dialysis clinics and combined, closed or sold 144 clinics.

## Care Enablement

Care Enablement revenue remained stable as compared to the year ended December 31, 2022 as a negative impact from foreign currency translation was offset by increased sales of in-center disposables, machines for chronic treatment, home hemodialysis products, critical care products (including products for acute care treatments and acute cardiopulmonary products) and renal pharmaceuticals. The development of Care Enablement revenue reflected increased average sales prices for our products as well as an increased demand for our products in certain countries.

## Consolidated

The decrease in our operating income was largely driven by the absence, in 2023, of i) government relief funding available for health care providers affected by the COVID-19 pandemic (including the partial suspension of U.S. Sequestration in 2022), ii) the prior year Net Gain Related to InterWell Health, and iii) the prior year impact from the reconciliation of revenues recorded for the final performance year of our ESCOs as well as the impacts from Legacy Portfolio Optimization and other divestitures, inflationary cost increases, unfavorable foreign currency transaction effects, a negative impact from Value and Risk-Based Care Programs, higher expense related to performance-based compensation plans, lower consent payments attributable to certain pharmaceuticals, Legal Form Conversion Costs and a negative impact from foreign currency translation effects. The decrease was partially offset by a favorable impact from business growth, net savings associated with the FME25 Program, the Tricare Settlement, a favorable impact from the Humacyte Investment Remeasurement and lower personnel expense resulting from improved labor productivity. The effect of the Tricare Settlement was €181 M in additional operating income for the year ended December 31, 2023.

Further information regarding the specific drivers of our segment results are detailed below:

### T 2.21 OPERATING INCOME (LOSS) IN € M

	2023	2022	Change in %		
			As reported	Currency translation effects	Constant Currency <sup>1</sup>
Operating income (loss)	1,369	1,512	(9)	(2)	(7)
Care Delivery segment	1,516	1,686	(10)	(2)	(8)
Care Enablement segment	(67)	(30)	123	0	123
Inter-segment eliminations	(13)	0	n.a.		n.a.
Corporate	(67)	(144)	(54)	(2)	(52)
Operating income (loss) margin	7.0	7.8			
Care Delivery segment	9.7	10.8			
Care Enablement segment	(1.2)	(0.6)			

<sup>1</sup> For further information on Constant Exchange Rates, see "1. Performance management system" above.

## Care Delivery

The decrease in Care Delivery operating income primarily related to the absence, in 2023, of i) government relief funding available for health care providers affected by the COVID-19 pandemic (including the partial suspension of U.S. Sequestration in 2022), ii) the prior year Net Gain Related to InterWell Health, and iii) the prior year impact from the reconciliation of revenues recorded for the final performance year of our ESCOs as well as the impacts from Legacy Portfolio Optimization and other divestitures, a negative impact from Value and Risk-Based Care Programs, inflationary cost increases, higher expense related to performance-based compensation plans, lower consent payments attributable to certain pharmaceuticals and a negative impact from foreign currency translation effects. The decrease was partially offset by the Tricare Settlement, a favorable impact from business growth, net savings from the FME25 Program and lower personnel expense resulting from improved labor productivity. The effect of the Tricare Settlement was €181 M in additional operating income for the year ended December 31, 2023.

## Care Enablement

For the year ended December 31, 2023, the operating loss recorded by Care Enablement increased as compared to the year ended December 31, 2022, primarily due to inflationary cost increases, Legacy Portfolio Optimization and unfavorable foreign currency transaction effects, partially offset by a favorable impact from business growth (due to both volume and price impacts) and net savings from the FME25 Program.

## Secondary performance indicators and other contributors to profit and loss

Costs of revenue remained relatively stable as compared to the year ended December 31, 2022 as a negative impact from Value and Risk-Based Care Programs, higher costs associated with business growth, the absence, in 2023, of government relief funding available for health care providers affected by the COVID-19 pandemic, inflationary cost increases, unfavorable foreign currency transaction effects and various other

smaller impacts were partially offset by a positive impact from foreign currency translation effects, net savings from the FME25 Program and lower personnel expense resulting from improved labor productivity.

Selling, general and administrative (SG&A) expense increased for the year ended December 31, 2023 as compared to the prior year comparable period, primarily due to higher expense related to performance-based compensation plans, a negative impact from Value and Risk-Based Care Programs, higher costs associated with business growth and inflationary cost increases, partially offset by a positive impact from foreign currency translation effects and net savings from the FME25 Program.

The increase in income from equity method investees was primarily driven by higher earnings attributable to VFMCRP.

The decrease in other operating income was primarily driven by lower consent payments attributable to certain pharmaceuticals, lower foreign exchange gains and a negative impact from foreign currency translation, partially offset by a favorable impact from Legacy Portfolio Optimization and other divestitures.

The increase in other operating expense was primarily driven by the impacts from Legacy Portfolio Optimization and Legal Form Conversion Costs, partially offset by a favorable impact from the Humacyte Investment Remeasurement, the absence, in 2023, of certain costs related to the InterWell Health business combination (InterWell Health Costs) (see [NOTE 5 F](#)) of the notes to the consolidated financial statements), lower expenses related to the FME25 Program, lower foreign exchange losses and a positive impact from foreign currency translation.

For the year ended December 31, 2022, we recorded a remeasurement gain of our prior at-equity investment in InterWell Health LLC in the amount of €148 M which did not reoccur

during the year ended December 31, 2023. For further information regarding the InterWell Health business combination, see [NOTE 3](#) of the notes to the consolidated financial statements.

Net interest expense increased by 15% to €336 M from €292 M, primarily due to refinancing activities (including increases of interest rates of several instruments), unfavorable effects from foreign currency swaps and a prior year release of interest accruals related to tax treatments, partially offset by higher interest income related to certain investments, debt securities and bank deposits.

The effective tax rate increased to 29.1% from 26.7% for the same period of 2022 largely driven by a negative impact from Value and Risk-Based Care Programs and higher tax provisions related to tax law changes.

The increase in net income attributable to noncontrolling interests was primarily due to higher earnings in entities in which we have less than 100% ownership, partially offset by a favorable impact from Legacy Portfolio Optimization and a positive impact from foreign currency translation.

The decrease in net income attributable to shareholders of FME AG was as a result of the combined effects of the items discussed above. The effect of the Tricare Settlement was €110 M in additional net income attributable to shareholders of FME AG for the year ended December 31, 2023.

Basic earnings per share decreased primarily due to the decrease in net income attributable to shareholders of FME AG described above. The average weighted number of shares outstanding for the period increased to 293.4 M in 2023 (2022: 293.2 M) due to the exercise of stock options during the first half of 2022.

We employed 119,845 people (total headcount) as of December 31, 2023 (December 31, 2022: 128,044). This 6% decrease was largely due to the divestiture of certain businesses, including

NCP and our service businesses in Argentina and Hungary, in connection with the Legacy Portfolio Optimization program and the FME25 Program as well as lower production activities (partly as a result of the FME25 Program).

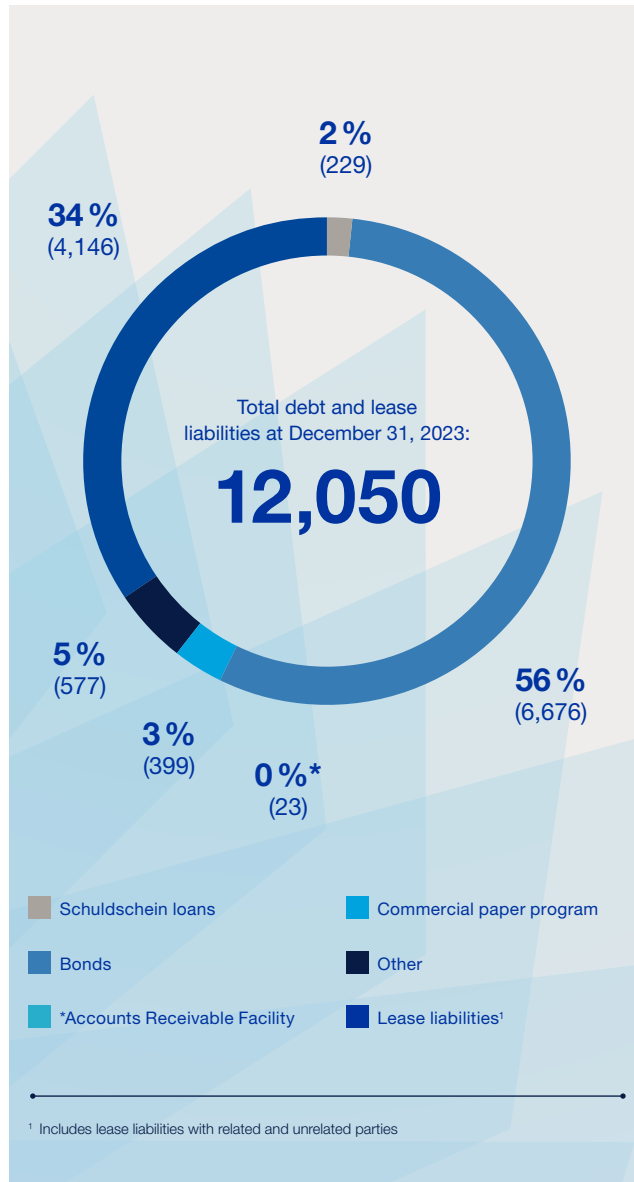
## Financial position

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 financing costs. Financial flexibility is ensured through maintaining sufficient liquidity. Refinancing risks are limited due to the Company's 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, 2023.

[CHART 2.22](#) on page 60 summarizes our main financing debt mix as of December 31, 2023.

C 2.22 FINANCING MIX  
IN € M

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 2.23](#) shows the reconciliation of net debt and adjusted EBITDA and the calculation of the net leverage ratio as of December 31, 2023 and 2022.

T 2.23 RECONCILIATION OF ADJUSTED EBITDA AND NET LEVERAGE RATIO TO THE MOST DIRECTLY COMPARABLE IFRS ACCOUNTING STANDARDS FINANCIAL MEASURE  
IN € M, EXCEPT FOR NET LEVERAGE RATIO

	December 31, 2023	December 31, 2022
Debt and lease liabilities <sup>1</sup>	12,187	13,192
Minus: Cash and cash equivalents <sup>2</sup>	(1,427)	(1,274)
<b>NET DEBT</b>	<b>10,760</b>	<b>11,918</b>
Net income	732	895
Income tax expense	301	325
Interest income	(88)	(68)
Interest expense	424	360
Depreciation and amortization	1,613	1,718
Adjustments <sup>3</sup>	409	320
<b>ADJUSTED EBITDA</b>	<b>3,391</b>	<b>3,550</b>
<b>NET LEVERAGE RATIO</b>	<b>3.2</b>	<b>3.4</b>

<sup>1</sup> Debt includes the following balance sheet line items: short-term debt, current portion of long-term debt and long-term debt, less current portion as well as debt and lease liabilities included within liabilities directly associated with assets held for sale.

<sup>2</sup> Includes cash and cash equivalents included within assets held for sale (see [NOTE 4](#) of the notes to the consolidated financial statements).

<sup>3</sup> 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 (2023: -€35 M; 2022: -€22 M), non-cash charges, primarily related to pension expense (2023: €56 M; 2022: €54 M), impairment loss (2023: €139 M; 2022: €120 M) and special items, including costs related to the FME25 Program (2023: €106 M; 2022: €155 M), Legal Form Conversion Costs (2023: €30 M), Legacy Portfolio Optimization (2023: €128 M), Humacyte Investment Remeasurement (2023: -€15 M; 2022: €103 M), Net Gain Related to InterWell Health (2022: -€114 M), Hyperinflation in Türkiye (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 26](#) of the notes to the consolidated financial statements).

Fresenius SE, under a transitional service agreement, conducts treasury services for us until the separation and establishment of an independent treasury team has been finalized. 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. For information on our credit ratings, see [NOTE 21](#) 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 (for information regarding our short-term financing from related parties, see [NOTE 6 C](#)) of the notes to the consolidated financial statements), proceeds from the issuance of long-term debt and divestitures. We require this capital primarily to finance working capital needs, fund the FME25 Program and 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, 2023, our available borrowing capacity under unutilized credit facilities amounted to approximately €3.3 BN, including €2.0 BN under the Syndicated Credit Facility, which we maintain as a backup for general corporate purposes (see [NOTE 17](#) of the notes to the consolidated financial statements).

At December 31, 2023, we had cash and cash equivalents of €1,403 M (December 31, 2022: €1,274 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 Accounting Standards measure (see the section “Performance management system” in the chapter “Overview of the Group”).

[TABLE 2.24](#) shows the cash flow performance indicators for 2023 and 2022 and reconciles free cash flow and free cash flow in percent of revenue to Net cash provided by (used in)

**T 2.24 CASH FLOW MEASURES**  
IN € M, EXCEPT WHERE OTHERWISE SPECIFIED

	2023	2022
<b>Revenue</b>	<b>19,454</b>	<b>19,398</b>
<b>Net cash provided by (used in) operating activities</b>	<b>2,629</b>	<b>2,167</b>
Capital expenditures	(685)	(724)
Proceeds from sale of property, plant and equipment	16	37
<b>Capital expenditures, net</b>	<b>(669)</b>	<b>(687)</b>
<b>Free cash flow</b>	<b>1,960</b>	<b>1,480</b>
<b>Net cash provided by (used in) operating activities in % of revenue</b>	<b>13.5</b>	<b>11.2</b>
<b>Free cash flow in % of revenue</b>	<b>10.1</b>	<b>7.6</b>

operating activities and Net cash provided by (used in) operating activities in percent of revenue, respectively.

### Net cash provided by (used in) operating activities

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 increase in net cash provided by operating activities in 2023 was mainly driven by the absence during 2023 of CMS’s 2022 recoupment of advanced payments, received under the Medicare Accelerated and Advance Payment Program in 2020, the Tricare Settlement and an increase in certain working capital items, partially offset by additional U.S. HHS funding for health care providers affected by the COVID-19 pandemic received in 2022.

The profitability of our business depends significantly on reimbursement rates for our services. Approximately 79% of our revenue in 2023 was generated by providing health care services, a major portion of which is reimbursed by either public health care organizations or private insurers. In 2023, approximately 25% 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 the above section “Macroeconomic and sector-specific environment” in this chapter.

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 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 16](#) of the notes to the consolidated financial statements) as well as from the use of our Accounts Receivable Facility and our bilateral credit lines. The Company and Fresenius SE terminated the €600 M uncommitted revolving credit facility upon the Conversion. We expect that we will

have adequate sources of financing available to us notwithstanding the termination of this facility under the aforementioned facilities and instruments. Our 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 67 days at December 31, 2023, a decrease as compared to 68 days at December 31, 2022.

DSO by segment is calculated by dividing the respective segment’s accounts and other receivables from unrelated parties (including receivables related to assets held for sale) 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”).

#### T 2.25 DEVELOPMENT OF DAYS SALES OUTSTANDING IN DAYS

	December 31, 2023	December 31, 2022	Explanation of movement
Care Delivery	59	60	Positively impacted by Legacy Portfolio Optimization divestitures
Care Enablement	97	100	Improvement of payment collections in certain regions
<b>FME AG AVERAGE DAYS SALES OUTSTANDING</b>	<b>67</b>	<b>68</b>	

#### T 2.26 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 <sup>1</sup>		Proceeds from divestitures and the sale of debt securities	
	2023	2022	2023	2022	2023	2022
Care Delivery	330	375	55	57	195	47
Care Enablement	339	312	82	108	67	71
<b>TOTAL</b>	<b>669</b>	<b>687</b>	<b>137</b>	<b>165</b>	<b>262</b>	<b>118</b>

<sup>1</sup> Acquisitions in the Care Delivery segment are net of cash acquired in the InterWell Health business combination. See [NOTE 3](#) of the notes to the consolidated financial statements.

The development of DSO by reporting segment is shown in the [TABLE 2.25](#).

Due to the fact that a large portion of our reimbursement is provided by public health care organizations and private payors, 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 25](#) of the notes to the consolidated financial statements.

## Net cash provided by (used in) investing activities

Net cash used in investing activities was €544 M for 2023 (2022: €735 M). [TABLE 2.26](#) shows a breakdown of our investing activities for 2023 and 2022.

The majority of our capital expenditures were used for capitalization of machines provided to our customers, maintaining existing clinics and centers, equipping new clinics and centers, capitalization of certain development costs, expansion of production capacity (driven by cost improvement projects), maintenance of production equipment and IT implementation costs. Capital expenditures accounted for approximately 3% of total revenue in 2023 (2022: 4%).

Investments in 2023 were primarily comprised of purchases of debt securities. Divestitures in 2023 mainly related to the divestment of equity investments (including divestitures under our Legacy Portfolio Optimization program) and debt securities. Acquisitions in 2023 related primarily to the purchase of dialysis clinics. Additionally, purchases of intangibles in 2023 related primarily to emission rights certificates.

Investments in 2022 were primarily comprised of purchases of debt securities and equity investments. Divestitures in 2022 mainly related to the divestment of equity investments and debt securities. Acquisitions in 2022 related primarily to the purchase of dialysis clinics and other health care facilities. Additionally, purchases of intangibles in 2022 related primarily to emission rights certificates.

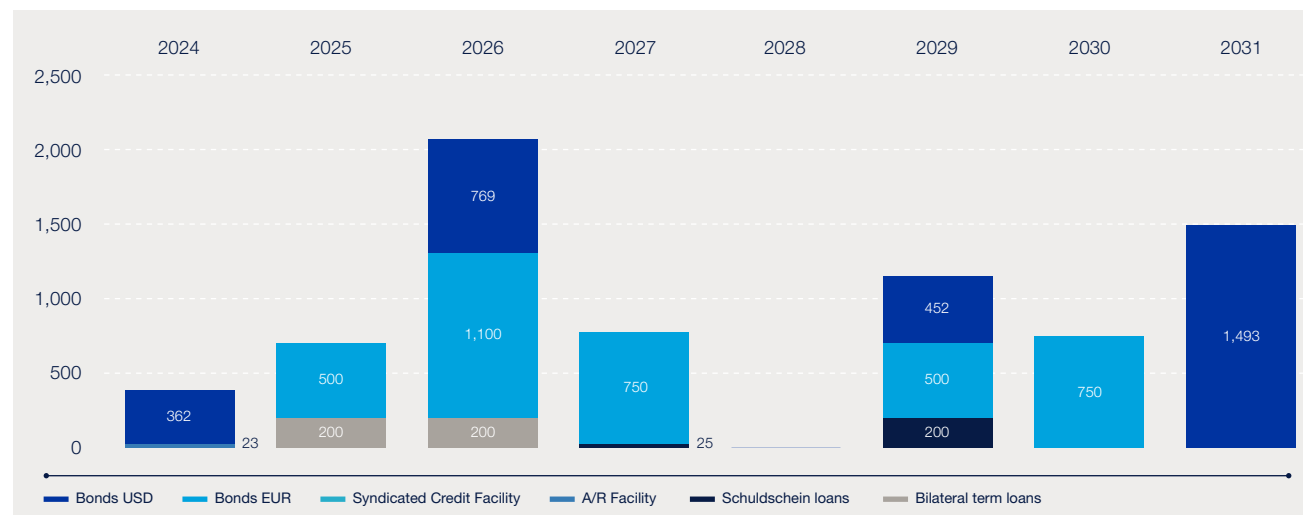
In 2024, we anticipate capital expenditures around €0.8 BN and expect to limit acquisition and investment spending, while focusing on the organic growth of our business. Our anticipated capital expenditures are driven by the need to position us well to capture growth opportunities as well as to maintain quality levels and patient experience. Additionally, we plan accelerated capital expenditures in new production facilities as well as into R&D activities for a more globalized product portfolio.

## Net cash provided by (used in) financing activities

Net cash used in financing activities was €1,859 M in 2023 (2022: €1,617 M).

In 2023, cash was mainly used in 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 €650 M), the payment of dividends, distributions to noncontrolling interests and the repayment of short-term debt (including

**C 2.27 MATURITY STRUCTURE OF OUR SIGNIFICANT LONG-TERM FINANCING INSTRUMENTS (BASED ON NOMINAL AMOUNTS OUTSTANDING)**  
IN € M



borrowings under our commercial paper program and short-term debt from related parties), partially offset by proceeds from long-term debt and short-term debt (including borrowings under our commercial paper program and short-term debt from related parties).

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

2022) and proceeds from short-term debt (including borrowings under our commercial paper program and short-term debt from related parties).

On May 22, 2023, we paid a dividend of €1.12 per share for 2022 (€1.35 per share for 2021 paid in 2022). The total dividend payment was €329 M in 2023 (2022: €396 M).

[CHART 2.27](#) summarizes our significant long-term financing instruments as well as their maturity structure at December 31, 2023

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 16](#), [17](#) and [26](#) of the notes to the consolidated financial statements.

**T 2.28 AVAILABLE SOURCES OF LIQUIDITY**  
IN € M

	Total	Expiration per period of			
		Less than 1 year	1–3 years	3–5 years	Over 5 years
Accounts Receivable Facility <sup>1</sup>	766	766	–	–	–
Syndicated Credit Facility	2,000	–	–	2,000	–
Other unused lines of credit	1,321	1,321	–	–	–
	<b>4,087</b>	<b>2,087</b>	<b>–</b>	<b>2,000</b>	<b>–</b>

<sup>1</sup> Subject to availability of sufficient accounts receivable that meet funding criteria. At December 31, 2023, the Company had letters of credit outstanding in the amount of \$28 M (€26 M), which reduces the availability under the Accounts Receivable Facility to the amount shown in this table.

**TABLE 2.28** summarizes our available sources of liquidity at December 31, 2023.

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, 2023, we utilized €400 M and as of December 31, 2022, we utilized €497 M of the commercial paper program.

At December 31, 2023, 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 €457 M.

For information regarding other contractual commitments, see [NOTE 25](#) 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 reimburse-

ment 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 in this chapter). 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, 2024, our Supervisory Board will propose to the shareholders a dividend of €1.19 per share for 2023, payable in 2024 (for 2022 paid in 2023: €1.12). The total expected dividend payment is approximately €349 M compared to dividends of €329 M for 2022 paid in 2023.

Our principal financing needs in 2024 relate to the repayment of bonds at maturity in October 2024. The dividend payment in May 2024, 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 2024.

## Net assets

Total consolidated assets as of December 31, 2023, amounted to €33,930 M, a decrease of €1,824 M (5%) as compared to the prior year. In addition to a 3% negative impact resulting from foreign currency translation, total assets decreased by 2% to €35,095 M from €35,754 M.

Non-current assets decreased by €2,322 M (8%) to €25,229 M and represented 74% of total assets (2022: 77%). This decrease includes a negative effect from foreign currency translation of 3%. Non-current assets decreased primarily due to the shift in certain assets from non-current to current as a result of the classification of assets held for sale as well as due to a decrease in goodwill, intangible assets, right-of-use assets and property, plant and equipment in connection with Legacy Portfolio Optimization and the FME25 Program.

Current assets increased by 6% to €8,701 M, including a negative effect from foreign currency translation of 4%, primarily due to the shift in certain assets from non-current to current as a result of the classification of assets held for sale as well as an increase in cash and cash equivalents.

Total liabilities amounted to €19,103 M at December 31, 2023 and decreased by €1,202 M (6%) from €20,305 M in 2022, including a positive effect from foreign currency translation of 2%. This decrease was primarily driven by lower short and long-term debt as well as a decrease in lease liabilities from unrelated and related parties (including the current portion), partly due to the impacts related to the Legacy Portfolio Optimization.



Current liabilities accounted for €944 M of our debt (2022: €1,342 M), a decrease of €398 M (30%), including a positive effect from foreign currency translation of 2%. The decrease was mainly due to repayment of debt, partially offset by the reclassification of bonds denominated in U.S. dollar to the current portion of long-term debt.

Long-term debt decreased to €6,960 M from €7,171 M in the prior year, a decrease of €211 M (3%), including a positive effect from foreign currency translation of 1%. Furthermore, the decrease in long-term debt was mainly due to the reclassification of bonds denominated in U.S. dollar to the current portion of long-term debt and a decrease in liabilities from the accounts receivable securitization program, partially offset by the issuance of long-term debt in an aggregate principal amount of €400 M.

Shareholders' equity decreased by 4% to €14,827 M, including a negative effect from foreign currency translation of 4%, as net income was offset by dividend payments and decreases in other components of equity. The equity to assets ratio increased to 44% at December 31, 2023 as compared to 43% at December 31, 2022 primarily driven by a decrease in debt and lease liabilities.

ROIC decreased to 2.8% at December 31, 2023 as compared to 3.3% at December 31, 2022, due to lower operating income and higher tax expense, both negatively affected by the impacts from Legacy Portfolio Optimization. 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 7.6%.

For supplementary information on capital management and our capital structure, see [NOTE 21](#) of the notes to the consolidated financial statements.

## Management's general assessment

In 2023, we delivered on our commitments while we fundamentally transformed Fresenius Medical Care. Exceeding our upgraded financial outlook for the full year was the very successful finish of an extraordinary year. We implemented the new global operating model, progressed on our operational turnaround ambitions, changed our legal form and advanced on the Legacy Portfolio Optimization program through key divestments. Thanks to the commitment of our 120,000 employees, the high quality of care for our patients remains front and center in everything we do.

# Subsequent Events

Refer to [NOTE 30](#) of the notes to the consolidated financial statements.

## Outlook

The outlook describes how Fresenius Medical Care expects to perform in fiscal year 2024. 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 2024.

### 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. As part of the implementation of our FME25 Program, we have developed our new operating model with two future global segments, Care Enablement and Care Delivery, 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- and risk-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 5% in 2024. The lower global growth rates from 2020 compared to previous years have primarily been attributed to the COVID-19-related excess mortality of people with ESRD. From 2022 and 2023 onwards, a recovery in global growth rates is observed, and we anticipate that worldwide patient growth will be around 5% per year in the future. 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 [TABLE 2.29](#) showing patient numbers in the Care Delivery segment.

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,

**T 2.29 EXPECTED GROWTH IN PATIENT NUMBERS**

	Growth 2024
U.S.	~1%
International	5% to 6%
<b>WORLDWIDE</b>	<b>~5%</b>

Source: Internal estimates.

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 4.1 M worldwide in 2023 to over 7 M in 2035.

- > 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 89% to 90% of all dialysis therapies. Peritoneal dialysis will continue to be the preferred treatment for 10% to 11% of all dialysis patients.

The volume of the worldwide dialysis market last year was influenced by exchange rate effects, amongst other things,

and amounted to about €81 BN according to preliminary estimates. Going forward, we expect an increase of 2% 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 2024 and over €100 BN by 2030.

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 2024

Fresenius Medical Care's outlook for 2024 is at Constant Exchange Rates and excludes Special Items. Special items include the costs related to the FME25 Program, the impacts from Legacy Portfolio Optimization, the Legal Form Conversion Costs and the Humacyte Investment Remeasurement and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of providing the outlook. These targets are based on the following assumptions:

- > U.S. same market treatment growth of around +0.5% to +2%.
- > Business growth of €400 M to €500 M.
- > Incremental sustainable FME25 savings of €100 M to €150 M with related one-time costs of €100 M to €150 M.
- > Higher labor costs of €150 M to €200 M, mainly in Care Delivery.
- > Cost inflation of €100 M to €150 M, in both, Care Enablement and Care Delivery.

- > Currency transaction loss of around €50 M, mainly in Care Enablement.

The growth rates are based on the results in 2023 excluding Special Items, such as the costs related to the FME25 Program, the impacts from Legacy Portfolio Optimization, the Legal Form Conversion Costs and the Humacyte Investment Remeasurement. Additionally, the results 2023 were adjusted for the Tricare Settlement and for the divestitures of the Argentinian business and NCP. For a reconciliation of the results 2023 to the adjusted results 2023 as a basis for the targets 2024, see the table 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 2024. This development is based on revenue in 2023, adjusted for the Tricare Settlement and for the divestitures of the Argentinian business and NCP.

## Operating income

We expect operating income to increase at a mid- to high-teens percentage rate at Constant Exchange Rates in 2024. This development is based on operating income in 2023 excluding Special Items. In addition, operating income was adjusted for the Tricare Settlement and for the divestitures of the Argentinian business and NCP.

## Dividend policy

In accordance with the dividend policy, the distribution of dividends is based on the Company's earnings performance excluding Special Items.

The expected developments might be influenced by developments described in the risks and opportunities report.

Our outlook for the financial year 2024 is summarized in [TABLE 2.30](#).

**T 2.30 OUTLOOK PRIMARY KEY PERFORMANCE INDICATORS 2024**

	Results 2023	Outlook 2024 (at Constant Currency)
Revenue <sup>1</sup>	€19,049 M	low- to mid-single digit percentage rate growth
Operating income <sup>1</sup>	€1,540 M	mid- to high-teens percentage rate growth

<sup>1</sup> Outlook 2024 is based on the assumptions outlined above and excludes Special Items. Special items include the costs related to the FME25 Program, the impacts from Legacy Portfolio Optimization, the Legal Form Conversion Costs and the Humacyte Investment Remeasurement and other effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of providing the outlook. The growth rates are based on the results in 2023 excluding the costs related to the FME25 Program, the impacts from Legacy Portfolio Optimization, the Legal Form Conversion Costs and the Humacyte Investment Remeasurement. Additionally, the results 2023 were adjusted for the Tricare Settlement and for the divestitures of the Argentinian business and NCP. For a reconciliation of results 2023 to the adjusted results 2023 as a basis for targets 2024, see the following table. For further information on Constant Currency, see section "Performance management system" in the chapter "Overview of the Group".

**T 2.31 RECONCILIATION OF RESULTS 2023 TO THE ADJUSTED RESULTS 2023 EXCLUDING SPECIAL ITEMS AS A BASIS FOR TARGETS 2024**  
IN € M

	Results 2023	Special Items				Results 2023 excl. Special Items	Tricare Settlement	Divestitures <sup>1</sup>	Adjusted results 2023
		FME25 Program	Legacy Portfolio Optimization	Legal Form Conversion Costs	Humacyte Investment Remeasurement				
Revenue	19,454	—	—	—	—	19,454	(191)	(214)	19,049
Operating income	1,369	153	204	30	(15)	1,741	(181)	(20)	1,540

<sup>1</sup> Includes the divestitures of the Argentinian business and NCP.

## FME25: Transforming our global operating model to strengthen profitability

As part of the FME25 Program launched in 2021, effective as of January 1, 2023, we commenced reporting reflecting our new global operating model in which we reorganized our business into two global operating, and reportable, segments: the Care Enablement segment and the Care Delivery segment. They are supported by the Global Medical Office and the Global and Administrative Functions. This globally more streamlined approach allows us to create synergies across the entire organization and unleash our full performance potential.

The Company has made significant progress in the FME25 transformation and the program is fully on track. We increased the savings target from €500M to €650 M by 2025 and we intend to invest up to equal amount in the same period. By the end of 2023, we exceeded the program's target of savings to contribute €250 M to €300 M to operating income for 2023 with recurring savings of €346 M. Moreover, Fresenius Medical Care keeps working on measures that further support margin improvement. By 2025, our target is to achieve an improved operating income margin excluding Special Items ranging from 10% to 14%.

In 2024, our focus will be on continuing and further accelerating our key transformation initiatives across all business segments as planned.

## Management's general assessment

Based on the turnaround progress achieved in 2023, we have a strong foundation to build on to make 2024 a year of accelerated profitable growth while progressing towards our ambitious mid-term margin target.

# 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, the organization and processes of our risk management system were adapted to the new global operating model. In addition, risks that could have a negative impact on ESG (environmental, social and governance) aspects were integrated more deeply, including an integrated reporting to the management.

The organizational structure of our risk management as well as the described processes are shown in [CHART 2.32](#) on page 70.

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, segment, Global Medical Office and functional 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 functional, Global Medical Office and segment managers and discussed in segment and Global Medical Office risk committees. Subsequently, the central risk management function gathers the risks and risk responses from segments, Global Medical Office 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 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 Committee of the Supervisory Board.

## C 2.32 RISKS REPORTING



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 depart-

ment determines risk focus areas and audits a selected number 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 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 Committee of the Supervisory Board is also informed of the audit results. In 2023, a total of 22 audits and 15 sales intermediary audits were carried out. Risk focus areas were compliance, the U.S. Foreign Corrupt Practices Act (FCPA), governance and ESG.

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<sup>1</sup>

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.

<sup>1</sup> The disclosures in this paragraph are so-called non-management report disclosures. Therefore, these are unaudited.

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.

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 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 adaptations 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 sustainability-related objectives. They include the measurement of the target achievement of the Management Board members with respect to their short-term incentive compensation. In the reporting year these referred to KPIs related to patient satisfaction and employee engagement, as well as quality criteria defined for the Portfolio Sustainability Assessment. Control requirements include the definition of data provider and data validator roles, as well as the documentation of control procedures. In 2023 the sustainability related internal control system has been further strengthened by integrating material sustainability KPIs related to climate reporting and patient satisfaction. We have set up relevant processes for collecting and testing sustainability-related data controls.

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 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, 2023.

## 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 Accounting Standards 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 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 prepara-

tion 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, segments, 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 U.S. Securities and Exchange Commission (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 country, after which the results are consolidated for the whole Group. Based upon this assess-

ment, 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 Committee of the Supervisory Board is informed regularly of the results of management's assessment.

As of December 31, 2023, 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<sup>2</sup>

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 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.

<sup>2</sup> The disclosures in this paragraph are so-called non-management report disclosures. Therefore, these are unaudited.

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 Committee of the Supervisory Board. In addition, Compliance Officers report regularly to respective business partners and the Chief Compliance Officer to the Management Board. Finally, regular "continuous improvement" meetings are held between Compliance and business lines and other global functions to ensure collaboration and transparency regarding compliance issues.

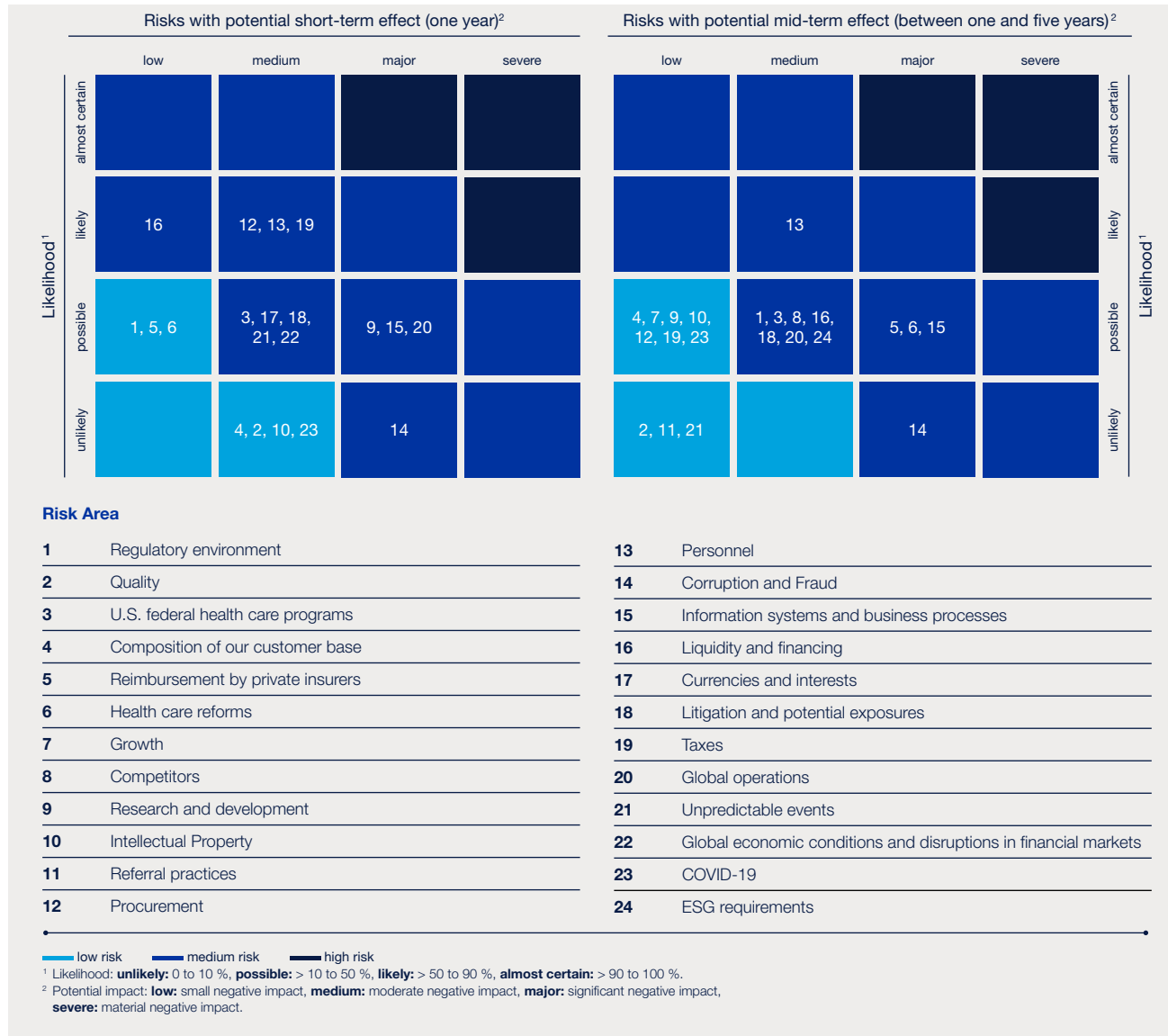
We are continuously adapting and aiming to improve our compliance program and processes.

## 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.



**C 2.33 RISKS WITH POTENTIAL SHORT-TERM EFFECT (ONE YEAR) AND MID-TERM EFFECT (BETWEEN ONE AND FIVE YEARS)**



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 2.33](#).

In detail our risk situation is as follows:

The above 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 R&D 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.

Our implemented compliance programs 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 appropriate quality management systems. 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 U.S. 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 depends 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. Efforts to repeal or replace the ACA, while unsuccessful to date, continue, which is described in this report in the risk area regarding health care reforms. 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 fixed duration contracts with major customers, developing new services or products and bidding with competitive margins 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 2023, approximately 46% of our consolidated Health Care services revenue were attributable to private payors in the U.S. If these payors succeed in rejecting reimbursements or lowering reimbursement rates in the U.S., 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 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 ESRD patients in a way that makes private health insurance relatively less attractive to ESRD patients and Medicare relatively more attractive. As a result, potential efforts by employer group health plans and commercial insurers may limit benefits, reduce reimbursement for our services or eliminate reimbursement for some of our services. We cannot predict whether the U.S. Congress will enact any legislation that would reverse the potential effects of the *Marietta* 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 2023, we derived approximately 25% 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. on May 11, 2023 that was originally declared in January 2020 with respect to the COVID-19 pandemic, among other consequences, could reduce Medicaid coverage for many Americans, resulting in an increase in the uninsured patient population including dialysis patients. State termination of Medicaid coverage that was expanded during the public health emergency could have an equal effect.

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. Furthermore, 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., there have been efforts to pursue significant changes to existing health care insurance programs including efforts to repeal or replace the ACA which, while unsuccessful to date, continue. 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 failed to appropriate funding. 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 the Congress for the fiscal year (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. While the Biden administration again requested appropriations for CSR payments in its FY 2024 budget request, the Congress has yet to finalize any of its FY 2024 appropriations bills as of January 2024. 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 health care businesses. Our ability to make future acquisitions as well as to develop our core kidney care 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.

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 enables the further consolidation of general and administrative functions in our Company.

Our strategy also includes reviewing our business portfolio, specifically with a view to exiting unsustainable markets and non-core businesses and the cessation of certain research and development programs to enable more focused capital allocation towards areas in our core business that are expected to have higher profitable growth. For additional information regarding the disposal groups classified as held for sale and the impacts from strategic divestitures identified during the review of our business portfolio, see [NOTE 4](#) respectively [NOTE 5 F\)](#) of the notes to the consolidated financial statements.

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. Anticipated results from our Legacy Portfolio Optimization are based on our current estimates and may differ from actual results. Eventually, other risk areas described in this report, whose direct impacts are reflected in their respective assessments, 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, see the section "Business Model" in the chapter "Overview of the Group", the section "FME25" in the chapter "Outlook" and [NOTE 29](#) of the notes to the consolidated financial statements.

### Competitors

We face numerous competitors in both our health care services business and dialysis products business, some of whom may possess substantial financial, marketing or R&D 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 2023, a study on one such type of pharmaceutical, GLP-1 receptor agonists, regarding its effectiveness in treating CKD experienced by diabetic patients was terminated early as a result of the study having met certain prespecified clinical endpoints. Although there is only limited available information currently, the ability to delay CKD or ESRD progression and cardiovascular mortality improvements as a result of the use of these pharmaceuticals could have an impact on our patient population in the future (further information regarding the impact of certain pharmaceuticals that reduce the progression of chronic kidney disease and our analysis of their impact on our cash flow projections and goodwill sensitivity assessments can be found in [NOTE 2 A\)](#) of the notes to the consolidated financial statements).

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 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, dial-

ysis 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 lingering macroeconomic inflationary environment, including material increases in 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.

We address potential risks in the area of Procurement by ensuring, where reasonably practicable, that we have contractually fixed prices and at least two sources for all supply and price-critical primary products (dual sourcing, multiple sourcing). Furthermore, we seek to mitigate disruptive goods shortages, if reasonable, by stockpiling and placing fixed orders as well as, where needed, with the help of additional task forces or our Regional Crisis Response Teams. Through our cost monitoring and cost savings guidelines we additionally aim at mitigating potential price increases.

### 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 R&D. Competition for those employees is intense and shortages for these sought-after employees, such as nurses or skilled engineers and R&D 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 in recent years further contributed and may continue to contribute to the experienced shortages

in personnel as well as the increased personnel costs. 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 incl. the design of the overall package of compensation, benefits and employee experience, 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.

On March 29, 2019, we entered into a non-prosecution agreement (NPA) with the U.S. Department of Justice (DOJ) and a separate agreement with the SEC in connection with its Cease and Desist Order (SEC Order) intended to resolve fully and finalize the U.S. government allegations against us arising from DOJ and SEC investigations into conduct in countries outside the U.S. that violated the FCPA or other anti-bribery laws, and we agreed to the appointment of an independent compliance monitor (the Monitor). 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. The DOJ and SEC have accepted the Monitor's certification and the NPA and SEC Order expired on March 1, 2023 and March 29, 2023, respectively.

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.

We continue to make significant investments in our compliance and financial controls and in our compliance, legal and financial organizations (including certain remaining recommendations of the Monitor), and are fully committed to compliance with the FCPA and other applicable anti-bribery laws.

Further information on these investigations can be found in [NOTE 25](#) of the notes to the consolidated financial statements.



## Information systems and business processes

As we expanded our international operations in the past, our processes have become 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 could lead to 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.

Prior to the Conversion, as part of the Fresenius SE Group, we received certain essential capabilities including, among others, information technology, insurance and treasury functions, payroll and other human resources functions that we did not then and currently do not independently have (either in full or in part) and that as a result of our deconsolidation we are required to set up or provide on our own. As part of the Conversion process, we entered into a series of transitional services agreements with Fresenius SE at a cost that we believe is comparable to the costs we incurred for such services prior to the Conversion. The agreements have various durations, depending on the services covered under the particular agreement, with the agreement for information technology services having the longest term. We cannot guarantee that we will be able to establish or procure these functions after the transitional services period without experiencing material adverse effects on our business, financial condition and results of operations.

Regarding both our internal systems as well as systems of third-party service providers, cyber-attacks or privacy and data breaches could result in the misappropriation or compromise of sensitive information (particularly as medical records are a high-value target). 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 threaten our position in competition, our reputation as well as our ability to continue normal operations.

Our IT systems have been attacked in the past as well as in September 2023, resulting, 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.

We have adopted the globally recognized National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) to help us analyze, manage, and reduce our cybersecurity risk and protect our networks and information. NIST CSF is the foundation for our cybersecurity activities and drives the priorities of our multi-year cybersecurity roadmap and strategy.

We continue to enhance cybersecurity and privacy assurance processes, globalizing each where possible. We are actively implementing global systems to assess and monitor various processes, such as third-party risk management, privacy regulatory monitoring, and data loss prevention. Our critical

company information is routinely backed up and disaster recovery plans are in place and regularly tested. Data centers are geographically distributed to maximize the availability of IT systems.

Our information technology security architecture consists of multiple security measures to protect our networks, systems, and information. Access to sensitive and critical information from outside our secured networks (i.e. information in the cloud) is protected through secure protocols and cryptographic measures. Comprehensive vulnerability scanning, patching and penetration testing capabilities are in place to ensure critical information is secured.

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.

## 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, 2023, respectively December 31, 2022, the Group had financial debt and lease liabilities (including debt and lease liabilities included within liabilities directly associated with assets held for sale) of €12.19 BN respectively €13.19 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, 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 (investment grade). 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, 2023, 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, 2023, was €2,188 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, 2023, our CFaR amounts to €47.1 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 26](#) 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 25](#) 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 25](#) 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 25](#) 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 or regions 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. Product registration procedures in certain countries or economic unions (e.g. Russia, Belarus or countries in the Eurasian Economic Union (EAEU) in the light of the current sanctions regime) may be affected in case technology/technical information on products or components to be submitted in such procedures is or becomes subject to current or future export or transfer restrictions for a relevant country and in case relevant licenses cannot be obtained, which ultimately may also have an impact on marketability of affected products. A 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, if necessary, our crisis response team is additionally involved. 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 could 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 could 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.

The developments described above as well as devaluations of currencies, unfavorable interest rate changes and worsening economic conditions, uncertainty arising from the Ukraine War (and other geopolitical conflicts) regarding a possible deterioration of the global macroeconomic outlook, including inflationary cost increases in various markets in connection with deteriorating country credit ratings could 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 as well as uncertainty and volatility in global financial markets, including the banking sector, 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, composition of our customer base 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 have and could continue to materially and adversely affect our operating results. 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.

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, protocol responses are in place 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 and related reporting 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. Such cost increases could have an adverse effect on our operations and results if we do not accurately plan for, and effectively implement necessary sustainable business practices. Further information on potential cost increases can be found in the risk areas “Procurement” and “Global economic conditions and disruptions in financial markets” above.

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 in connection with the requirements of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz) and other regulations. 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 the 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 for any outstanding borrowings 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.

For the upcoming years we have defined new sustainability targets that are linked to the compensation of the Management Board as stated above. We continuously analyze sustainability related regulations and trends as well as shareholder requirements. In case of new regulations, we have a dedicated approach in place in order to systematically implement such.

## 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:

An assessment of potential adverse effects from the unpermitted use of our Intellectual Property (10) resulted in a low risk from a short-term perspective.

The risk from Liquidity and financing (16) is now considered a medium risk from a short-term perspective due to an increased probability of a potential deterioration of our current credit rating.

The risk from COVID-19 (23) is now considered a low risk from a short-term perspective as the impact from COVID-19 such as excess mortality and consequences on supply-chains are further weakening and to a certain extent already realized.

### Five-year period:

The risk from Growth (7) is now considered a low risk from a mid-term perspective mainly due to achieved progress within our FME25 program and further focus on our core business.

The risk from Research and development (9) is now considered a low risk from a mid-term perspective due to a more centralized approach for the assessment and management of risks as a result of FME25.

The risk from Global economic conditions and disruptions in financial markets (22) was dismissed for the mid-term perspective as we consider material adverse effects to potentially impact our business already in the short-term perspective or as covered in other risk areas (see listing directly in risk area).

The risk from COVID-19 (23) is now considered a low risk from a mid-term perspective as the impact from COVID-19 such as excess mortality and consequences on supply-chains are further weakening and to a certain extent already realized.

The risk from ESG requirements (24) is now considered a medium risk from a mid-term perspective due to still growing

requirements for improved ESG performance and levels of disclosures we could possibly not fulfill, potentially leading to decreased ESG related rating scores.

## 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.

### 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 3,925 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.

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

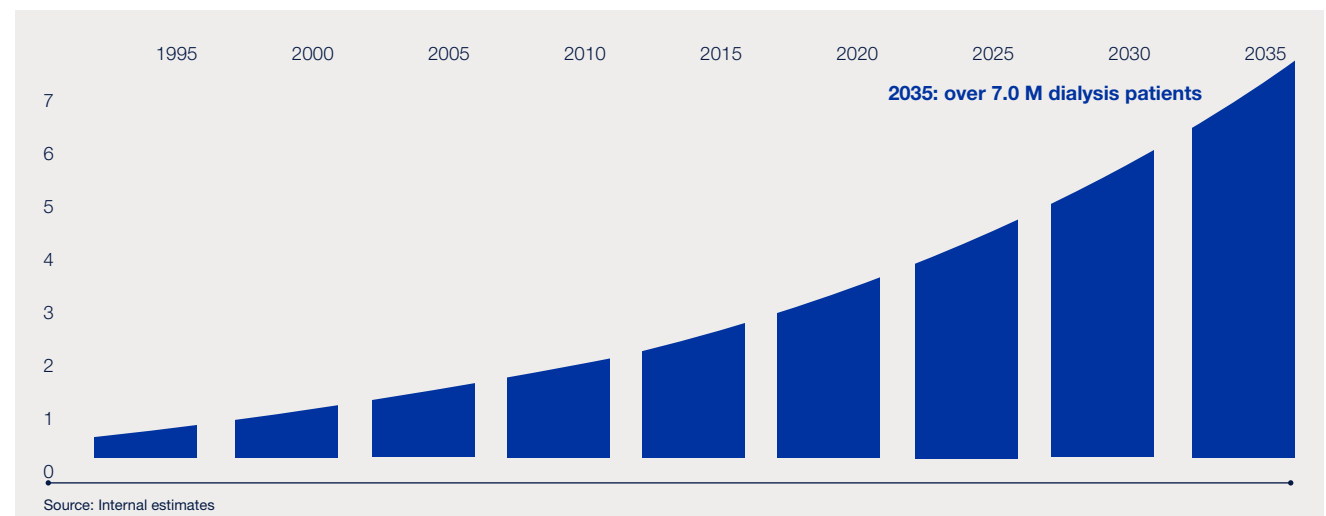
The increasing prevalence of diabetes and hypertension, two conditions often preceding the onset of chronic kidney failure, propels the growth in dialysis patients, particularly in regions

with advanced health care systems and an aging population. According to estimates, the global number of individuals suffering from chronic kidney failure and requiring dialysis treatment is increasing at a rate of approximately 4% to 6% annually. It is expected to reach around 4.3 M patients in 2024 and over 7.0 M by 2035 ([CHART 2.34](#)). In developing and emerging countries, the growing population and steadily improving access to dialysis due to increasing wealth are key factors further boosting the demand for dialysis products and services. Our commitment is to continue making a significant contribution to meeting this demand in the future.

#### 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

**C 2.34 NUMBER OF DIALYSIS PATIENTS WORLDWIDE – FORECAST TO 2035**  
IN M



evolving. 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 pharmacy services, vascular care ambulatory surgery center services as well as value and risk-based care programs.

In 2019, the then 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.

With InterWell Health we are strengthening our leading position in the treatment of chronic kidney diseases in the U.S. The company employs a comprehensive clinical care model that emphasizes early detection and prevention to slow the progression of chronic kidney disease and to minimize the need for costly interventions. InterWell Health stands out as the sole value-oriented provider of kidney treatments with access to the entire spectrum of care. The care model extends to over 2,600 dialysis centers, InterWell Health furthermore provides access to a network of 1,700 nephrology service providers, including kidney care coordinators, an exclusive platform for kidney disease education, and patient engagement tools to involve patients. This integrated approach ensures seamless coordination of patient care among dialysis providers, InterWell's care management team, and medical professionals.

#### 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: The company aims to perform 25% of all treatments in the U.S. at home by 2027, the latest.

## 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 R&D 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 and Artificial Intelligence (AI)

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.

Digital applications are also employed specifically in therapy preparation. Since 2021, patients have benefited from a virtual reality (VR) tool, stay•safe MyTraining VR, designed to support their patient training in preparation for CAPD. With stay•safe

MyTraining VR, patients can perform virtual dialysis treatment to learn key aspects of the dialysis process.

Our pursuit of operational excellence extends to the core of our clinics, where we use AI to improve efficiencies by minimizing manual tasks and optimizing overall facility functionality. Moreover, we see significant opportunities for AI in clinic management. For instance, AI could assist in appointment scheduling, considering patient preferences and clinic resources, predict arrival times for efficient patient flow, and automate documentation and reporting from clinical notes. This streamlining of documentation facilitates more data-driven decision-making.

#### Growing demand for critical care solutions

The number of patients requiring continuous renal replacement therapy to treat acute kidney failure is set to rise from around 1.0 million patients in 2023 to over 1,5 million per year over the next decade. 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 R&D. 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

We have reached a significant milestone as part of the FME25 Program by restructuring our business into two global operating segments: Care Enablement and Care Delivery. This underscores our commitment to clarity, accountability, and transparency. Our new operating model offers a variety of strategic advantages. Not only does it provide a separate Profit and Loss structure and reinforce accountability, but it also serves as a catalyst for greater cost efficiency. The FME25 transformation is not just about adapting our company to the current environment; it is a commitment to leverage our expertise, accelerating value creation, refining capital allocation, and fostering a culture of agility, innovation, inclusion, and accountability.

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.

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 the U.S. and at nine of twelve plants in Europe, Middle East and Africa, 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.

#### Portfolio optimization

As part of the implementation of our portfolio optimization program, we are aligning our business towards markets that offer the greatest sustainable growth potential and the highest strategic value. The objective is to minimize distractions and foster a stronger focus on markets within our core dialysis business, characterized by attractive revenue and profit profiles. In this context, we are withdrawing from non-sustainable markets and divesting businesses that do not align with our core operations.

#### Deconsolidation and change of legal form

On November 30, 2023, we opened a new chapter in our history with the completion of the Conversion and the related deconsolidation from Fresenius SE. This required the approval of the shareholders, which was granted at an EGM on July 14, 2023. Our new legal form simplifies our governance structure and allows for more focused, faster and agile decision-making. The Conversion also allows for a clearer focus on the interests of the Company and greater flexibility concerning our financial strategy. We consider the Conversion a decisive step in our efforts to further grow and unlock value as the leading kidney care company.

#### Sustainability

To identify, assess and capture the opportunities associated with sustainable development, Fresenius Medical Care continuously analyzes key economic, social and environmental issues linked to our strategy and business activities. 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 or sustainable products and services, 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

The Company has the legal form of an AG (previously KGaA, before the Conversion). The Company's corporate structure consists of its Annual General Meeting, its Management Board and its Supervisory Board. Further information on the members of the Management Board and the Supervisory Board is set out in the appendix of the notes to the consolidated financial statements. The corporate governance structure is set out in the "Corporate Governance Declaration" in the chapter "Corporate Governance" in the Annual Report.

## Corporate Governance Declaration

In fiscal year 2023, 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

Martin Fischer was appointed as CFO as of October 1, 2023. He succeeded Helen Giza who was appointed as CEO and Chair of the Management Board in December 2022 and continued to serve as acting CFO, until September 30, 2023.

Additionally, on October 31, 2023, Fresenius Medical Care announced the appointment of Craig Cordola as a new Management Board member for the Care Delivery segment, commencing his new role on January 1, 2024.

## Compensation Report

The compensation paid to the Management Board and the Supervisory Board of the Company 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, 2023, totals approximately €293 M, divided into 293,413,449 non-par bearer shares, and a nominal value of €1 each. As of December 31, 2023, 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. Each share shall be entitled to one vote at the Company's general meeting and is decisive for the shareholders' share in the Company's profit. This does not apply to treasury shares held by the Company, which do not entitle the Company to any rights. In the cases of Section 136 AktG, voting rights from the shares concerned are excluded by law.

As of December 31, 2023, 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.

Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, Germany, is entitled to appoint one of the members attributable to the shareholders to the Supervisory Board, if it holds shares in the Company representing at least 15% of the Company's share capital according to the Articles of Association of the Company; if Fresenius SE Co. KGaA holds shares in the Company representing at least 30% of the Company's share capital, it is entitled to appoint two of the members attributable to the shareholders to the Supervisory Board.

The appointment and removal of members of the Management Board by the Supervisory Board are governed by Sections 84 and 85 AktG and Section 31 of German Co-Determination Act. In accordance with Section 6 (1) of the Articles of Association, the Management Board consists of at least two members. Otherwise, the Supervisory Board determines the number of Management Board members.

Amendments to the Articles of Association of the Company can be made in accordance with Sections 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 Management Board 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 Management Board 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 was 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 did not issue any of its own treasury shares to settle those options. Options under the Stock Option Plan 2011 could be issued for the last time in 2015 and could be exercised for the last time in 2023.

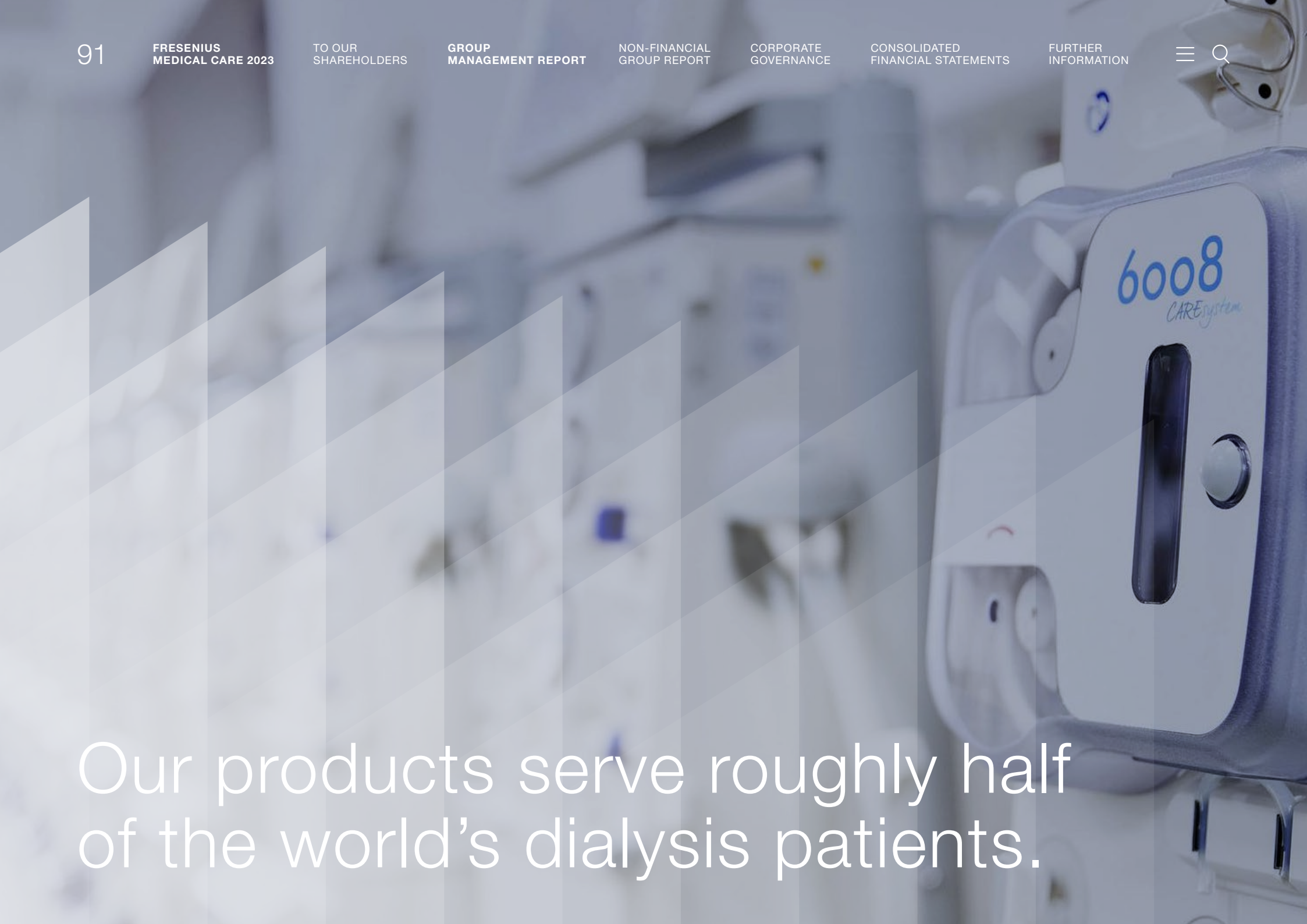
In accordance with the resolution taken at the general meeting on May 20, 2021, which was amended in view of the Company's Conversion by resolution of the EGM on 16 May 2023, the Management Board is authorized to acquire treasury shares until May 19, 2026 and up to a maximum of 10% of the share capital 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 Management Board 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 2023.

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 being downgraded.

Hof (Saale), February 23, 2024

Fresenius Medical Care AG

Management Board



Our products serve roughly half  
of the world's dialysis patients.

# Non-financial Group Report

93	Sustainability Management	125	Supplier Management
101	Patients	126	Human Rights
109	Employees	127	About this Report
114	Environmental Protection	128	Other Key Figures
120	Compliance	131	Independent Practitioner's Report
123	Protecting Data		

# Sustainability Management

## 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 care for over 332,000 dialysis patients in around 4,000 proprietary dialysis clinics in around 50 countries worldwide. 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.

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. We operate around 40 production sites in around 20 countries (see [CHART 3.1](#)).

More information on our business model and the Conversion into a German stock corporation can be found in the "About us" section on page 30 and in the "Business model" section of the Group Management Report starting on page 31.

## 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 statement: "We provide the best possible care. Sustainably in diverse health care systems. For a growing number of patients around the world."

Over the past years, we have continually stepped up our sustainability activities. Following the successful completion of our Global Sustainability Program at the end of 2022, we defined new global targets to further drive the integration of sustainability into our business and improve our sustainability performance. We focus on three strategic areas: Enhancing quality of care and access to health care, building the best team to serve patients, and reducing our company's environmental footprint.

We continue to integrate sustainability into our business operations and incorporate it in relevant processes. These include, among others, our corporate strategy and business planning, operations, corporate risk management internal controls, as well as finances and our compensation systems. In 2023, we started a project to integrate sustainability key performance indicators (KPIs) related to climate reporting and patient satisfaction into our company-wide internal controls system (ICS). This will allow us to further strengthen and harmonize our internal controls of our sustainability KPIs. We have set up processes for collecting sustainability-related data and testing relevant controls that will be fully implemented in 2024. We are also planning to incorporate additional KPIs. In addition, we further integrated sustainability-related aspects in our corporate budgeting process.

To understand and continuously improve our sustainability performance, we monitor and measure various performance indicators and regularly disclose information on our progress (see [CHART 3.2](#) on page 94). In the reporting year, we developed an approach for a Portfolio Sustainability Assessment to evaluate the sustainability performance of our products and services. This will create a basis for strategic portfolio decisions that consider our portfolio's sustainability impact.

### C 3.1 COMPANY OVERVIEW

#### Fresenius Medical Care at a glance

more than

**332,000** Patients

more than

**119,000** Employees

around

**4,000** Dialysis clinics

around

**40** Production sites

around

**52 million** Treatments

more than

**70,000** Suppliers

## C 3.2 SUSTAINABILITY IMPACT

**Environment**

- We reduced our Scope 1 and Scope 2 emissions by 16% compared with 2020.
- Energy management system were installed in more than 1,100 of our U.S. clinics.
- We expanded our global water stress-related assessment coverage of our sites by 28%.

**Social**

- We provided treatments to more than 332,000 patients and home therapy to around 31,000 patients.
- 78% of our patients would highly recommend our services.
- The share of women in the top two management levels below Management Board increased to 34%.

**Governance**

- Nearly 94% of employees completed compliance training.
- More than 116,000 employees participated in data privacy trainings.
- More than 50% of internal audits included topics related to human rights.

Throughout the year, we monitored regulatory changes to sustainability management and reporting. In the context of the new EU Corporate Sustainability Reporting Directive (CSRD), a project team was set up to prepare for implementing the extended reporting requirements. The goal of the project is to educate topic owners within the Company on the upcoming requirements, facilitate communication and support the establishment of auditable processes for new KPIs that will be reported on in the coming years.

Our business activities touch upon several UN Sustainable Development Goals (SDGs). In line with our corporate vision and business model, we particularly contribute to SDG 3, which aims to achieve healthy lives and promote well-being. In addition, we seek to make meaningful contributions to SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 12 (Responsible Consumption and Production).

More information on our strategy can be found in the “Corporate strategy and objectives” section of the Group Management Report starting on page 35.

**Global targets**

We set global targets to measure value creation and progress of our sustainability performance along the value chain. Our global environmental, social and governance targets support three focus areas: Enhancing our quality of care and access to health care, building the best team to serve patients, and reducing our environmental footprint (see [CHART 3.3](#) on page 95).

To embed sustainability as an important performance indicator in implementing our strategy, Management Board compensation is also linked to our sustainability-related progress. For 2023, the Supervisory Board defined three sustainability targets as a short-term incentive: patient satisfaction, employee satisfaction and developing a measurable sustainability assessment of the Company’s product and service portfolio.

Patient satisfaction was determined using the Net Promoter Score (NPS). The NPS measures patient satisfaction with the Company’s health care services on the basis of patient surveys. Employee satisfaction was measured using the employee engagement index, which is based on a Group-wide survey to evaluate feedback from our employees. The sustainable portfolio assessment target is in line with our goal of carrying out an assessment of the sustainability performance of our relevant product and service portfolio by 2026.

In 2024, the Supervisory Board will submit a fully reviewed and revised system for the compensation of the Management Board. It is intended to include sustainability as a performance target for the long-term incentive plan.

More information on sustainability in the compensation system and the 2023 targets included in the short-term incentive plan can be found in the Compensation Report starting on page 155. Detailed information relating to the targets and their progress, can be found in the sections on “Patients” starting on page 101 and 102 as well as “Employees” starting on page 109.

C 3.3 GLOBAL SUSTAINABILITY TARGETS

Strategic focus areas	Global targets	Progress in 2023	
<b>Enhance quality of care and access to health care</b>	Patient experience (p. 102)	Achieve a patient Net Promoter Score of at least 70 (annual target)	Net Promoter Score of 72
	Product safety and quality (p. 106)	Keep global key performance indicator for critical and major audits findings below 1.0 (annual target)	Audit score of 0.4
	Access to treatments (p. 103)	Perform 25% of dialysis treatments in the U.S. in a home setting by 2027*	16% of treatments in the U.S. performed in home setting
<b>Build the best team to serve patients</b>	Employee engagement (p. 110)	Achieve an Employee Engagement Score of at least 63% by 2027	Employee Engagement Score of 55%
	Diversity, equity, and inclusion (p. 111)	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 2023: > 24% in the first level below the Management Board > 36% in the second level below the Management Board
		Increase the representation of ethnically diverse managers in the U.S. year over year by 2030	At the end of 2023, 32% of U.S. managers were ethnically diverse
Compliance (p. 120)	Train at least 90% of employees on our Code of Ethics and Business Conduct (annual target)	Almost 94% of employees trained on our Code of Ethics and Business Conduct	
<b>Reduce our environmental footprint</b>	Emission reduction (p. 116)	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	Scope 1 and Scope 2 emissions footprint reduction of 16% compared with 2020
	Resource efficiency (p. 118)	Develop sustainable water plans for sites in extreme water stress areas by 2026	We expanded our global water stress-related assessment coverage of our sites by 28%
	Sustainable portfolio (p. 105)	Implement sustainability performance assessment of our relevant product and services portfolio by 2026	Assessment methodology developed; nearly 60% of revenue assessed and 99% of our locations and 17 product types reviewed

\* Target extended

## Material topics

Managing our sustainability impacts as well as sustainability-related risks and opportunities starts with understanding which sustainability topics matter most to our business and our stakeholders. In 2023, we conducted a full materiality assessment (see [CHART 3.4](#)).

The 2023 materiality assessment confirmed the material topics from the previous full materiality assessment, conducted in 2019 as well as the annual materiality reviews. The topic of resource use and circularity was added as new material topic. The outcome of the assessment reflects our stable business model and business scope. Changes in material topics are primarily related to strategic priorities, our progress in

company-wide sustainability management as well as shifts in societal and regulatory expectations of companies.

Our materiality assessment fulfills the German Commercial Code (Handelsgesetzbuch, HGB) requirements. It was also conducted to prepare for the requirements laid out in the CSRD. To this end, we applied the key principles of double materiality: We considered both our impact on people and the environment (impact materiality) as well as sustainability-related risks and opportunities that may affect our business (financial materiality) over the short, medium and long term as well as along our entire value chain. We identified negative and positive, actual and potential impacts of our business activities on people and the environment.

We compiled an initial list of more than 180 topics and sub-topics including our existing list of topics and input provided by internal subject matter experts. We also reviewed and considered topics from external sources. These included the CSRD requirements, ratings and rankings, trend and media analyses, other reporting standards like those of the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), and the EU Taxonomy requirements as well as stakeholder requests.

Materiality thresholds were defined to evaluate the impact and financial materiality of the topics. In line with our risk management framework, we considered financial sustainability opportunities and potential risks, that may affect our business, as well as the aspects in accordance with § 289c of the German Commercial Code. A detailed description of risks and opportunities can be found in our “Risk and Opportunities Report” (page 69).

In a series of assessments and workshops involving senior management from the business segments and global functions, 25 topics clustered into ten groups were identified

### C 3.4 OVERVIEW OF MATERIAL TOPICS



#### Climate change

- Energy
- Climate change mitigation
- Climate change adaptation



#### Resource use and circularity

- Resources inflows
- Resources outflows
- Waste



#### Water



#### Employer attractiveness and equal opportunity

- Equal treatment and opportunity for all
- Employer attractiveness
- Employee engagement
- Working conditions



#### Business ethics

- Anti-bribery and anti-corruption
- Anti-competitive behavior
- Non-retaliation/Protection of whistle blowers
- Political engagement and responsible lobbying activities



#### Human rights and health equity

- Human rights
- Occupational health and safety
- Health equity



#### Quality of care

- Patient experience
- Quality of care



#### Innovation and R&D

- Innovation and R&D
- Bioethics



#### Information security and data protection

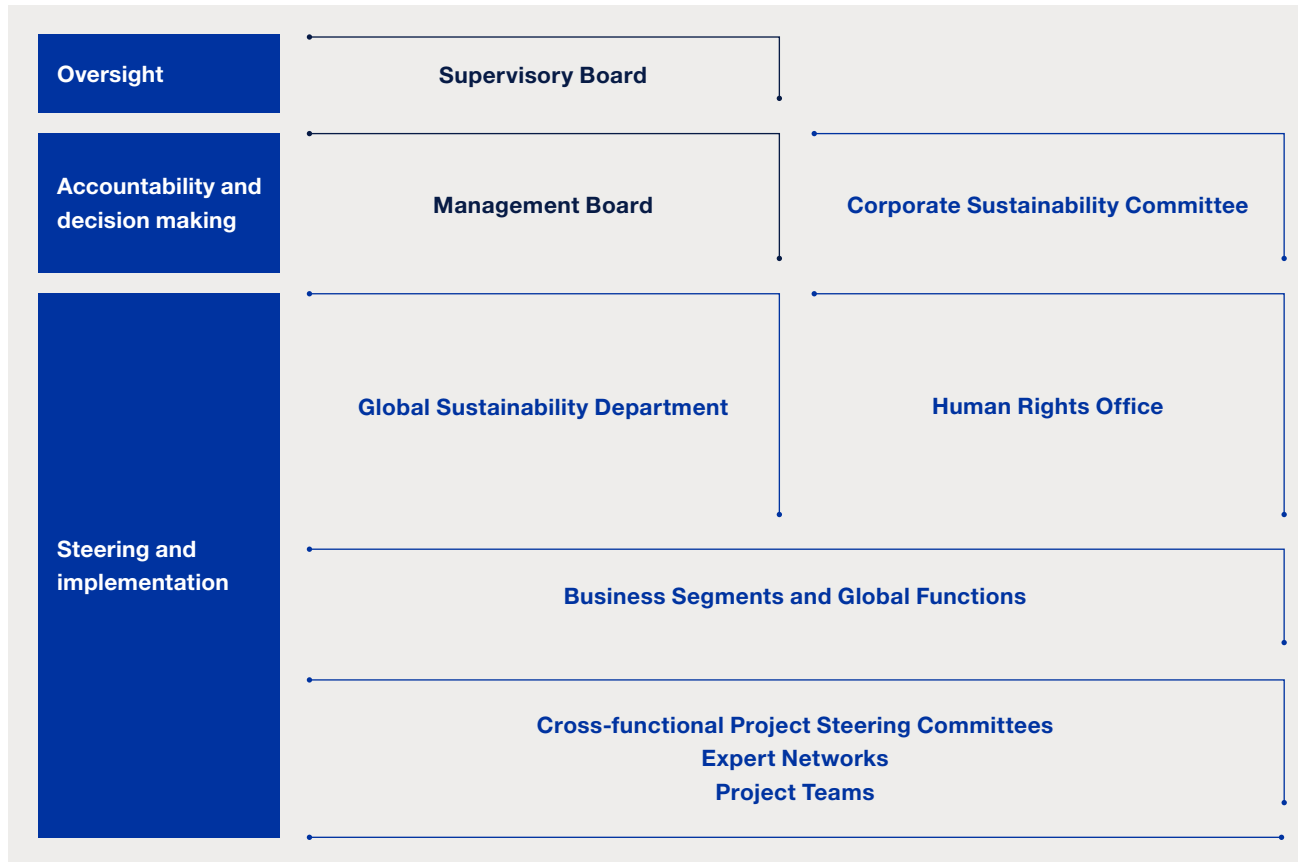
- Information security
- Data protection



#### Product stewardship



**c 3.5 SUSTAINABILITY GOVERNANCE**



and validated as material topics. The results were discussed and validated by the Management Board.

## Sustainability governance

Following the successful conclusion of our Global Sustainability Program and in the context of our FME25 transformation program, we have adjusted our sustainability governance

(see [CHART 3.5](#)). The new governance reflects the changing requirements when it comes to integrating sustainability into our strategy and business globally. Accountability and decision-making lie with the Management Board, supported by the Corporate Sustainability Committee (CSC). The CSC comprises senior representatives nominated by the Management Board for the business segments and global functions. The Management Board takes decisions on strategic initiatives, while the CSC is responsible above all for operational

aspects and projects that require broader senior leadership guidance. The former Sustainability Decision Board is no longer part of the new governance.

The Supervisory Board deliberates on sustainability matters in its general board meetings as well as meetings of the Audit Committee. It reviews the progress of our sustainability management, which is then published in the separate Non-financial Group Report.

The Global Sustainability department drives our strategic sustainability activities and manages initiatives in close cooperation with the relevant teams from the business segments and global functions. The Global Head of Sustainability provides regular updates to the Management Board and the Supervisory Board on the progress and status of target achievement. Formal cross-functional project steering committees, project teams and expert networks support the implementation of sustainability projects. 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.

## Risk and opportunity management

We monitor and assess sustainability risks as part of our business processes and enterprise risk management. Our risk assessment is based on a catalogue of potential non-financial risks, which is reviewed about twice a year. In accordance with the German Commercial Code, we report on known severe risks in our value chain (upstream, own operations and downstream), business relationships, products, or services that are very likely to occur and would have a severe negative impact on material sustainability topics. We did not identify any material non-financial risks of this kind in the reporting year.

We are continuously monitoring and increasing the granularity of our risk assessment to better understand how our business operations impact the environment and vice versa. We use external and internal data to evaluate our impact on climate change, water stress and consumption of resources as well as how these factors pose a risk for our business. In 2023, we implemented a process to include our sustainability opportunity assessment as part of our central risk management system. Risks and opportunities were also considered in the course of our materiality analysis.

Our sustainability risk management approach involves assessing the impact of our business activities on potentially affected stakeholder groups as well as on the environment. This factor has been incorporated in our risk management system and risks are reviewed on an annual basis. Following a detailed global human rights risk assessment in 2022, we conducted around 20 country and site-level assessments during the reporting year. These provided us with insights on previously identified focus areas and stakeholders.

To evaluate the impact of physical and transition risks on our business model in connection with climate change, we initiated a physical climate scenario analysis. We plan to continue conducting a transition risk assessment in 2024 to evaluate risks related to our management of the transition to renewable energy and climate neutrality. In addition, we are reviewing potential impacts, risks and opportunities related to biodiversity and pollution. We also continued to integrate the recommendations of the TCFD into our enterprise risk management approach.

More information on our enterprise risk management system can be found in the “Risk and Opportunities Report” section of the Group Management Report starting on page 69. More information on our risk assessment on human and labor rights can be found in the “Human Rights” section starting on page 126, and the “Supplier Management” section starting on page 125.

## Stakeholder inclusion

As a company with global operations, our business activities affect many stakeholder groups. These include our patients, employees, shareholders as well as 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 an important part of building trust and reliable partnerships and helps us to share and gain knowledge, thereby promoting scientific progress.

In the reporting year, we continued to participate in several expert groups such as Kidney Care Partners and the Dialysis Patient Citizens in the U.S. We also engaged with political stakeholders and government offices, including the Government Accountability Office and the Congressional Black and Hispanic Caucuses in the U.S. In 2023, we engaged in close to 500 conversations with investors on sustainability topics such as the environment, our sustainability strategy, and governance matters, especially in the context of the change in legal form. Over 150 of these focused solely on labor-related topics.

We are subject to a wide range of legislative and regulatory processes that affect our business. Therefore, we periodically take part 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.

To understand customers’ changing requirements globally and adapt our product and service offering, we conducted an analysis with internal experts across key markets. The results will inform the development of our products and services portfolio and influence how we offer our services. We also held our first virtual sustainability summit for internal stakeholders in the reporting year. During the event, the Company’s sustainability community had the opportunity to learn about the progress of key projects and strategies.

Our corporate citizenship strategy was modified in 2023 in line with our business strategy and new organizational structure. A global Corporate Citizenship Committee was established to approve activity planning and donations. The new strategy focuses our activities on donations linked to kidney care and kidney disease. Through our support for different initiatives, we aspire to expand access to health care and support health equity, engage in medical education as well as reduce our environmental footprint.

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 43. For information about our dialogue with employee representatives, see the “Employees” section starting on page 109. For information on how we collaborate to improve health care, see our “Patients” section starting on page 101.

## EU Taxonomy

We report on our economic activities in accordance with the EU Taxonomy Regulation (EU Taxonomy) for sustainable activities. In 2022, we reported on the taxonomy-eligible and taxonomy-aligned shares of economic activities that potentially make a substantial contribution to climate change mitigation and climate change adaptation as defined in the Climate Delegated Act of the regulation. In June 2023, the EU Commission published the new Environmental Delegated Act covering additional environmental objectives, pollution prevention and control, among others.

It is important to emphasize that the delegated acts of the EU Taxonomy, the respective annexes as well as the supplementary publications contain wording, definitions, and requirements which leave room for interpretation. As a result, our conclusions might be subject to change over time due to standardized interpretations and new publications by the EU Commission.

### Methodology

In 2023, we conducted an impact analysis of our operations for all newly published economic activities to assess whether one or more of our economic activities are eligible for EU Taxonomy reporting. An economic activity is considered taxonomy-eligible if it meets the definition in one of the annexes of the EU Taxonomy. The conclusions of the impact analysis were verified by experts in our business areas.

This analysis outcome results in a change in our EU Taxonomy reporting. Previously, our revenue-generating business activities were not covered by the climate-related environmental objectives. Medical services including our dialysis care delivery and medical devices, which together make up the majority of our business, are currently not considered by the EU Taxonomy. Even though our core business activities are still not covered

by the regulation, in this year's reporting we are able to disclose taxonomy-eligible revenue, capital expenditures (Capex) and operating expenditures (Opex) for the production of medicinal products. Under the environmental objective of pollution prevention and control, for example, some of the dialysis solutions we produce are considered medicinal products. The alignment assessment for this activity considered eligible under the new Environmental Delegated Act, will be reported in the 2024 Non-financial Group Report according to the regulatory timeline.

We also re-evaluated our reporting on construction and real-estate activities, compared with our EU Taxonomy reporting in 2022. Due to the nature of our business model, our construction and real-estate activities are focused on the provision of health care. Accordingly, we carefully analyze on a case-by-case basis if the buildings meet the specific requirements for our operations, their accessibility and business continuity, which includes a preference for long-term leases. Thereby, we only have limited control over energy efficiency and other building characteristics related to greenhouse gas (GHG) emissions. Consequently, we regard construction and real-estate activities as individual measures, which are not primarily intended for GHG reductions and no longer report them as eligible under Capex C. This change in reporting also reflects the fact that business activities in the health care industry are currently not a focus of the EU Taxonomy. Nevertheless, we will continue to monitor potential opportunities to reduce GHG in connection with our building activities.

In the reporting year, activities relating to energy efficiency equipment, energy performance devices and renewable energy technologies are included in the reporting scope. By definition, they pertain to GHG emission reductions. Please refer to the chapter "Reducing our carbon footprint" on page 116 of the Non-financial Group Report for information on the implementation of energy management systems and the installation of solar panels. The eligible activities described above contribute to climate change mitigation and are

therefore reported under this environmental objective. We do not disclose any taxonomy-eligible activities that specifically contribute to climate change adaptation under this environmental objective. We did not generate revenue from taxonomy-eligible activities relating to climate change adaptation, nor did we identify any related Capex or Opex. The individual measures described in the technical screening criteria make a substantial contribution to this climate objective. However, as we are still preparing the required climate risk and vulnerability assessments, there is currently insufficient evidence that the individual measures fulfill the criteria for doing no significant harm to other environmental objectives. Therefore, in 2023, we cannot report our activities relating to energy efficiency equipment, energy performance devices and renewable energy technologies as being taxonomy-aligned.

### Key Performance Indicators

The EU Taxonomy defines three KPIs that must be disclosed: the proportion of taxonomy-eligible and taxonomy-aligned shares of revenue, Capex, and Opex. Key information pertaining to each KPI is summarized below (see [TABLE 3.6](#) on page 100). We calculated the three KPIs based on the figures in our financial reporting system, which ensures reconciliation with the corresponding items in the consolidated financial statements. Regarding the shares of our business activities that are taxonomy-eligible and taxonomy-aligned, we identified all relevant revenues, Capex, and Opex and allocated them accordingly. By doing so, we ensure that our revenue, Capex and Opex are not considered more than once.

### Revenue

For the first time, part of our product portfolio is covered by the regulatory scope of the EU Taxonomy. The eligible revenue consists of sales to external customers of dialysis solutions

that are classified as medicinal products, and is compared to total revenue (see [TABLE 5.1](#) on page 198).

## Capex

The EU Taxonomy distinguishes between three types of Capex: Capex A refers to assets and processes related to taxonomy-eligible economic activities. Our investments, for example in machines used for the manufacturing of eligible medicinal products, are therefore reported under Capex A. Expenditures are allocated to the respective eligible product on product line and site level. Capex B includes investments in assets and processes that are covered by a Capex plan, and is currently not considered of relevance for medicinal products in scope of our Taxonomy reporting. Capex C refers to the purchase of output or individual measures that enable greenhouse gas reductions. Individual measures relating to energy efficiency equipment, energy performance devices and renewable energy technologies are reported as taxonomy-eligible Capex C. In 2022, Capex C also included construction and real-estate activities, which are not covered in 2023. Due to the updated Capex C reporting, Capex was 0.3% in 2023 (2022: 0.2%).

## Opex

Corresponding to the Capex A to C definitions, Taxonomy-eligible Opex, such as maintenance and repair-related expenditures for the manufacturing of medicinal products, is classified as Opex A. Opex is allocated to the respective eligible product for different product lines and sites. Similar to Capex B, Opex B is not relevant for us. In addition, Opex relating to energy efficiency equipment, energy performance devices and renewable energy technology measures is reported as taxonomy-eligible Opex C. In 2022, Opex C also included construction and real-estate activities, which are not covered in 2023. Due to the updated Opex C reporting, Opex

**T 3.6 CONTRIBUTION OF TAXONOMY-ALIGNED, TAXONOMY-ELIGIBLE BUT NOT ALIGNED, AND TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES TO TOTAL REVENUE, CAPEX, AND OPEX<sup>1</sup>**  
IN %

Key Performance Indicators	Taxonomy-aligned	Taxonomy-eligible but not aligned	Taxonomy non-eligible
<b>Revenue</b>		<b>1.5</b>	<b>98.5</b>
Medicinal products		1.5	
<b>Capex</b>	<b>0.0</b>	<b>0.4</b>	<b>99.6</b>
Medicinal products		0.1	
Energy efficiency equipment		0.0	
Energy performance devices		0.3	
Renewable energy technologies		0.0	
<b>Opex</b>	<b>0.0</b>	<b>2.3</b>	<b>97.7</b>
Medicinal products		2.2	
Energy efficiency equipment		0.1	
Energy performance devices		0.0	
Renewable energy technologies		0.0	

<sup>1</sup> For the full tables on revenue, Capex and Opex and the detailed KPI definitions, see page 128 of the Non-financial Group Report. The tables for nuclear energy and fossil gas are not included as we do not have relevant business activities in these areas.

was 0.1% in 2023 (2022: 0.2%). In 2022, Opex C included expenditures relating to charging stations.

## Outlook

In 2024, we will focus on assessing the alignment of medicinal products and whether eligible products make a substantial contribution to pollution prevention and control while doing no significant harm to the other environmental objectives. In addition, we will evaluate our compliance with the minimum safeguards. Furthermore, we plan to conduct climate risk and vulnerability assessments for our energy efficiency equipment, energy performance devices and renewable energy technology activities. We will continuously monitor the development of the EU Taxonomy and publications of the EU Commission.

# Patients

## Progress

- **Patient Net Promoter Score improved to 72**
- **Published 176 scientific research documents**
- **Signed the global Zero Health Gaps Pledge to demonstrate commitment to advance health equity**
- **Launched a Portfolio Sustainability Assessment to evaluate the global sustainability performance of our products and services**

Our patients' well-being is our top priority. As part of our commitment to delivering safe, high-quality health care to patients with kidney disease, we continually monitor the performance of our products and services. Our focus in doing so is on the quality, safety and accessibility of treatment, and on patient experience. We continuously invest in innovations and new technologies, and leverage insights from scientific research and cooperation with partners.

The Global Medical Office led by our Global Chief Medical Officer drives our medical strategy and coordinates activities that contribute to the advancement of medical science and patient care. Medical and clinical insights identified 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. Our Care Delivery organization works closely with the Global Medical Office to deliver the best possible treatment and thereby improve our patients' quality of life.

## Quality of care

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

As one of the global leaders in providing life-saving dialysis treatments to patients, we operate in diverse health care systems. This requires us to navigate regulations, payment models, and operational frameworks for each market in which we treat patients. Navigating these differences is a key challenge to effectively and efficiently provide care and maintain compliance. This requires a deep understanding of local health policies and an ability to adapt care delivery models accordingly while maintaining high quality standards.

We continually measure and assess the quality of care we provide in our dialysis clinics based on internationally recognized standards. These include those of the global non-profit "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 set our own targets for patient care.

## Monitoring quality of care

We evaluate medical indicators on an ongoing basis to measure the quality of care provided in our dialysis clinics. The global hospitalization rate measures the length of time a patient spends in hospital. This is an important indicator, as hospitalization reflects patients' medical complexity and impacts

### C 3.7 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

health care payment systems and the medical infrastructure. It also impacts patient experience. If the hospitalization rate changes, we initiate an evaluation of the contributing factors and identify opportunities to improve the quality of care. In 2023, the global hospitalization rate was 10.6 days per patient, the same as in 2022.

We use a quality index to manage our high standard of quality across the Care Delivery business segment. This indicator enables us to continuously measure and improve our quality of care on a global level. In 2023, our quality index score was 81%, the same as in 2022. We set country performance targets for vascular access, dialysis efficacy and anemia management based on local quality systems we have established. These targets consider the specific circumstances of local health care systems, the workforce and how we operate in these regions. Our quality improvement initiatives are based on annual assessments that reflect local needs and the dynamic environment of the health care market (see [CHART 3.7](#)).

To further educate our medical community on quality improvements, we plan to set up a new global training program that will be piloted in the U.S. in 2024.

## Patient experience

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 other year. We use the information collected to evaluate the services provided by our dialysis clinics and implement improvement plans.

We are continually strengthening our efforts to improve patient education, service quality and individualized patient care. Based on the feedback from the patient surveys, we develop educational programs that help clinic staff inform their patients more comprehensively about health-related topics. Patient treatment education and engagement delivery is provided globally. Our regional and local teams of the Care Delivery segment are responsible for patient education and initiatives, including instructing patients according to their individual needs and medical outcomes. Our patients have access to information through various channels such as awareness campaigns, patient apps, posters, factsheets, and guides, as well as our website. Patient safety education covers topics such as infection prevention, emotional health, preventing falls, medication, and adhering to the prescribed treatment. To involve our patients more actively, we provide education on symptoms and possible complications so that they become aware and know how to prevent and detect complications.

### Annual Target

Achieve a Net Promoter Score  
of at least

# 70

They also learn how to alert the care team. All patient education material is reviewed for suitability, readability, and appropriateness before being published.

We measure patient experience in our dialysis clinics using the Net Promoter Score. The NPS reflects patients' overall satisfaction with our services and how well cared for and supported they feel. We have set ourselves a global target of achieving an NPS of at least 70 every year which is above the health care industry standard. In 2023, we were able to improve our 2022 NPS by one point to 72 globally. Our NPS threshold target demonstrates our aim to continuously attain excellent scores and improve patients' experience despite challenges such as staffing shortages. We also 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 track survey coverage and response rates. In 2023, we achieved a response rate of 74% and a global coverage rate of 91% in line with our target of 75% or above.

In addition to patient 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 hotlines and email addresses, complaint and suggestion boxes, as well as a feedback form on our website. In 2023, we received 22,408 reports (2022: 23,011). We are committed to resolving issues in a timely manner. Our policies allow patients to file reports without fear of reprisal. We also provide training locally to support staff in following patient grievance guidelines. Refresher trainings that follow local and regional training guidelines are held yearly or every two years. A detailed description of our approach to handling complaints is available on our website.

More information about handling complaints can be found in the "Compliance" section of this Non-financial Group Report starting on page 120.

## Access to health care

We are committed to improving access to health care and are working to provide affordable treatment to a growing number of patients worldwide. Our focus is on improving both access to care and level-of-care outcomes. Topics include barriers to access such as cost and ease of travel to our dialysis clinics, lack of education on kidney disease, and treatment options. We aim to increase the number of patients on home dialysis as well as those who receive kidney transplants. We also have crisis contingency processes in place so that patients have continued access to treatment during disaster and emergency situations.

## Health equity

We believe that every patient, regardless of their ethnic origin or race, nationality, age, ability, gender identity, sexual orientation, religion, or socio-economic status, should be given equal opportunities and support to maintain and improve their health. Our Global Health Equity Statement outlines our commitment to expand our knowledge and services in ways that advance equity in care. To underline our commitment, we have signed the first global Zero Health Gaps Pledge – the first ever global, multi-sector, CEO-level pledge to help advance health equity launched by the Global Health Equity Network. As a signatory, we commit to carrying out meaningful action and collaboration toward health equity.

As part of our efforts to build knowledge about health equity among health care providers, we developed and introduced education modules of social determinants of health (SDOH) in the U.S. in 2023. We recognize that non-medical factors that influence health outcomes are interlinked and have a direct impact on people's health. Providing education on SDOH is foundational to evolving our approach to person-centered care. The education modules differ by clinical role and are mandatory for employees with specific clinical responsibilities in the U.S.

In 2023, our U.S. dialysis business piloted a program in the state of Illinois with the nation's leading social care network focused on patients' health-related social needs. As part of the pilot program, the social workers in dialysis clinics offered standardized screening for health-related social needs.

One of the Group-wide initiatives undertaken this year involved a qualitative assessment of global perspectives on health equity. The Global Medical Office conducted interviews with participants in 17 countries across Asia-Pacific, Europe, Middle East and Africa and Latin America. The interviews identified gaps and opportunities to advance health equity in these regions.

In 2024, we intend to establish a global governance for health equity and create a framework for the use of global data to identify health disparities. This updated approach accounts for organizational changes as a result of our transformation.

## Supporting patients in underserved communities

Our Corporate Citizenship activities focus on areas in which we as a health care company can contribute to society, such as health equity and access to health care, prevention and medical education. In the course of expanding the Kidney Kid program to the U.S. in 2023, we engaged over 26,000 youths in various programs on health education. Food security and access to healthy meals are important aspects for people with chronic kidney disease. To support high-risk, high-need populations, we partnered with the Food is Medicine Coalition (FIMC) in the U.S., an association of non-profit medically tailored meal providers, and contributed to its Food is Medicine Accelerator program.

Demand for affordable health care products and services is growing 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.

As part of our ongoing approach to harmonize reporting and data, we adjusted our calculation methodology for global home patient data in 2023. U.S.-specific methodology for data on the number of home treatments performed and patients on home dialysis remains unchanged and is consistent with previous reporting.

As of December 31, 2023, the number of our patients receiving dialysis at home worldwide was 31,258 (2022: 30,888), corresponding to 9% of our total patient base (2022: 9%). In the reporting year, 16% of treatments in the U.S. were performed in a home setting. Throughout the year, we educated new patients on home modalities. In the U.S., we informed over 57,000 people living with chronic kidney disease or end-stage kidney disease about their home dialysis options in 2023, with the support of more than 200 internal kidney care advocates. In the U.S., where we experience higher rates of home therapy adoption, we have launched health equity initiatives that focus on identifying barriers to home therapy and interventions with the aim of increasing patient success with this modality.

## 2027 Target

Perform

**25%**

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

\* Target extended

As the decision by patients to receive dialysis at home is influenced by numerous factors, achieving our aspirational goal of performing 25% of treatments in the U.S. in a home setting is expected to require more time. It may be delayed by 18 to 24 months. This is partly due to the pandemic, which lasted longer than expected, and the impact of a challenging situation on the labor market. We now aim to achieve our goal by 2027.

In 2023, we initiated several projects in the U.S. to streamline ways in which we provide our services. We evaluated our services according to different criteria: adherence to treatment, patient admissions and referrals, accessibility for patients, medication and pharmacy options. These initiatives aim to improve patient education, reduce the number of missed treatments, provide convenient channels for medication management, and retain new patients. We also worked with the Medical Education Institute, a U.S.-based NGO, to roll out its My Kidney Life Plan program to Germany and Sweden. The program helps people living with chronic kidney disease to learn about the different treatment options and choose the treatment that best fits their lifestyle and conditions.

In 2023, Fresenius Medical Care conducted the CONVINC trial together with the CONVINC consortium led by the University Medical Center Utrecht. The study demonstrated that the mortality rate among kidney patients can be significantly reduced with high-volume hemodiafiltration (HDF) technology. As one of the leading providers of dialysis

products, we aim to explore ways to encourage the adoption of hemodiafiltration and make this therapeutic option accessible to patients in countries where it is currently not available, such as in the U.S.

## Improving access to kidney transplantation

Kidney transplantation is the treatment of choice for most patients with advanced chronic kidney disease and end-stage renal disease. Our Head of Transplantation Medicine leads our worldwide efforts to improve access to transplantation for our patients. In 2023, we completed the initial rollout of our Referral Ready IT platform in our U.S.-based clinics. This platform provides our clinic staff with a simple tool to compile a complete transplant referral with nearly 170 different data points. The platform also securely transmits the referral to appropriate transplant centers. Designed together with transplant professionals, the Referral Ready platform has delivered referrals to nearly 200 transplant centers in the U.S. Since its rollout in April 2023, we have registered a significant increase in the number of referrals compared to 2022. Cumulatively, from January to December 2023 we observed an increase in new referrals of 42% compared to the same time period in 2022.

## Crisis and emergency response

We provide access to health care even under challenging circumstances, for example, in the case of health crises or natural disasters. This is a core part of our commitment to patients. We have clinics all over the globe and must be prepared to adapt to different environmental, geographic, social, and economic conditions. These clinics serve a vulnerable population of patients who need dialysis treatment several times a week. To allow us to continue treating our patients in challenging situations, we have reorganized our

emergency response to support the Company's new operating model. To this end, we have implemented a Global Incident and Crisis Response (ICR) Committee comprising country teams for an immediate response at a local level.

In order to be ready in times of emergency, we regularly test our emergency response procedures and assess our service safety. The support we provide includes humanitarian goods as well as donating dialysis supplies to organizations that require and request support in regions affected by crisis events.

In 2023, we initiated crisis response measures during several disasters and in volatile situations. In the summer of 2023, our disaster response team was dispatched when a major fire swept through the Hawaiian island of Maui. As an active member of the Hawaii Healthcare Emergency Management, our local team helped coordinate response calls with all providers, organized the shipment of supplies, and made sure that our home patients could receive in-center treatment due to the disruption of the supply chain and the ability to get supplies for home therapy to the island.

In the wake of the war in the Middle East, our Israeli team has taken measures to make sure that operations and services to our patients were continued uninterrupted. In addition to keeping our own clinics operating, they work with local hospitals and other smaller local care providers to organize the safe transfer, treatment and care of patients. In the reporting year, we have also provided essentials and medical support to areas impacted by crises and disasters, such as Morocco, Sudan, Ukraine and Turkey, among others. This included donating and loaning life-saving equipment including dialyzers as well as adult and pediatric HD blood lines.

## Advancing health care

We are committed to advancing health care while upholding ethical standards and managing related risks. As stipulated in our Bioethics Principles position paper, we advocate patient rights and respect animal welfare. It is important to us that our research partners adhere to guidelines that are similar to our own.

## Scientific research

We strive to make the results of our research activities available to the broader public to help advance health care. In 2023, we published 176 scientific documents worldwide. These covered topics such as impacts on renal transplantation, health literacy and utilization of artificial intelligence in machine learning.

We carry out scientific research to support our goal of continuously improving the care we provide to patients. This includes facilitating clinical trials as a crucial step in developing new treatments. We are also exploring data-based methods that allow us to advance care by means of mathematic modelling, artificial intelligence, and virtual clinical trial simulations. Our research and development activities follow regulatory guidance for clinical research practices and comply with ethical standards. In the reporting year, we completed three clinical trials.

In 2023, we developed a universally structured global dialysis dataset called Apollo Dial DB. This is a fully anonymized, global analytics platform that uses harmonized and uniformly structured patient treatment data. It is expected to improve both the speed and the robustness of our analytical capabilities to provide consistency in global analytics. It is currently part of a global research project to assess the feasibility of expanding the Anemia Control Model, an artificial intelligence model used in many countries to optimize the benefits of medications that stimulate the production of red blood cells and iron therapies in dialysis patients (see page 106 for more details).



Our Frenova Renal Research Institute provides research services to third parties. Work on a project aimed at developing the largest renal-focused genomic registry in the world is ongoing. We have adjusted our goal to enroll 50,000 patients (initial goal: 100,000) by 2025. Based on new research insights, achieving the adjusted goal will enable us to meet our research needs. The registry will contain genetic data from patients with chronic kidney disease worldwide, with the aim of fostering collaboration amongst researchers and improving their understanding of kidney disease and treatments.

We are also part of the European “Initiatives on advancing patients’ outcomes in renal disease” (INSPIRE). This is an academic and industry project set up to identify critical investigations, models and insights to advance medical practice in nephrology. Presently, the INSPIRE group is actively advancing the nephrology community’s understanding of bleeding events in dialysis patients.

More information about our scientific research and the Frenova Renal Research division can be found in the Group Management Report in the sections “Opportunities management” starting on page 85 and “Research and development” starting on page 43.

## Portfolio Sustainability Assessment

In 2023, we launched a Portfolio Sustainability Assessment in order to evaluate the sustainability performance of our products and services. The assessment aims to provide greater transparency on our portfolio’s sustainability taking into account social and environmental contributions as well as economic aspects. It creates a basis for strategic portfolio decisions that systematically consider our sustainability impact (portfolio steering).

By defining performance criteria and applying performance thresholds, we plan to assess significant social contributions

### 2026 Target

Implement a sustainability performance assessment of our relevant product and services portfolio

and the environmental impact of our products and services in relation to their profitability. Our significant social contributions pertain to how we improve our quality of care and advance health care in underserved markets. The environmental impact analysis includes aspects such as our carbon footprint and consumption of resources or recyclability in production and care delivery. We obtain the data from environmental assessments of locations and product types.

We intend to gradually implement the Portfolio Sustainability Assessment as a standard operating procedure to evaluate all products and services by 2026. In 2023, a pilot assessment was conducted to establish the feasibility of the methodology. One service group and one product group that jointly account for almost 60% of revenue were included in the assessment scope, and more than 4,000 of our locations and 17 product types were reviewed during the year. In 2024, we aim to increase revenue coverage to 75%.

## Innovation and digitalization

Innovation and digitalization are important strategic elements that contribute to our success. In line with our Code of Ethics and Business Conduct, we aim to develop innovative, safe, and user-friendly digital products and systems that meet our quality standards. Our goal is to further improve the quality and efficiency of care. To this end, we are continuously developing digital products and services designed to improve access to and advance health care. Our Care Enablement segment oversees the development of our products. The Global Medical Office is responsible for our clinical digitaliza-

tion 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. In 2023, we launched a global event aimed at fostering innovation in our product business. As part of this, the most important innovation challenges, such as sustainability and efficiency improvements, were defined by the respective business functions, and employees were encouraged to develop new ideas and solutions.

In 2023, we continued to develop digital options with the aim of empowering patients to actively manage their own health and improve clinical outcomes. Our digital platforms enable virtual contact, keeping patients and care teams connected. The platforms provide easy access to the latest treatment data, which is vital to monitor and improve medical outcomes, patient experience and the effectiveness of care.

We provide two patient engagement platforms that are accessible via apps. Our PatientHub app is used predominantly in the U.S., while our MyCompanion app is available in 24 countries in Europe, Africa, Asia-Pacific and Latin America. In the U.S., we recorded nearly 162,000 remote telehealth visits between patients, care teams, and physicians via the PatientHub app by the end of 2023. The MyCompanion app was launched in Australia and the Philippines in the reporting year. Combined, the PatientHub and MyCompanion apps had more than 27,000 active users in 2023 (2022: 25,000). They were widely adopted due to restrictions in interpersonal contact during the COVID-19 pandemic.

We also use virtual reality and gamification technologies to support health care professionals in training their patients in home dialysis procedures. Our virtual reality tool is currently available in eleven centers in Germany and has been piloted in an additional four.

For more information about research and development, please see the “Research and development” section of the Group Management Report starting on page 43.

## Collaborating to improve health care

We work with external organizations to advance research, scientific progress and clinical care. This includes areas such as computational medicine, data analytics and technology to accelerate their translation into applied medicine. In 2023, our Global Medical Office’s Affairs, Transplant Medicine, and Clinical Advanced Analytics divisions, and the Renal Research Institute were involved in 65 key partnerships with academia, research institutes and peers. 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 our efforts to share best practices relating to dialysis treatment. Worldwide, nearly 2,800 people attended external workshops hosted by us on topics such as in-center therapies, home dialysis and critical care. We also organized 235 webinars on various dialysis product and care-related subjects and developed an open global e-learning course on best practices in dialysis care. The webinars were viewed by over 18,000 attendees in 2023, and the e-learning course was attended by more than 82,000 participants.

A further focus is on expanding access to and improving transplantation medicine processes by investing in innovative programs and solutions. In addition to the work being done on transplantation by the Global Medical Office, the Fresenius Medical Care Foundation collaborates with leading organizations in the U.S. 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 43.

## Product stewardship

We aim to develop safe, high-quality products that meet the demands and needs of patients and their caregivers. Our approach takes into consideration social and environmental aspects along the value chain as well as developing solutions that enable us to contribute to advancing the quality of care we provide. Thanks to our global network of production sites, we control the procurement, production, distribution and supply of products for renal and multi-organ therapy. We manage quality and safety in our product business over the entire product life cycle, from their design and development to operation and application.

As we strive to enhance our competitiveness and foster a culture of innovation, we implemented an innovation management IT system across our Care Enablement organization to drive innovation, efficiency and continuous improvement. To measure the effectiveness of our innovation efforts, we aim to develop a global KPI by the end of 2024.

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

Our products must comply with safety and quality standards concerning product development, manufacturing, their use in clinics, customer training and the handling of complaints. These standards are embedded in our Global Product Business Policy. This is taken as the basis for Global Management

## Enhance quality of care and access to health care



### Improving patient care with artificial intelligence

Apollo Dial DB is the foundation for our global long-term digital and artificial intelligence aspirations. Apollo Dial DB is an anonymized database that combines patient data from multiple clinical systems throughout the world into a central cloud environment that is accessible worldwide.

The database provides a detailed insight into the clinical care we provided to more than 540,000 patients on life-saving dialysis treatments. It aggregates data from 40 countries across six continents on more than 350 patient treatment parameters, over 140 million dialysis treatments, and more than 34 million laboratory assessments. The goal of the database is to increase both the speed and the robustness of the Company’s analytical capabilities, while allowing for more consistency and transparency in global reporting and analytics.

Apollo Dial DB holds great promise as a platform that provides insights to accelerate the real-world advancement of patient care. We aim to improve health outcomes by making kidney disease care more personalized and precise.

System manuals covering management responsibilities, document control, training, risk management and audits that are required to fulfill national and international regulations. Our Care Enablement segment oversees product safety and quality. It aims to identify potential risks of medical devices and assures the effectiveness and quality of products throughout their lifecycle. The Management Board is regularly informed about our global quality and safety performance.

For all our medical devices, diagnostics, and pharmaceuticals, we assess and manage the risks to and impact on the health and safety of our patients. Risk and impact assessments are performed according to international standards such as ISO 14971 and ICH Q9.

In 2023, in the course of implementing our global FME25 transformation program, we started to consolidate our management systems for quality, environmental management and occupational health and safety into a unified global management system. This new system will enable us to facilitate decision-making and increase efficiency in our everyday work, among other aspects.

As part of this project, we have also consolidated our training processes. In 2024, we plan to roll out our new global electronic training system.

## Certification and audits

We regularly carry out internal audits to review the design and operating effectiveness of our management systems as well as compliance with internal and regulatory standards. This includes quality management systems certified according to, for example, ISO 9001 and ISO 13485 (see [TABLE 3.8](#)). Our production sites are also subject to regular external quality audits that review the implementation of the management system in accordance with local requirements. Audits are carried out according to local regulations, Good Manufacturing

**T 3.8 CERTIFICATION OF OUR PRODUCTION SITES**  
IN %

Certification	Production sites certified <sup>1</sup>	
	2023	2022
ISO 9001/13485	75	77
GMP/cGMP	44	46
MDSAP	28	29

<sup>1</sup> Production sites managed by the Manufacturing and Supply Chain division.

Practice (GMP), current Good Manufacturing Practice (cGMP), ISO 9001, ISO 13485, or the Medical Device Single Audit Program (MDSAP).

We have defined KPIs to monitor our quality objectives and prevent adverse events. In 2023, more than 58 certification audits (2022: 50) were performed at our production sites. All audit findings are documented and escalated depending on their criticality and used to determine and implement appropriate corrective and preventive measures.

We have set ourselves the target of achieving an average global audit score that does not exceed 1.0 in order to maintain the effectiveness of our quality management systems and certifications. This score indicates the ratio of major and critical findings to the number of external audits. In 2023, we achieved an audit score of 0.4 (2022: 0.3). The increase was related to findings during an external audit at one of our sites in the U.S. It identified areas of improvement in relation to cGMP (see [TABLE 3.9](#)).

### Annual Target

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

1.0

**T 3.9 AUDIT SCORE**

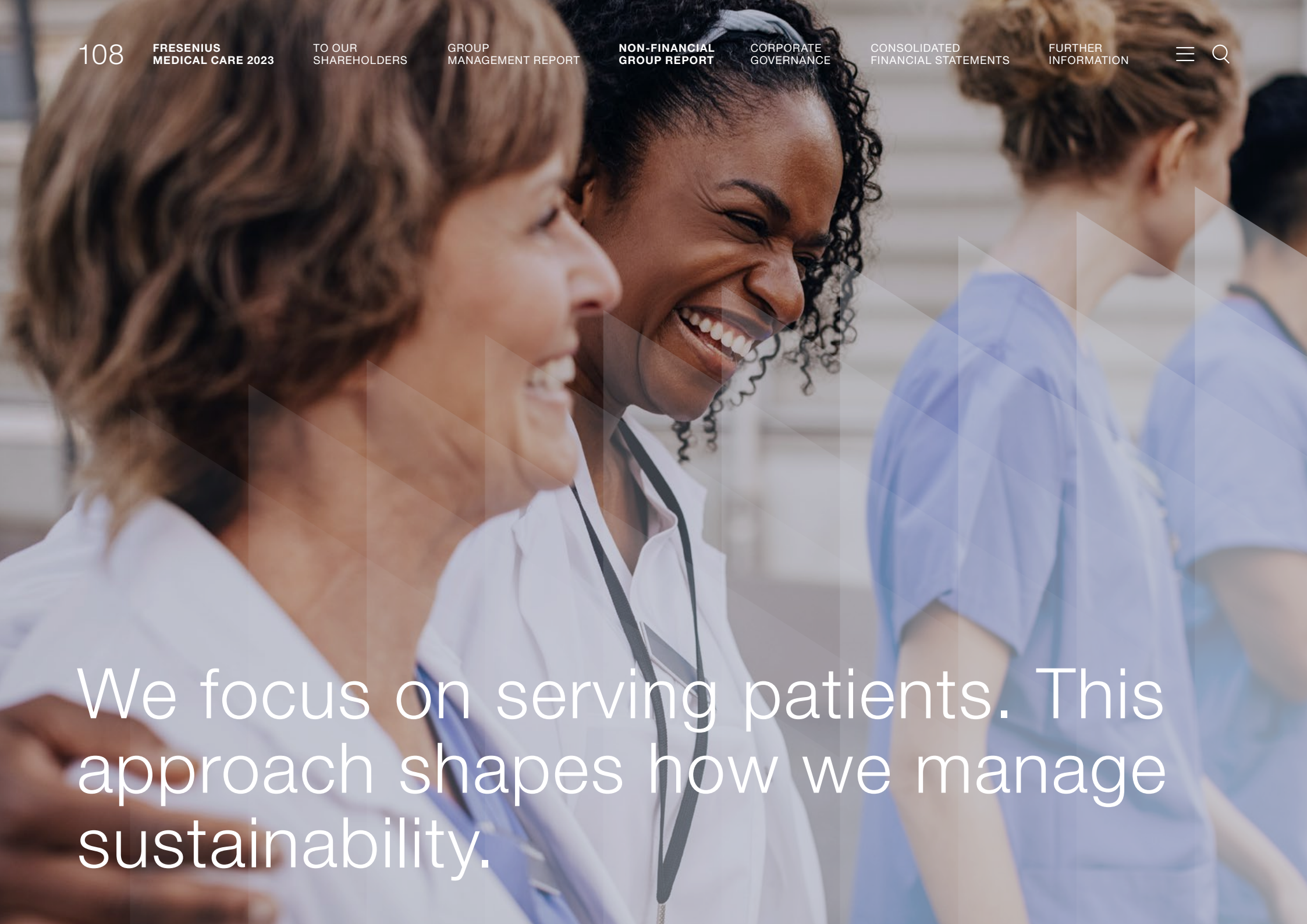
	2023	2022
Audit score <sup>1</sup>	0.4	0.3

<sup>1</sup> Production sites managed by the Manufacturing and Supply Chain division.

## Post-market surveillance

Post-market surveillance, or the act of monitoring products that have been released to the market, is an integral part of our quality management. It is essential that our products are effective and safe to use as well as reliable in their role in sustaining our patients' lives. 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 follow a clear protocol and take corrective action. Depending on the severity of the issue, this could range from publishing further information and data on the product after market introduction to recalling the product from the market. There were 3 recalls (2022: 2) of medical devices and no recalls (2022: none) of medicinal products in 2023 in all global markets excluding the U.S. In the U.S. there were 7 recalls (2022: 9) of drugs and devices in 2023 in the form of removals, corrections, or alerts. We adhere to legal and regulatory requirements in monitoring the adverse effects of drugs – also known as pharmacovigilance – and medical devices. We collect, review and transparently report on information relating to adverse events and product complaints. This topic is incorporated in our Code of Ethics and Business Conduct.

More information on quality management at our production sites can be found in the “Quality management” section of the Group Management Report starting on page 47.



We focus on serving patients. This approach shapes how we manage sustainability.

# Employees

## Progress

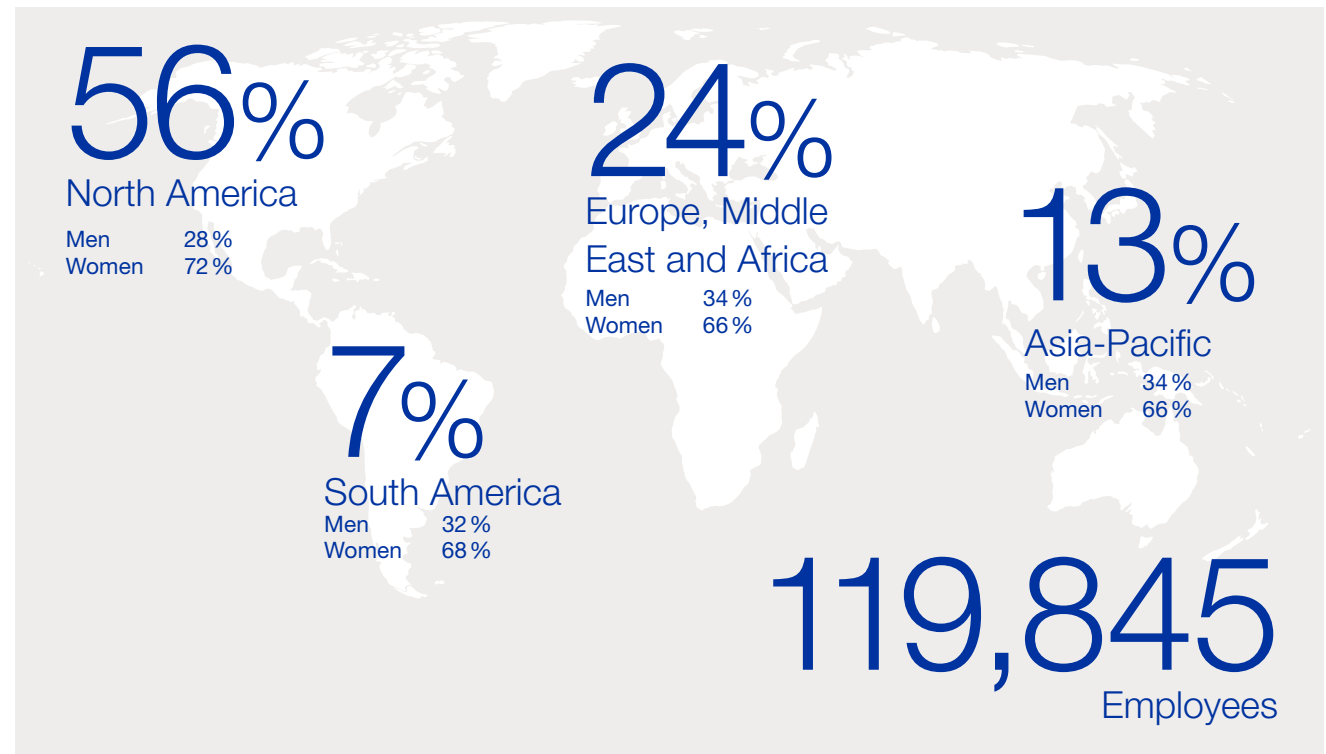
- Increased share of women in the top two management levels below Management Board to 34%
- Achieved an average number of 38 training hours per employee in 2023
- Became a signatory with the United Nations Women's Empowerment Principles, the German Charter for Diversity, and the CEO Action for Diversity and Inclusion

Our people are key to successfully implementing Fresenius Medical Care's strategy. Hiring and retaining the best employees, inspiring them to stay with us long-term, and supporting their development is a foundation of our business success globally, both now and in the future. We aim to cultivate a working culture in which each individual feels valued and part of a winning team.

We developed a global Human Resource (HR) strategy in 2023 that supports our key business priorities, while also focusing on external market forces and our current internal talent landscape. The HR strategy comprises three pillars: strategic HR business partnering in line with our operating segments, centers of excellence, and HR operations that support administrative processes relating to all areas of employment as efficiently as possible.

Our Global Human Resources function, which reports to the CEO, is responsible for coordinating our employment-related processes worldwide. We are continuously developing and

### C 3.10 EMPLOYEES ACROSS REGIONS



improving the HR standards that govern our global activities. Our global HR policies provide the framework for our strategic approach to talent management, diversity, equity and inclusion.

At the end of 2023, Fresenius Medical Care had 119,845 employees worldwide (2022: 128,044) (see [CHART 3.10](#)). Most of our employees work in our Care Delivery segment (74%), followed by the Care Enablement segment (23%). The region with the largest number of employees is North America (56%), followed by Europe, the Middle East, and Africa (24%). In the year under review, we hired around 25,000 new employees. The average tenure of our employees increased from 7.9 years in

2022 to 8.2 years in 2023 (see [TABLE 3.11](#) on page 112 for an overview of key employee figures).

In line with the targets of our FME25 transformation program, we continued to identify and select leaders to fill top positions in the new organizational structure. The FME25 Transformation Office initiated additional activities to address topics such as change management, employee engagement, listening and giving feedback, including country manager calls, launching a transformation catalyst network and introducing feedback mechanisms. Via the transformation catalyst network we hosted listening sessions, during which employees and teams

in different functions around the world could join on a voluntary basis to share feedback, comments and thoughts on the FME25 transformation program.

To support our employees worldwide, in 2023, we decided to expand the Fresenius Medical Care CARES Fund to all employees starting in 2024. The CARES Fund was created following Hurricane Katrina to help U.S. employees who were facing financial hardship immediately after a natural disaster or an unforeseen personal hardship. It is managed by an independent philanthropy services firm which reviews and evaluates all applications for assistance and administers the grants. In 2023, the CARES Fund supported 1,623 employees in the U.S., Ukraine, Turkey, and Israel totaling nearly \$1.6 M (€1.7 M) in grants.

## Attracting, developing, and retaining talent

We aim to remain an attractive employer and continue to recruit, engage, and retain excellent employees. To strengthen our competitive position, we are further expanding our learning and development opportunities, career planning and benefits.

We are committed to providing all employees with a range of learning and development opportunities for their individual career path. As we operate in a regulated environment, it is also critical to our success that we continuously develop our employees' skills and train them in line with best practices to maintain operational and regulatory compliance.

In 2023, employees completed an average of over 38 hours of training. We conducted training evaluation surveys in the U.S. to determine the effectiveness of our education courses and programs. We expect to expand these surveys in the coming years by leveraging a new global learning management system.

We aim to continuously increase the use of our online learning platforms to allow employees to pursue their career goals and interests in a self-directed manner. In this context, we have developed a global learning measurement strategy that aims to improve the learning experience and drive employee engagement. In 2023, more than 143,000 employees worldwide (2022: 156,000) participated in training courses on our digital learning platforms on topics such as compliance, leadership, health and safety. In the U.S., we increased the number of leaders with direct reports that completed our regional leadership development program to 1,469 in 2023 (2022: 781), primarily by including it in the clinical leader training.

We identify individual learning needs in conversations with employees on their development and career. The performance management module in our global HR system that we implemented in 2023 allows managers and employees to work together to plan, monitor, and review each employee's development goals, performance and overall contribution to the success of the organization. The module is currently accessible to 70% of our employees, surpassing the goal of a 50% coverage that we set for ourselves in 2022. We intend to make this process available to the remaining employees by the end of 2026.

Our voluntary turnover rate was 16.9% in 2023 (2022: 19.9%). We believe this reflects the effectiveness of our measures to retain employees. For example, in the U.S., we launched an Engagement Check-In program in 2023, encouraging clinic and field leadership to conduct one-to-one conversations with employees to understand what is going well and where there is room for improvement. Both internal and external research has found these "stay interviews" to be an effective method of improving employee engagement and retention.

We were once again named one of *Newsweek's* Most Loved Workplaces in the U.S. for the third consecutive year, putting us among the top 100 companies in terms of employee satisfaction at work. Our China team earned a place in the Top

Employers of China, also for the third consecutive year. In addition, we received an award in Singapore from HR Asia Best Companies to Work for in Asia™ 2023 (Singapore Edition).

## Employee engagement

We strive to give every employee the opportunity to provide feedback and engage in open and honest dialogue directly with company representatives. Our Global Engagement Policy outlines our approach to conducting regular engagement surveys and responding to the results. We use these surveys to identify strengths that we can continue to build on, as well as opportunities to improve our culture and work environment. Our global target, which we set ourselves in 2022, is to achieve an employee engagement score by 2027 that is in line with the health care industry benchmark of 63%. Our overall employee engagement score is based on the extent to which employees speak positively about working at Fresenius Medical Care, whether they intend to stay with the Company, and how inspired they are to do their best work every day.

During the reporting year, we conducted our fourth global employee engagement survey. Over 71,000 employees participated, corresponding to a response rate of 68%, slightly down from the prior year (71%). Our global employee engagement score for the reporting period was 55%, which is consistent with last year's results. Given the continued challenges we experienced during the reporting year, including a health care labor shortage, ongoing organizational transformation, and the

### 2027 Target

Achieve an Employee Engagement Score of at least 63%



sustained impact of COVID-19, the results reflect our effort and commitment to building an engaged, global team. Managers were provided with training to understand the results in order to get their teams involved and develop team-level action plans.

We continue to monitor the extent to which our employees feel a sense of belonging at work. We consider this an important driver of overall employee engagement and a critical aspect of the diverse and inclusive culture we foster across the Company. As in the previous year, 69% of employees expressed a sense of belonging at work. In addition to the employee engagement score, the results of our engagement survey are reflected in a global employee engagement index. This index rates the same three questions that make up our engagement score on a scale from 1 (I fully disagree) to 6 (I fully agree). As in 2022, our employee engagement index in 2023 was 4.4.

In 2023, Fresenius Medical Care deployed various initiatives to encourage employee welfare and provide support to employees. For example, we organized a comprehensive campaign to help managers support employees and offer tools to combat burnout and stress.

## Compensation and benefits

We are committed to providing fair compensation and benefits to our employees and 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 2023, we further refined our global rewards strategy by assessing our existing approach and incorporating company developments. In the coming years, we plan to establish a consistent, global compensation and benefits offering. Our key priorities in doing so will be to review our global job architecture and harmonize programs, processes and stan-

dards, such as incentive plans, salary structures, benefit offerings and eligibility.

As outlined in our Fair Pay Statement, we are committed 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 aims to enable leaders and key talents to participate in our company's long-term value creation. More than 1,200 employees participated in the long-term incentive plan in 2023, similar to 2022.

Information on personnel expenses can be found in the "Employees" section of the Group Management Report starting on page 46.

## Diversity, equity, and inclusion

We believe that promoting diversity, equity, and inclusion (DEI) benefits all employees. Our aspiration is to make everyone in the Company feel safe, welcome, and appreciated, and to cultivate a sense of belonging. This is also incorporated in our Code of Ethics and Business Conduct. We have three global policies in place that outline our approach to advance our DEI strategy: the Diversity, Equity, and Inclusion Policy, the Employee Resource Group Policy and the Diverse Candidate Slate Policy. To underline our commitment, we have become a signatory of the United Nations Women's Empowerment Principles, the German Charter for Diversity and the CEO Action for Diversity and Inclusion.

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

### 2027 Target

Percentage of women in leadership positions:

→ In the first level below the Management Board



→ In the second level below the Management Board



worldwide who report directly to a member of the Management Board and participate in the long-term incentive plan. The second management level includes all managers worldwide who report directly to a manager of the first management level and participate in the long-term incentive plan. As of December 31, the proportion of women in the first two levels below the Management Board was 34% (2022: 30%).

We also set ourselves the goal of increasing the representation of women in management positions so that it reflects the percentage of women in the global employee population by

### 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

2030. As of December 31, 2023, 61% of our managers were female, while women accounted for 70% of our total workforce. Furthermore, we aim to grow the proportion of ethnically diverse managers in the U.S. year-on-year by 2030. At the end of 2023, 32% of managers in the U.S. self-identified as being in a race and ethnicity category defined by the U.S. Equal Employment Opportunity Commission as ethnically diverse compared to 31% in 2022.

Providing leadership development opportunities for women and underrepresented groups through education and opportunities to connect across the globe was a key focus of our DEI initiatives in 2023. As part of our efforts, we educated more than 1,400 employees on reflective leadership, with an emphasis on building trust and fostering inclusion, authenticity and empowerment. In addition, almost 2,000 women participated in a three-part workshop hosted by our Women's Employee Resource Group (ERG) with a focus on owning development, personal branding and the importance of conversations on personal development.

One of the ways we promote a diverse and supportive environment is by encouraging employees to form and join an ERG, in which they can build community, develop leadership skills and connect with colleagues across the globe. ERGs also provide a platform for employees to engage with the Company's mission, values, business objectives and sustainability efforts. Some ERGs, such as those for women or for different ethnic groups, are specifically designed to foster a sense of inclusion and belonging in the workplace. We continue to have 16 active ERGs, with more than 6,000 employees involved in one or more ERGs. We expect these numbers to continue to grow as more employees engage in such groups.

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 147.

### T 3.11 EMPLOYEE OVERVIEW AS OF DECEMBER 31, 2023

Employment overview	2023	2022	Employee retention	2023	2022
Employees <sup>1</sup>	119,845	128,044	Voluntary turnover rate (%) <sup>4</sup>	16.9	19.9
Employees (FTE)	112,382	120,216	External hire rate (%) <sup>5</sup>	20.6	26.0
Staff costs in € M	7,768	7,939	Average service length in years	8.2	7.9
Average staff costs per employee (€/FTE)	67,302	64,975			
			Demographic	2023	2022
Employees per region (%)	2023	2022	Average age in years	43	44
Europe, Middle East, Africa (incl. Germany)	24	24	Share of employees under 30 (%)	14	15
Germany	6	6	Share of employees between 30 and 50 (%)	55	55
North America	56	55	Share of employees 50+ (%)	31	30
Asia-Pacific	13	12			
Latin America	7	9	Women overall and at different leadership levels (%)	2023	2022
Employees per functional area (%)	2023	2022	Company overall	70	69
Production and services	86	86	Supervisory Board	33	33
Administration <sup>2</sup>	6	7	Management Board	40	40
Sales and marketing <sup>2</sup>	7	6	First management level <sup>6</sup>	24	26
Research and development	1	1	Second management level <sup>7</sup>	36	31
Employees per segment (%) <sup>3</sup>	2023	2022	Employee engagement (%)	2023	2022
Care Delivery	74		Engagement score <sup>8</sup>	55	55
Care Enablement	23		Participation rate	68	71
Global Medical Office	<1				
Global functions and administration	3				

<sup>1</sup> Headcount includes all regular, fixed term contract and temporary employees. Calculation based on headcount, if not otherwise stated.

<sup>2</sup> Restated due to adjusted methodology.

<sup>3</sup> Data provided for the first time in 2023 following the implementation of the FME25 transformation program.

<sup>4</sup> Calculated as the number of employees who left the organization voluntarily in relation to the number of employees at the end of the year.

<sup>5</sup> Calculated as the number of employees who joined the organization in relation to the number of employees at the end of the year.

<sup>6</sup> Includes all managers worldwide who directly report to a member of the Management Board and participate in the long-term incentive plan.

<sup>7</sup> 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.

<sup>8</sup> Calculated based on the percentage of affirmative responses to three questions in the engagement survey (see section on employee engagement on page 110).



## 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 encourage all employees to speak directly with their supervisors, managers or an HR representative if they have concerns. They can also use other available channels, such as our Compliance Action Line, to raise issues.

We are committed to sharing information directly with our employees, through intranet updates and town halls, as well as following applicable information and consultation procedures with elected or established collective bodies that represent our workforce. These include works councils, recognized unions, or other established employee representative groups. If 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 51% of our employees and worldwide to 22%. In addition, we follow standard procedures such as compensation guidelines, employee handbooks or standard employment contracts.

In Germany, we have various works council agreements in place that define rights and duties at the workplace as well as processes and procedures. These include implementation and use of various IT tools and software solutions, flexible work programs, and others. Throughout the reporting year, our management was in regular exchange with the works council and its committees, and followed applicable information and consultation procedures. Furthermore, we implemented various operational changes together with the German works councils as part of the FME25 transformation program. These included details of change measures (balance of interest

plans) and social plans to mitigate any adverse effects of these changes.

Following the Conversion and deconsolidation from Fresenius SE, the general works council at Fresenius Medical Care in Germany was re-established. Local works councils were mostly unaffected by the change, and remained in office. At our Bad Homburg location, the local works council started a separate election process in December 2023.

Until the Conversion, Fresenius Medical Care employees in Europe were covered by the Fresenius SE European works council, which included members from twelve countries. Should Fresenius Medical Care employees in Europe wish to establish a Fresenius Medical Care European works council in the future, management will respond to such a request in good faith, and following the applicable laws and procedures for the establishment of such a body.

More information on employee grievance mechanisms can be found in the “Compliance” section starting on page 120. For more information on our labor standards and human rights principles, see the “Human Rights” section starting on page 126.

## Occupational health and safety

We are committed to providing a safe and healthy work environment for our employees and contractors, in line with applicable occupational health and safety (OHS) standards. The Global Occupational Health and Safety Policy outlines our key principles on employee protection, compliance, management systems, awareness training, monitoring and improvement. Our Global Occupational Health and Safety function, which is part of the Global Legal function, drives the Company’s global OHS strategy. It is supported by a Company-wide network with representatives from all business segments and regions.

## Building the best team to serve our patients



### Providing support systems for our nurses

In our dialysis clinics, our nurses navigate the complex and emotionally charged landscape of day-to-day patient care. Nursing is a highly demanding profession that requires not only medical expertise but also a spirit to address challenges that are inherent to health care settings. To provide a consistently high quality of care, they also need to be highly resilient.

Drawing on the personal experience of our nurses, one of our Care Delivery nurse teams developed a practical program to address resilience in health care. It trains participants in building self-awareness, developing a positive mindset and coping skills, and on mindfulness and self-care. Nurses can test themselves to boost their resilience. The first modules will be available at the beginning of 2024, with the remainder being rolled out during the year.

Resilience in the workplace and its impact on health and well-being have become important topics in recent years. A major reason for this is the impact of the recent COVID-19 pandemic on the global workforce, resulting above all in staff shortages.

**T 3.12 HEALTH AND SAFETY**

	2023	2022
Total Recordable Injury Frequency Rate <sup>1</sup>	2.69	2.55
Lost Time Injury Frequency Rate <sup>2</sup>	0.71	

<sup>1</sup> Defined as the total number of recordable work-related injuries per 200,000 hours worked.

<sup>2</sup> Defined as the total number of work-related lost time injuries per 200,000 hours worked.  
The "Lost time Injury Frequency Rate" was measured for the first time in the reporting year.

We focus on identifying, mitigating, and preventing potential occupational health and safety-related hazards and risks with the aim of protecting our employees and contractors. As part of our OHS management practices, we conduct internal reviews and audits to monitor our compliance with corresponding regulations, policies and procedures.

To measure the success of our efforts, we track and analyze accidents at a local and regional level. We work to identify their root causes and take corrective action. Since 2019, we have tracked and reported work-related fatalities on a global level. No work-related fatalities have been recorded since then. In 2023, the Total Recordable Injury Frequency Rate (TRIFR) was 2.69.

In the year under review, we also began reporting on a new global indicator: the Lost Time Injury Frequency Rate (LTIFR). Lost time injuries are injuries that result in an employee not being able to work for more than one day, not counting the day of the injury. This rate is a significant KPI to evaluate the severity of accidents at our locations. In 2023, our LTIFR was 0.71. We also intend to monitor work-related illnesses globally in the future (see [TABLE 3.12](#)).

To collect information on accidents more efficiently, we have implemented a global OHS software to standardize data capture, and centralize occupational health data. The tool marks a milestone in our progress towards digitalization and centralization as it enables us to manage OHS globally and

collect real-time data in relevant countries. This will create more transparency on the data collected and allow our locations to improve their approach to incident risk management. The tool has been rolled out to all our locations in North America as well as production sites globally. We achieved our target of 80% of users reporting data within the tool by the end of 2023. To further support implementation, we provided user training as part of the rollout, which will be extended into 2024.

We continue to implement programs to address specific OHS risks and challenges both locally and globally. For instance, we organized several initiatives in Ecuador, Colombia and Peru to increase awareness of issues such as well-being, drug use and handling psycho-social matters. We recognize resilience as an important aspect of mental health in the health care sector, and have developed a dedicated training program for nurses with implementation in the U.S. scheduled for 2024 (see page 113 for more details).

Our employees receive regular training in line with local and regional guidelines on health and safety to increase their awareness of potential hazards relevant in their work environment. In our dialysis clinics, these training courses focus on the safe use of sharps and disposables, hand hygiene, infection prevention and emergency management. Employees at our production sites receive training on the safe handling of work equipment and chemicals, emergency prevention and response, among other topics. We have been awarded the CNA Safety in Excellence Award in the U.S. for the 22nd year, as a testament to our successful safety programs and initiatives.

# Environmental Protection

## Progress

- **Reduced Scope 1 and 2 emissions by 16% compared to 2020**
- **Implemented 100 environmental projects as part of our Green & Lean initiative**
- **Performed a global analysis of Scope 3 emissions**

We are dedicated to developing, producing, providing and applying our products and services in an environmentally sustainable way. Our focus is on using energy, water and raw materials efficiently. In our business practices, we strive to continually reduce our impact on the environment.

## Environmental management

Our approach to environmental management is outlined in our Global Environmental Policy. The policy specifies our principles and objectives for environmental protection and addresses how we manage and monitor our environmental impact. In addition, we have standard operating procedures (SOPs) in place that help us manage global data and report on environmental indicators relating to energy consumption, greenhouse gas emissions and water withdrawal. The SOPs are currently being reviewed in preparation for the requirements of the EU Corporate Sustainability Reporting Directive and reflect recent changes to our organizational structure. In 2023, we established additional process descriptions that include indicators such as waste management and Scope 3 GHG emissions.

Our Global Sustainability department leads our strategic sustainability activities on environmental topics and works closely with our business functions to implement our activities. The Care Delivery segment is responsible for environmental management in our dialysis clinics, while the Care Enablement segment is accountable for sustainable manufacturing, product development, supply chain and sales operations. Our Management Board receives regular status updates and defines global targets.

Part of our environmental management involves monitoring national and international regulations concerning the environment. We have established internal environmental standards, which we complement with external certifications where necessary or appropriate (see [TABLE 3.13](#)). Our production sites, distribution centers, laboratories and dialysis clinics are subject to internal and external audits. This involves checking their compliance with environmental laws and local regulations, certification requirements and internal guidelines. We inform our employees across all levels of the organization about our progress on environmental topics through various channels such as internal articles, workshops and Q&A sessions.

We track and analyze data on the environmental impact of our dialysis clinics and production sites worldwide. Various digital tools support our environmental data collection and reporting across our business segments and functions. We aim to continuously improve data availability and quality, which includes reducing data extrapolations and extending the reporting scope in preparation for our Science Based Targets initiative's (SBTi) commitment and CSRD requirements. For example, in 2023 we increasingly automated the consolidation and analysis of our clinic data in the U.S. We provided employees involved in data collection and reporting with training on the latest internal reporting requirements. We also support the recommendations of the Task Force on Climate-related Financial Disclosures when analyzing opportunities and risks arising from climate change to our business.

At our production sites, we are involved in local environmental projects that we report on as part of our global Green & Lean initiative. 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 with the objective of reducing emissions, promoting the efficient use of natural resources and increasing recycling rates. For example, in 2023, we conducted energy diagnostics workshops that brought together teams from our largest production sites to exchange best practices.

By the end of 2023, 100 projects were reported as part of the initiative. They were aimed at using efficient equipment to reduce energy consumption and improving processes to save water. As a result of these projects, we expect to save more than 22,000 MWh of energy (1% of our total energy consumption), prevent 5,500 tons of CO<sub>2</sub> equivalent emissions (1% of our total Scope 1 and 2 emissions), save more than 89,000 m<sup>3</sup> of water (0.2% of our total water consumption) and

**T 3.13 COVERAGE OF CERTIFIED PRODUCTION SITES**  
IN %

Certification	2023	2022
ISO 14001	25	25
ISO 50001	5	5

recycle or reuse more than 260 tons of waste every year (0.1% of our total waste) (see [CHART 3.14](#)).

We also include environmental considerations in our scientific activities at clinic level. For example, in 2023, we participated in research on strategies for saving water in dialysis.

**C 3.14 GREEN & LEAN INITIATIVE**

In **100 environmental projects**, we expect to:



Save more than

**89,000** m<sup>3</sup>  
water



Save more than

**22,000** MWh  
energy



Prevent around

**5,500** t CO<sub>2</sub>e  
emissions



Recycle or reuse  
more than

**260** t  
waste

## Energy and climate protection

We are committed to contribute to the goals of the Paris Agreement on climate change. For this reason, we defined emission reduction targets.

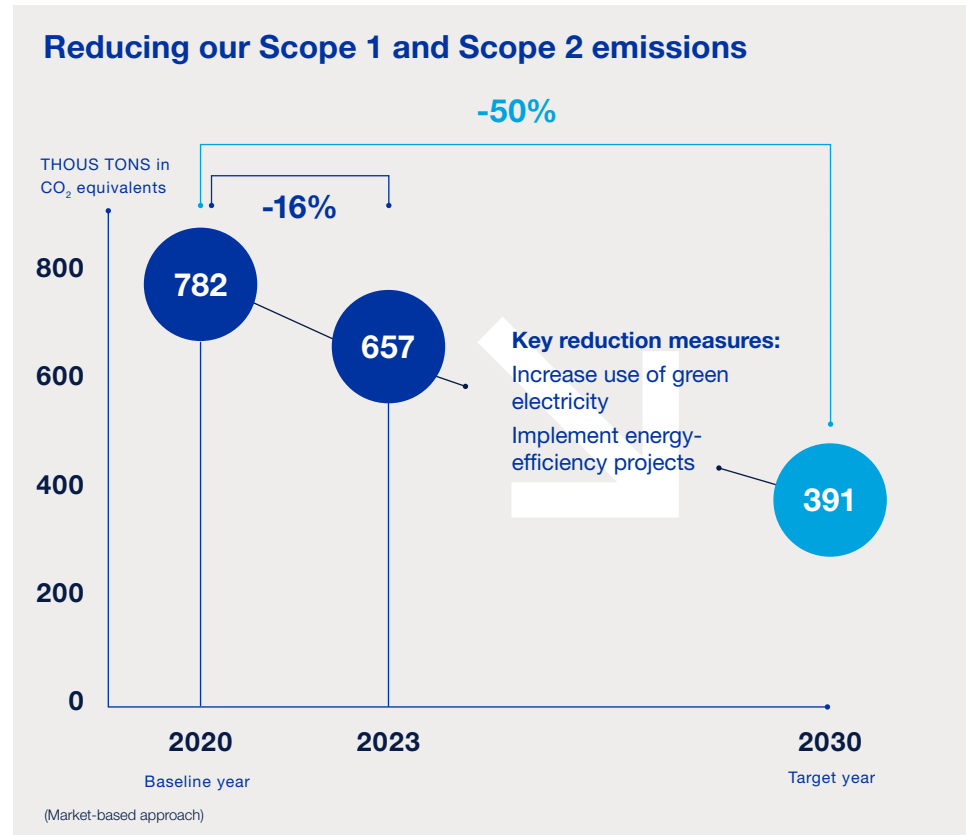
We aim to achieve climate neutrality in our operations by 2040. By 2030, our aim is to reduce our direct (Scope 1) and indirect (Scope 2) GHG emissions by 50% compared to 2020 (see [CHART 3.15](#)). To achieve our targets, we will focus on:

- > procuring renewable electricity,
- > reducing process-related emissions and
- > implementing energy-efficiency measures.

Our GHG emissions are calculated based on energy data reported by our production sites and electricity data reported by our dialysis clinics. We developed our targets using the SBTi target setting tool. In January 2024, we submitted our commitment to the SBTi, and have officially committed to the initiative's goals.

We aim to increase the transparency of our Scope 3 emissions and reduce the carbon footprint of our value chain by integrating our suppliers into our climate neutrality roadmap within the next two years. Based on our ongoing assessment of Scope 3 emissions, we formalized the reporting process in line with the revised edition of the GHG Protocol. We have analyzed Scope 3 emissions in 15 categories and are reporting on those that are relevant for our business (see [TABLE 3.18](#) on page 118). Purchased goods and services as well as the use of sold products comprise approximately 80% of our Scope 3 emissions. Other relevant categories include upstream transportation and distribution, waste generated in operations, and end-of-life treatment of sold products. We plan to improve data granularity for Scope 3 over time.

C 3.15 OVERVIEW REDUCING OUR CARBON FOOTPRINT



### Reducing our carbon footprint

In 2023, we increased our efforts to advance our climate mitigation and adaptation with a focus on assessing renewable electricity generation and power purchase agreements (PPAs). PPAs are long-term purchase agreements with wind and photovoltaic (PV) parks, and enable us to support the construction of new solar and wind power plants throughout our global operations.

We analyzed our electricity consumption and assessed options for procuring renewable electricity globally. Based on the results, we began the selection and contracting process in Europe and the U.S. for wind and solar park projects in the form of virtual power purchase agreements (vPPAs). The projects are greenfield projects that will deliver renewable electricity with a guarantee of origin that is in line with RE100 technical criteria. RE100 is a global corporate renewable energy initiative launched by businesses that are committed to 100% renewable electricity.

## 2030 and 2040 Targets

Reduce total Scope 1 and Scope 2 Emissions

→ By 2030: -50% CO<sub>2</sub>e emissions (compared to 2020)

→ By 2040: Climate neutral

We are evaluating opportunities for renewable energy projects in other markets. To cover the transition to PPAs, we have purchased 250,000 Green-e certified renewable energy certificates (REC). We will continue to use RECs to cover residual electricity consumption in the future.

We also assessed the possibility of installing solar panels at our own sites globally. For example, we installed over 500 solar panels at one of our production sites in Australia. The newly installed panels provide up to 50% of the site's energy needs.

In 2023, we evaluated our portfolio to identify energy saving opportunities at our major production sites. Based on this assessment, we created a list of potential energy saving measures that will contribute to our 2030 climate targets.

We continued installing energy management systems in our U.S.-based clinics in 2023. The system makes it possible to monitor and regulate the temperature settings in the clinic remotely. As a result, we expect to reduce our annual energy consumption by nearly 15 MWh on average in each clinic (see [TABLE 3.17](#)). At the end of 2023, the energy management system was installed at more than 1,100 clinics with nearly 300 more planned for 2024 (2022: 400). This covers more than 50% of our U.S. clinics.

### T 3.17 ENERGY CONSUMPTION M MWH

	2023	2022
Energy <sup>1, 2</sup>	2.6	2.6
Electricity	1.3	1.3
Natural gas	1.2	1.2
Others <sup>3</sup>	<0.1	<0.1

<sup>1</sup> Including the energy consumption of our production sites and the electricity consumption of in-center treatments in our dialysis clinics.

<sup>2</sup> Subject in part to extrapolations.

<sup>3</sup> Including fuel oil, diesel, liquid gas, and district heating. Excluding mobile assets.

### T 3.16 GREENHOUSE GAS EMISSIONS THOUS TONS

	2023		2022		2020 (target baseline year)	
	Location-based	Market-based	Location-based	Market-based	Location-based	Market-based
<b>Total Scope 1 + 2 CO<sub>2</sub> equivalents<sup>1, 2, 3</sup></b>	<b>727.5</b>	<b>656.6</b>	<b>731.3</b>	<b>659.5</b>	<b>769.5</b>	<b>781.9</b>
<b>Scope 1 CO<sub>2</sub> equivalents</b>	<b>260.8</b>	<b>260.8</b>	<b>258.4</b>	<b>258.4</b>	<b>242.2</b>	<b>242.2</b>
Natural gas	247.4	247.4	244.3	244.3	228.0	228.0
Liquid gas	13.0	13.0	13.4	13.4	13.6	13.6
Fuel oil	0.2	0.2	0.2	0.2	0.3	0.3
Diesel <sup>4</sup>	0.3	0.3	0.5	0.5	0.3	0.3
<b>Scope 2 CO<sub>2</sub> equivalents</b>	<b>466.6</b>	<b>395.8</b>	<b>472.9</b>	<b>401.1</b>	<b>527.2</b>	<b>539.6</b>
Electricity	466.2	395.3	472.4	400.6	526.8	539.3
District heating	0.4	0.4	0.5	0.5	0.4	0.4

<sup>1</sup> Including Scope 1 and 2 emissions from our production sites and Scope 2 emissions from electricity consumption resulting from in-center treatments in our dialysis clinics.

<sup>2</sup> Subject in part to extrapolations.

<sup>3</sup> 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 GHG Protocol. To calculate Scope 1 emissions, we use the latest version of the corresponding guidelines by the UK Department for Environment, Food and Rural Affairs (DEFRA). We use International Energy Agency (IEA) emission factors, the Reliable Disclosure Systems for Europe (RE-DISS) Residual European Mix as well as U.S. Residual Mix (Green-e Energy Emissions Rates) for electricity consumption to calculate indirect emissions from electricity.

<sup>4</sup> Excluding mobile assets.

**T 3.18 SCOPE 3 EMISSIONS**  
THOUS TONS

Categories			Emissions (tCO <sub>2</sub> e) <sup>1</sup>
<b>Upstream emissions<sup>2</sup></b>	3.1	Purchased goods and services	1,428.2
	3.2	Capital goods	34.2
	3.3	Fuel and energy-related activities	159.6
	3.4	Upstream transportation and distribution	170.5
	3.5	Waste generated in operations	89.9
	3.6	Business travel	30.0
	3.7	Employee commuting	201.5
	3.8	Upstream leased assets	Included in Scope 1 & 2
<b>Downstream emissions<sup>3</sup></b>	3.9	Downstream transportation and distribution	Not relevant
	3.10	Processing of sold products	Not applicable to our business model
	3.11	Use of sold products	890.9
	3.12	End-of-life treatment of sold products	78.9
	3.13	Downstream leased assets	Not applicable to our business model
	3.14	Franchises	Not applicable to our business model
	3.15	Investments	Not relevant

<sup>1</sup> Subject in part to extrapolations based on 2022 data.<sup>2</sup> Upstream categories are calculated based on spend except for category 3.3 which is calculated in accordance with the GHG Protocol applying the average-data method and considers the energy volumes reported in the section "Energy".<sup>3</sup> Downstream categories are calculated based on screening of life-cycle assessment data. These assessments identify the life-cycle phase with the highest impact as well as the processes and materials we must focus on to improve the eco-performance of our products and services.

## Tracking our progress

We have reduced our market-based Scope 1 and Scope 2 emission by 16% compared to our baseline year 2020 and are on track to achieve our 2030 emission reduction target. Our Scope 1 and Scope 2 emissions decreased by 0.4% in 2023 compared to 2022. Our reported Scope 1 emissions increased by 0.9%. Higher natural gas consumption for heating in the U.S. due to colder weather conditions was the main reason for the increase. Our reported Scope 2 emissions decreased by around 1.3%, primarily due to the purchase of renewable energy certificates (see [CHART 3.16](#) on page 117).

## Water management

Large volumes of water are required in both our production sites and dialysis clinics to provide life-sustaining care for patients. As it is critical that the water we use for dialysis is of high quality, we generally use municipal water that is treated further in our dialysis clinics.

To safeguard the responsible use of water resources, we continued to analyze which of our sites are in water-stressed areas with the help of the Aqueduct Water Risk Atlas of the World Resources Institute (WRI). We use the results from the WRI scenario analysis to identify how water stress will develop

around the world under different scenarios. To define optimization and improvement measures for production sites and dialysis clinics in areas with extremely high water stress, we aim to develop a Sustainable Water Management Strategy by 2026.

## Managing our water footprint

In 2023, our assessments relating to water stress identified that 12% of our dialysis clinics and 10% of our production sites are in locations identified by the World Resources Institute as having an extremely high risk of water stress levels. We expanded our water assessment coverage by 28%, including 99% of our dialysis clinics (2022: 78%) and all our production sites.

We maintained our focus on developing our water stress scenario analysis in 2023. The aim of this analysis is to identify areas around the world where water stress levels will increase most by 2030 and 2040. Most of the identified clinics and sites are located in the U.S., which accounts for the largest share of our business. Sites in Europe, the Middle East, Africa, Latin America and the Asia-Pacific region are also likely to be affected by an increase in water stress. We are incorporating insights from this analysis into our Group-wide risk management systems to detect, monitor and mitigate possible risks as early as possible.

To increase awareness of water stress, we implemented knowledge sharing sessions and educational videos on water stress impacts that were initiated in our U.S. clinics. In addition, automated water meters were installed in U.S. clinics in

### 2026 Target

Develop sustainable water plans for sites in extreme water stress areas

T 3.19 WATER WITHDRAWAL  
M M<sup>3</sup>

	2023	2022
Water <sup>1</sup>	38.8	40.5
Municipal water <sup>2</sup>	38.4	40.1
Ground water	0.4	0.4

<sup>1</sup> Including the water consumption of our production sites and in-center treatments at our dialysis clinics.  
<sup>2</sup> Subject in part to extrapolations.

water-stressed areas and should be rolled out to all U.S. clinics in 2024. The new meters will provide greater transparency on water use during treatment and help identify drivers of water withdrawal which will help us develop measures to reduce our water withdrawal going forward.

### Tracking our progress

In 2023, our reported water withdrawal decreased by 4% compared to 2022 (see TABLE 3.19). The reduction in water withdrawal mainly reflects the decrease in the number of treatments due to changes in our clinic portfolio.

We expanded the collection and tracking of water discharge data for our production sites. In addition, we assessed our methodology for reporting on water discharge for our clinics. We expect to publish water discharge figures for our production sites and clinics in our reporting for the financial year 2024.

### Waste management

In the health care industry, strict hygiene requirements apply to the materials used and the safe disposal of hazardous waste to prevent it from causing harm to patients, employees, or the environment. We are committed to reducing waste and aim to continually improve waste management.

### Improving waste disposal and recycling

We continued to analyze the waste streams in our production sites and dialysis clinics in all regions. In 2023, we also established global waste reporting processes for our business segments including total waste, hazardous and non-hazardous waste, as well as information on waste disposal methods (see TABLE 3.20 on page 120). For example, we performed waste audits in the U.S. in 2023 to improve our awareness of waste types and gain an understanding of ways to reduce waste. Our findings will support us in analyzing how we generate waste and enhance our waste estimation approach. Additionally, we conducted an analysis to optimize waste disposal and reduce related disposal costs, for example, by installing smaller waste bins and optimizing the frequency of bin collection.

In 2023, we extended the scope of our waste assessment to include resource consumption and circular economy practices. This will enable us to evaluate the potential product and market benefits of a circular design such as cost savings due to fewer individual components, or the upgradeability of products. To improve the recycling and circularity of our products, we are currently working with different suppliers and institutions to optimize efficient waste disposal, improve recycling and develop a circular approach.

### Reducing our environmental footprint



#### Environmental project on site

To minimize waste, conserve resources, and reduce our ecological impact, we continuously explore the possibility of implementing eco-friendly business practices.

Every day, clinics in Germany accumulate large numbers of empty acid concentrate canisters. The acidified solution of electrolytes is used in dialysis treatments. The canisters are made of high-quality, medical grade, high-density polyethylene (HDPE), which is a valuable resource that can be reused. In a pilot program initiated in Germany, we implemented a comprehensive process to recycle the acid concentrate canisters. The material is compressed into a marketable re-granulate, which can then be used for various applications.

Thanks to this project, we were able to achieve cost savings in connection with waste disposal and transporting the canisters, and generate a revenue stream from selling the re-granulated material. We also support the clinics by picking up the empty canisters. We are currently exploring how the project can be replicated in other markets, in compliance with the regulatory requirements for each country.

### T 3.20 TOTAL WASTE AND BREAK-DOWN BY TYPE METRIC TONS

	2023 <sup>1, 2</sup>
Total hazardous waste	53,154
Total non-hazardous waste	129,896
Total waste	183,050

<sup>1</sup> Including the waste generation of our production sites and in-center treatments at our dialysis clinics.  
<sup>2</sup> Subject in part to estimations and extrapolations.

## Tracking our progress

In 2023, we implemented various waste avoidance projects. One of the projects focuses on the recycling of acid concentrate canisters (see page 119 for details). In another project, containers to transport Mircera, an agent used in the dialysis process, are re-used. At one of our production plants, a process to recycle resin molding plastic fragments was adopted. The plastic fragments are reintroduced to the molding process, allowing us to save raw materials. As a result, we were able to avoid more than 826 metric tons of waste.

As part of our efforts to improve waste management, we plan to perform additional audits to advance our waste reporting in 2024 and analyze our material inflows and outflows. This involves assessing the durability, repairability and recycled content of our key products. This will help us ascertain to what extent these products are designed in line with circular principles.

## Biodiversity and pollution

We continue to monitor the risks in connection with our overall impact and assess the opportunities to develop measures that can help reduce our footprint on the environment. This includes the changing global non-financial disclosure expectations and upcoming regulation, such as the CSRD. Biodiversity and pollution were focus areas for us in the reporting year. We launched respective projects to gain an understanding of these topics in the context of our business model.

We reviewed the recommendations of the science-based Task Force on Nature-related Financial Disclosures (TNFD) framework to evaluate our biodiversity-related impacts, risks and opportunities. We conducted a biodiversity risk analysis for all of our production sites and 99% of our dialysis clinics using the World Wildlife Fund biodiversity risk filter tool. Our analysis revealed that none of our production sites or clinics are situated in locations that are classified as having a combined high or extremely high biodiversity risk. We will continue to assess our impact and opportunities to develop measures that protect biodiversity where relevant. We also evaluated pollution-related topics in our materiality analysis in 2023. Based on our findings, we consider our potential negative impact to be limited.

# Compliance

## Progress

- **Almost 94% of employees completed compliance training**
- **Assessed nearly 14,000 third parties for compliance risk**
- **100% of internal audits included a compliance focus**

We are committed to high standards of compliance and business ethics. Our global compliance program helps us operate our business in accordance with the law and provides mandatory internal guidelines for our employees. The program is based on our Code of Ethics and Business Conduct, a binding framework that governs how our employees interact with patients, colleagues, business partners, government officials and other stakeholders. The Code covers topics that are relevant for our business, such as patient care, product and service quality, anti-corruption and anti-bribery, health and safety, data privacy, supplier selection, non-retaliation of whistle-blowers and human rights.

The guidelines set out in the Code apply to the operations of all subsidiaries that are majority-owned or otherwise controlled by us. In the reporting year, we began the revision cycle of our global compliance policies. Our revised Anti-Bribery and Anti-Corruption Policy as well as the Third-Party Gifts, Meals, Travel and Lodging Policy were globally rolled out and implemented.

Our Chief Compliance Officer (CCO) is responsible for managing and developing our compliance program. 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 segments to



provide advice on compliance in all regions. As part of our FME25 transformation program, the compliance organization has been reorganized into the segments - Care Delivery and Care Enablement - as well as Global Compliance Centers of Excellence in line with the new company structure.

In 2023, Fresenius Medical Care successfully closed its independent monitorship, which had commenced in August 2019 as part of a resolution with the U.S. Department of Justice and Securities and Exchange Commission. During this time, we updated more than 40 policies and procedures and implemented or adapted more than 2,000 internal controls at a local level to address potential corruption risks.

## Compliance culture

A strong compliance culture is the foundation to mitigate compliance risks through preventing, detecting, and responsiveness to potential misconduct and violations. We want to foster an environment in which compliance is recognized as everyone's responsibility (see [CHART 3.23](#) on page 122). Our mandatory training program is a key element in our efforts to create such a culture, raise awareness and prevent violations. We provide a range of e-learning opportunities and classroom training courses to our employees, including part-time staff, depending on their job's risk profile. Globally, we achieved a completion rate for our training courses of 94% compared with our annual target of 90% (see [TABLE 3.21](#)). Compliance training

### Annual Target

Train at least

# 90%

of employees on our  
Code of Ethics and  
Business Conduct

**T 3.21 NUMBER OF PARTICIPANTS IN COMPLIANCE TRAINING**

	2023	2022
Employees	114,157	118,723
Management Board	5	5
Supervisory Board <sup>1</sup>	8	6

<sup>1</sup> Training was provided to members serving on the Supervisory Board prior to and following the Conversion on November 30, 2023.

covers topics such as corruption and bribery risks, conflicts of interest and speaking up to raise compliance concerns.

To further promote a culture of ethical business conduct, we developed a classroom training program for our senior leaders to train their teams in ethical leadership, ethics and integrity in decision-making. This initiative will run through 2024. Additionally, we launched a week-long global campaign to raise awareness about key compliance topics.

As part of our third-party onboarding process, we also provided specialized training on anti-corruption matters and our Code of Ethics and Business Conduct to our high-risk business partners.

## Monitoring compliance risks

Prior to entering into new business relationships, and as part of our continuous monitoring of existing partners, we assess third parties for compliance risks. In the reporting year, we assessed and approved around 14,000 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 2023. Of our internal audits, 100% included a compliance focus.

## Monitoring adherence to standards

Our compliance program 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. To detect risks, we carry out various controls, including audits, investigations and risk assessments. Risks are also detected through reporting channels, for example when employees or third parties raise concerns.

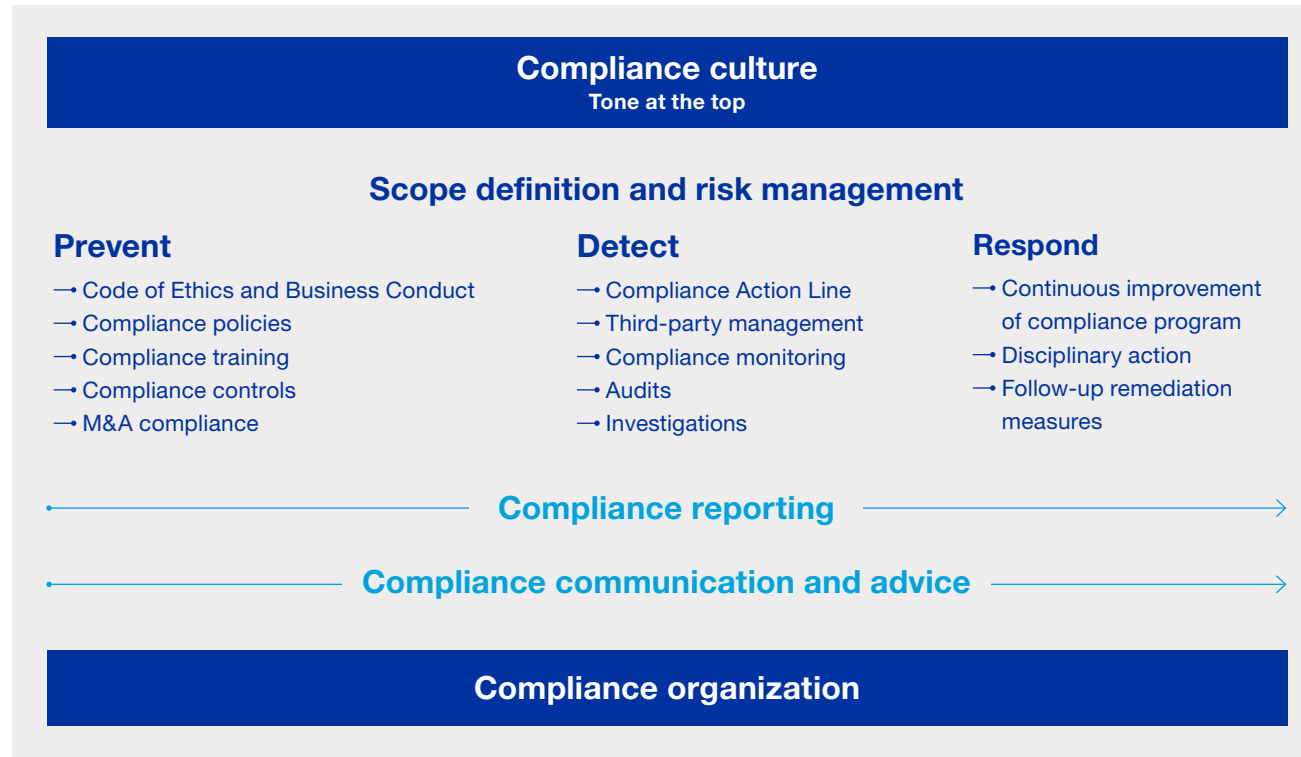
Employees are encouraged to report potential cases of non-compliance and perceived or actual misconduct that violate laws, our Code of Ethics and Business Conduct, or other company guidelines. There are several ways in which reports can be made. For example, employees can reach out to their managers or directly to our Compliance, Legal or HR functions. We also have an external reporting hotline (Compliance Action Line) operated by an independent and certified third-party vendor. Our employees and related third parties

**T 3.22 NUMBER OF REPORTS PROCESSED BY DIFFERENT DEPARTMENTS**

Department	2023	2022
Compliance	88	130
Legal	19	16
Patient care <sup>1</sup>	1,491	1,160
Human Resources	1,104	1,074
Other	1,256	1,019

<sup>1</sup> Refers to reports concerning patient care and products distributed to various departments across the organization.

C 3.23 COMPLIANCE CULTURE SUPPORTED BY OUR COMPLIANCE MANAGEMENT SYSTEM



relationship being terminated. Our global disciplinary action guideline outlines our worldwide standards and our procedures for responding to misconduct. Misconduct can refer to the violation of laws and policies and workplace misbehavior, among others. We have established Disciplinary Action Committees that assess disciplinary cases and determine the appropriate response. The Global Disciplinary Action Committee oversees the process to maintain consistency.

In 2023, we implemented complaint procedures, which are publicly available, in accordance with the requirements set out in the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG).

More information on compliance matters can be found in the “Compliance Management System” section of the Group Management Report starting on page 72.

can use this hotline to report potential violations of laws or company guidelines (see [TABLE 3.22](#)). Where legally permitted, reports can be made anonymously. The hotline is available 24 hours a day and reports can be made in several languages. We have an anti-retaliation policy in place to protect employees against reprisals.

We also receive non-compliance-related calls via our hotlines concerning patient care, information security reports, and human resources. These calls are forwarded to the appropriate departments. In 2023, we received 3,832 reports via our reporting channels. Each report is reviewed based on up to

55 allegation categories. These include topics such as anti-corruption (0.16%), data protection (22.16%), and human resources/workplace (28.65%).

We investigate all cases of potential misconduct, take corrective measures on a case-by-case basis, and track their implementation. Of 88 compliance investigations closed in 2023, approximately 47% were found to be actionable. Actionable means that the investigations resulted in findings that prompted us to improve processes, adjust policies or internal controls or take disciplinary action. Of 776 disciplinary matters that occurred globally in 2023, 12% led to the employment

# Protecting Data

## Progress

- **More than 116,000 employees participated in trainings on data privacy**
- **Created Global Cybersecurity Operations Center**
- **Issued guidelines for the appropriate use of artificial intelligence to all employees**

## Data protection and data privacy

Our data privacy program is designed to protect the rights of all those whose data we hold. The Company's Code of Ethics and Business Conduct defines privacy standards and outlines how our employees should proceed when dealing with personal information. Our Global Privacy Principles underline our commitment to respect the privacy rights of individuals. These principles are available in numerous languages and apply to all relevant business lines and subsidiaries. We continue to communicate them in the countries in which we do business. In 2023, we updated our Global Data & Records Retention Policy. This policy specifies guiding principles for retaining data and records, both to meet business needs, and principles for data minimization.

Our Global Privacy Assurance team, which is part of the Digital Technology Innovation division, and the Global Data Privacy team under the Global Legal function, are responsible for our data privacy program. They are 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 and the United States. Throughout 2023, privacy updates were included in the regular legal updates to the Management and the Supervisory Board.

## Managing the use of personal data

As a company with global operations, we are subject to various state, 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 privacy notices for patients and employees, access controls and data processing standards. For example, when a third-party vendor is involved in the processing of personal data, we assess them to ensure that appropriate administrative, physical, and technical safeguards are in place that comply with our company policy and applicable regulatory requirements.

We are committed to increasing the transparency of our data processing activities and to respecting the rights of individuals with regard to their personal data. Our policies and procedures describing individuals' data protection rights take into consideration different regulatory and legal frameworks in the countries in which we conduct business. We process data in accordance with legal and business requirements. We provide our patients and employees with various privacy notices to inform them about how we process data, the corresponding legal basis and their privacy rights. These notices give details on how to enforce such rights. We monitor the cases in which personal data is used for certain secondary purposes and ensure that there is an adequate legal basis for such processing.

## Raising awareness

Privacy awareness and data protection are included in our mandatory Code of Ethics and Business Conduct training. We

**T 3.24 PARTICIPANTS IN DATA PRIVACY TRAINING**

	2023	2022
Participants	116,157	93,475

offer a range of e-learning and classroom training courses and combine general training with measures for specific employee groups. In 2023, 116,157 employees (97% of employees) participated in data privacy training (see [TABLE 3.24](#)). Training in the United States is in line with U.S. requirements, such as the Health Insurance Portability and Accountability Act of 1996 (HIPAA). In the European Union, they meet the provisions of the EU General Data Protection Regulation (GDPR).

We gather information on incidents at country level to give us a clear picture of situations that are potentially harmful for the Company. We aim to report incident figures in 2025. Moreover, we plan to implement specific IT tools for handling incidents to facilitate the process of notifying authorities and individuals.

More information on our risk management can be found in the "Risk and opportunity management" section of the Group Management Report starting on page 69.

## Cybersecurity

Our cybersecurity program is designed to protect data that belongs to our company, our business partners and our employees against unauthorized access, manipulation and misuse. Our goal is to continuously enhance our global cybersecurity capabilities to safeguard sensitive information and facilitate strategic initiatives.

The Global Information Security Program Office is responsible for overseeing information security, privacy assurance and records management. Regular updates on our cybersecurity



program are provided to both the Management and Supervisory Boards. As part of our FME25 transformation program, we set up a Global Cybersecurity Operations Center within the Office. Our goal is to continue to respond effectively to global security incidents through constant monitoring and analysis.

In 2023, we recorded one information security breach. On September 29, 2023, Cardiovascular Consultants, Ltd. (CCL), a former subsidiary of Fresenius Medical Care, became aware that some of its computer systems in the U.S. were affected by a security incident. CCL took immediate action to contain the incident, initiating incident response and recovery procedures. It also began an investigation with the assistance of a third-party forensic firm, and regulatory bodies have been notified.

## Delivering on strategic priorities

In managing and measuring performance as part of our global cybersecurity program, we have adopted the standards set out in the globally recognized U.S. National Institute of Standards and Technology (NIST) Cybersecurity Framework. These standards guide our activities in identifying, protecting, detecting, responding to, and recovering from cybersecurity incidents.

In 2023, we updated our Information Security Policy to address all 23 categories of the NIST Cybersecurity Framework. Additionally, we published a Global Acceptable Use of Information Technology Policy to achieve consistency across our organization.

During the reporting year, we delivered on the key initiatives outlined in our security roadmap, including improving our risk management and global operations. We aim to increase our cybersecurity effectiveness by implementing strategic initiatives with a focus on cybersecurity governance, cyber operations, third-party risk and data security programs. For example, we have introduced new automated assessment

tools for third-party evaluations globally, eliminating regional legacy assessments.

## Raising awareness

Our organization increasingly leverages artificial intelligence (AI) and other emerging technologies to improve our patient outcomes and enhance our productivity. Maintaining the highest level of cybersecurity is key to safeguarding our confidential information, patient health data, personal information and intellectual property. Recent developments involving AI chat applications have exposed potential risks and vulnerabilities in handling sensitive information. In light of these risks, we have issued guidelines for the appropriate use of AI-powered capabilities to all employees. In addition, we have established an AI Oversight Committee at Management Board level.

We continue to prevent, detect and react to security incidents with various measures and training programs. In 2023, our privacy, cybersecurity, and legal teams collaborated to streamline cyber and privacy incident response procedures. Internal audits were carried out to evaluate the effectiveness of our internal controls, identify vulnerabilities in our IT security processes, and maintain compliance with our regulatory requirements.

Employee awareness and training are essential for us to thwart cyber-attacks. In 2023, we continued to raise employees' awareness with mandatory, regular online risk training for all employees and complimentary awareness campaigns. We conducted a month-long global campaign to promote cybersecurity alertness among our employees. The primary objective of this event was to inform our staff members about the measures and protocols we have in place for the safety of our company, patients, and employees in the digital realm. The event also educated our employees on best practices and steps to mitigate the risks of cyber threats.

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 80.

# Supplier Management

## Progress

- **Implemented human rights and environmental criteria in selection process for new suppliers**
- **Defined key focus areas for sustainable procurement activities including GHG reduction, ethical sourcing, and circular economy**

As a global health care company with more than 70,000 suppliers worldwide, we understand the responsibilities that come with managing a complex supply chain. We have introduced policies and procedures to comply with applicable supply chain standards and continuously improve our sustainability performance. The Head of Global Procurement regularly reports on our progress in implementing strategies and their effectiveness to the Management Board.

Our responsible procurement principles reflect our commitment to promoting sustainable business practices in our daily operations. We expect our suppliers to share our commitment and demonstrate sustainable environmental and social business practices across their supply chains. Our expectations are guided by the standards of the International Labour Organization (ILO), and those of the UN Global Compact.

Our Global Supplier Code of Conduct is part of our contractual requirements. It describes our key principles for sustainability topics such as integrity and ethics, human rights and labor conditions, including the prohibition of forced

and child labor, quality, occupational health and safety and environmental protection.

In 2023, we implemented human rights and environmental criteria in the selection process for new suppliers, in line with the German Supply Chain Due Diligence Act. The global procurement team was offered training to apply these selection criteria in their tendering processes. Nearly 65% of the targeted procurement employees were reached in the reporting year.

We recognize the importance of inclusive and diverse sourcing. Since 2022, we have continued to work on our supplier diversity program in the U.S. Diverse suppliers refers to businesses owned for example by minorities and veterans. Within our supplier base in the U.S., we work with around 9,000 diverse suppliers with an annual spend of approximately \$1.8 BN (€2.0 BN).

## Transforming our global procurement

As part of the FME25 transformation program, the FME ONE Procurement function was established, bringing together multiple global and regional teams. This enables us to respond more effectively to the volatile market while streamlining operations efficiently to the needs of our business functions. A particular focus is on managing strategic key supplier relationships and advancing our supplier diversity and sustainability agenda.

As part of our digitalization strategy, we are evaluating an integrated software solution to automate and simplify our transactions globally. This will allow for compliant supplier onboarding and monitoring to help us gain more transparency across our supply chain. We are also in the process of assessing multiple tools to support our procurement sustain-

ability roadmap, especially in areas such as risk assessment and supplier diversity.

In 2023, we defined key focus areas for sustainable procurement activities across pillars such as GHG reduction, ethical sourcing, and a circular economy that will guide our activities going forward. These activities support our sustainability priorities and targets.

## Our expectations of suppliers

We are working with suppliers to increase transparency on our environmental and social impact across our supply chain. We have an onboarding process in place for suppliers to inform them of our sustainability requirements as outlined in the Global Supplier Code of Conduct and respective standard operating procedures. This includes managing situations in which suppliers do not wish to or are unable to adhere to these requirements. In these circumstances, we may conduct a mutual recognition assessment, for example, to identify whether the supplier's sustainability standards and requirements match our own. In cases where a mutual recognition clause cannot be embedded into the contract, we assess whether the risk associated with the supplier can be mitigated by respective clauses.

## Identifying, mitigating, and preventing risks

As mentioned, in 2023 we implemented new procedures to include sustainability criteria in the evaluation and selection of suppliers. Our risk assessment approach involves assessing the suppliers' sustainability risk based on country and industry-related factors with due consideration of relevant legal requirements, such as the German Supply Chain Due Diligence

Act, the UK and Australian Modern Slavery Act, and Bill S-211 in Canada.

To evaluate our suppliers' sustainability performance, we may ask them to self-assess their compliance with our sustainability requirements. We have already contacted 96% of our critical suppliers to participate in self-assessments. Critical suppliers are those with whom we have a high purchasing volume, who are crucial to our business operations, and are associated with an increased environmental, social, and governance risk.

To obtain an objective evaluation of the suppliers' processes, we may also request a third-party assessment as well as documented evidence to confirm compliance with our sustainability requirements. Furthermore, Fresenius Medical Care is entitled to conduct on-site inspections to verify the information provided. Potential violations of laws, rules or standards can also be reported to our Compliance Action Line.

# Human Rights

## Progress

- **Provided training and awareness-raising sessions to leaders and functions that are relevant to the implementation of human rights due diligence**
- **54% of internal audits included topics related to human rights**

We respect human rights and uphold labor and employment standards. We are committed to integrating awareness of and respect for human rights in our day-to-day work, and to continuously improving our human rights due diligence processes.

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.

We issued a new Human Rights Policy Statement in 2023 to replace the previous version. It presents our strategic framework on human rights taking into account the outcomes of our human rights risk assessment and summarizing our approach to respecting human rights in our own operations as well as in our business relationships. Our human rights efforts are supported by policies and activities. For example, our Global Supplier Code of Conduct as well as our Compliance Brochure for Business Partners stipulate our expectations with regards to human rights. We are committed to offering fair

and transparent working conditions, maintaining a discrimination and harassment-free workplace, respecting freedom of association and the right to collective bargaining and the prohibition of retaliation. Our Global Social and Labor Standards Policy, outlines our position on working conditions for employees.

Our Global Human Rights Office within the Global Legal function oversees our human rights activities. The Office provides regular updates to the Management Board and supports different functions in implementing relevant human rights policies, procedures, and measures. Representatives from relevant business segments and functions determine appropriate risk management approaches in relation to human rights for their respective areas of responsibility and implement corresponding measures. A cross-functional steering committee guides the further development of our human rights program.

## Human rights activities

In 2023, we continued to perform risk analyses of our own operations and suppliers. For example, to gain an understanding of local conditions, we performed country and site-level assessments as part of our annual corporate risk management process. Engagement with local teams helps raise awareness of human rights commitments and related expectations within the business. The results of the analysis were used to develop action plans with preventive and mitigation measures. These included adjustments to our policies and processes, as well as training and awareness-raising sessions.

To verify the implementation status and assess the effectiveness of our human rights program, we incorporated related aspects in our internal audits. The share of internal audits in connection with human rights topics increased from 30% to 54% compared with 2022.

In 2023, we continued to raise awareness about our responsibility for human rights by reaching out to leadership team members and relevant functions. For example, the HR teams were trained on human rights, managing complaints and legislative disclosure requirements.

## 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. For example, employees and third parties are encouraged to use our reporting hotline (Compliance Action Line) to report any potential violations. A detailed description of our complaints handling approach is available on our website.

## Stakeholder dialogue

We engage with sector-specific associations and peer group networks to share experiences and practices regarding human rights, including working groups at MedTech Europe. We are also involved with the Global Industrial Relations Network (GIRN), a global network of corporate human rights specialists set up by the International Organisation of Employers (IOE).

Further information on our risk management can be found in the “Risk management” section starting on page 69, as well as in the “Risk and Opportunities Report” in the Group Management Report. For further information on our grievance channels, please see the “Compliance” section starting on page 120. More details on our dialogue with stakeholders can be found in the “Patients” section starting on page 101 and the “Employees” section starting on page 109.

# About this Report

This report documents the sustainability performance of Fresenius Medical Care in 2023. It contains relevant information relating to patient, employee, and environmental matters, combatting bribery and corruption, ensuring supply chain oversight and respect for human rights. We demonstrate how sustainability is integrated in our business, 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.

On November 30, 2023, Fresenius Medical Care completed the transformation of the legal form of the Company (the Conversion) from a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) into a German stock corporation (Aktiengesellschaft, AG) and the associated deconsolidation from Fresenius SE. We aim to leverage the advantages of the new legal structure to enable more focused, faster, and agile decision-making. Our primary focus since changing our legal form remains on improving operational performance and driving our transformation efforts to ensure shareholder value creation. In addition, Fresenius Medical Care divested several non-core business assets. The aforementioned changes have a limited effect on the management of sustainability at the Company, the provision of data and its non-financial reporting.

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, 2023. Unless stated otherwise, the information

provided refers to Fresenius Medical Care AG and its 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 PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), a third-party auditing firm, 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 131.

# Other Key Figures

## T 3.25 PROPORTION OF TURNOVER<sup>1</sup> FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year 2023	2023		Substantial contribution criteria										DNSH criteria ("Does Not Significantly Harm")						
	Code	Turnover	Proportion of turnover, Year 2023	Climate change mitigation (COM)	Climate change adaptation (CCA)	Water (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity (BIO)	Climate change mitigation (COM)	Climate change adaptation (CCA)	Water (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity (BIO)	Minimum safeguards	Proportion of Taxonomy- aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category (enabling activity)	Category (transitional activity)
Economic activities	MIO €	%	% Y; N; N/EL <sup>2</sup>	% Y; N; N/EL	% Y; N; N/EL	% Y; N; N/EL	% Y; N; N/EL	% Y; N; N/EL	% Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>																			
Of which Enabling																			
Of which Transitional																			
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL <sup>3</sup>	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of medicinal products	PPC 1.2	284.3	1.5	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)</b>		<b>284.3</b>	<b>1.5</b>				<b>1.5</b>												
<b>A. TURNOVER OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2)</b>		<b>284.3</b>	<b>1.5</b>				<b>1.5</b>												
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Turnover of Taxonomy-non-eligible activities</b>		<b>19,169.3</b>	<b>98.5</b>																
<b>TOTAL</b>		<b>19,453.6</b>	<b>100.0</b>																

<sup>1</sup> The revenue KPI for eligibility is defined as taxonomy-eligible revenue divided by total revenue for the reporting year. Total revenue includes all product and service revenues. For more information, please refer to the consolidated income statements under "revenue" in [TABLE 5.1](#) on page 198.

<sup>2</sup> Y – Yes, Taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective

N/EL – Not eligible, taxonomy non-eligible activity for the relevant environmental objective

<sup>3</sup> EL – Taxonomy eligible activity for the relevant objective

N/EL – Taxonomy non-eligible activity for the relevant objective



T 3.26 PROPORTION OF CAPEX<sup>1</sup> FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023

Economic activities	Code	Financial year 2023		Substantial contribution criteria										DNSH criteria ("Does Not Significantly Harm")						
		Absolute Capex 2023	Proportion of Capex, year 2023	Climate change mitigation (CCM)	Climate change a daptation (CCA)	Water (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity (BIO)	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity (BIO)	Minimum safeguards	Proportion of Taxonomy- aligned (A.1.) or eligible (A.2.) Capex, year 2022	Category (enabling activity)	Category (transitional activity)	
		MIO €	%	Y; N; N/EL <sup>2</sup>	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
<b>Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>		<b>0.0</b>	<b>0.0</b>															<b>0.0</b>		
Of which Enabling		0.0	0.0															0.0		
Of which Transitional		0.0	0.0															0.0		
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
				EL; N/EL <sup>3</sup>	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Manufacture of medicinal products		PPC 1.2	1.8	0.1	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Installation, maintenance and repair of energy efficiency equipment		CCM 7.3	0.3	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings		CCM 7.5	4.2	0.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Installation, maintenance and repair of renewable energy technologies		CCM 7.6	0.2	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
<b>Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)</b>		<b>6.4</b>	<b>0.4</b>	<b>0.3</b>				<b>0.1</b>										<b>0.2</b>		
<b>A. CAPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2)</b>		<b>6.4</b>	<b>0.4</b>	<b>0.3</b>				<b>0.1</b>										<b>0.2</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
<b>Capex of Taxonomy-non-eligible activities</b>		<b>1,310.6</b>	<b>99.6</b>																	
<b>TOTAL</b>		<b>1,317.0</b>	<b>100.0</b>																	

<sup>1</sup> The Capex KPIs are defined as taxonomy-eligible and taxonomy-aligned Capex A or C 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 remeasurements. This includes 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 245, "Intangible assets and goodwill" on page 248 and "Leases" on page 278 in the notes to the consolidated financial statements, under the columns "Additions" and "Changes in consolidation group".

Additions resulting from business combinations included in column "Changes in consolidation group" amount to €0.3 M.

<sup>2</sup> Y – Yes, Taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective

N/EL – Not eligible, Taxonomy non-eligible activity for the relevant environmental objective

<sup>3</sup> EL – Taxonomy eligible activity for the relevant objective

N/EL – Taxonomy non-eligible activity for the relevant objective

T 3.27 PROPORTION OF OPEX<sup>1</sup> FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023

Financial year 2023	2023		Substantial contribution criteria								DNSH criteria ("Does Not Significantly Harm")								
	Code	Absolute Opex Proportion of Opex, year 2023	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity (BIO)	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water (WTR)	Pollution (PPC)	Circular economy (CE)	Biodiversity (BIO)	Minimum safeguards	Proportion of Taxonomy- aligned (A.1.) or eligible Category (enabling activity)	Category (enabling activity)	Category (transitional activity)	
Economic activities	MIO €	%	% Y; N; N/EL <sup>2</sup>	% Y; N; N/EL	% Y; N; N/EL	% Y; N; N/EL	% Y; N; N/EL	% Y; N; N/EL	% Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
<b>Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>	<b>0.0</b>	<b>0.0</b>															<b>0.0</b>		
Of which Enabling	0.0	0.0															0.0		
Of which Transitional	0.0	0.0															0.0		
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
			EL; N/EL <sup>3</sup>	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of medicinal products	PPC 1.2	13.5	2.2	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.3	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Installation, maintenance & repair of charging stations for electric vehicles	CCM 7.4	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.1	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
<b>Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)</b>	<b>14.0</b>	<b>2.3</b>	<b>0.1</b>				<b>2.2</b>										<b>0.2</b>		
<b>A. OPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2)</b>	<b>14.0</b>	<b>2.3</b>	<b>0.1</b>				<b>2.2</b>										<b>0.2</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Opex of Taxonomy-non-eligible activities</b>	<b>610.3</b>	<b>97.7</b>																	
<b>TOTAL</b>	<b>624.3</b>	<b>100.0</b>																	

<sup>1</sup> 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 relating 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 230. Short-term leases were determined in accordance with IFRS 16 (see "Leases" in the notes to the consolidated financial statements on page 278). Maintenance and repair expenses include staff costs, service costs, 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: cost of revenue, selling, general and administrative expenses as well as research and development expenses.]

<sup>2</sup> Y – Yes, Taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective. N – No, Taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective. N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective.

<sup>3</sup> EL – Taxonomy eligible activity for the relevant objective. N/EL – Taxonomy non-eligible activity for the relevant objective

# Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting<sup>1</sup>

To Fresenius Medical Care AG, Hof (Saale)

We have performed a limited assurance engagement on the separate non-financial group report of Fresenius Medical Care AG, Hof (Saale), (hereinafter the "Company") for the period from 1 January to 31 December 2023 (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 there-

under, 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 imminent 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 Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

<sup>1</sup> 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.

## 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 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 2023 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, 20 February 2024

**PRICEWATERHOUSECOOPERS GMBH**

*Wirtschaftsprüfungsgesellschaft*

**NICOLETTE BEHNCKE    PPA. NICO IRRGANG**

*Wirtschaftsprüfer*

*[German public auditor]*

# Corporate Governance

- 134 Declaration on Corporate Governance
- 155 Compensation Report

# 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 and the Supervisory Board of Fresenius Medical Care AG (Company) report below on the fiscal year 2023 (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 (GCGC), as published in the German Federal Gazette

(Bundesanzeiger) on June 27, 2022, on the Company's corporate governance (Unternehmensführung) and also comment on recommendations and suggestions of the GCGC.

The Declaration on Corporate Governance is publicly available on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section in the sub-section "Corporate Governance".

## Change of legal form of the Company

Until November 30, 2023 the Company had the legal form of a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) with the company name "Fresenius Medical Care AG & Co. KGaA". The business of the Company in the legal form of the KGaA was conducted by its general partner, Fresenius Medical Care Management AG, represented by its management board. The sole shareholder of Fresenius Medical Care Management AG was Fresenius SE & Co. KGaA, which also holds approximately 32.2% of the shares in the Company. In the legal form of the KGaA, the Company did not have its own management board.

The Extraordinary General Meeting (EGM) of the Company on July 14, 2023 resolved to convert the Company into a stock corporation (Aktiengesellschaft – AG) by way of a change of legal form in accordance with the provisions of the German Transformation Act (Umwandlungsgesetz – UmwG). The change of legal form took effect on November 30, 2023 upon registration with the commercial register of the competent local court of Hof (Saale), Germany. Since then, the Company has had the legal form of an AG with the company name "Fresenius Medical Care AG". The reasons for the change of legal form and its effects are described in the conversion report that was made available to the shareholders in connection with the resolution on the change of legal form and is publicly available on the Company's

website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section in the sub-section "Annual General Meeting".

The change of legal form of the Company into the legal form of an AG does not change the legal identity of the Company. In particular, Fresenius Medical Care AG is not the legal successor to Fresenius Medical Care AG & Co. KGaA. However, the change of legal form has changed the Company's corporate governance.

The general partner Fresenius Medical Care Management AG exited the Company upon the change of legal form of the Company on November 30, 2023. The management of the Company and the conduct of its business are now the responsibility of the management board of the Company (Management Board). The measures taken by Fresenius Medical Care Management AG for the Company as its general partner until the change of legal form will in principle continue to apply. The same applies to the resolutions adopted by the management board of Fresenius Medical Care Management AG in its capacity as general partner of the Company.

The members of the management board of the general partner exited the general partner in the course of the change of legal form and have been appointed as members of the Management Board of the Company by the Supervisory Board of the Company, which is now responsible for these matters. Details of the composition of the Management Board can be found in the section "Management Board".

The Supervisory Board of the Company in the legal form of the AG corresponds in principle to the Supervisory Board of the Company in the legal form of the KGaA. However, with the change of the Company's legal form, the responsibility for the appointment, dismissal and compensation of the individuals responsible for the management of the Company has been transferred from the supervisory board of Fresenius Medical Care Management AG to the Supervisory Board of the Company. In the new corporate governance structure of Fresenius

Medical Care, the Supervisory Board of the Company now cumulatively has the responsibilities which the supervisory board of the general partner had on the one hand and the Supervisory Board of the Company in the legal form of the KGaA had on the other hand.

Resolutions adopted by the Supervisory Board of the Company in the legal form of the KGaA continue to apply unchanged to the Supervisory Board of the Company in the legal form of the AG. The Supervisory Board of the Company in the legal form of the AG has also adopted those resolutions of the supervisory board of the general partner which are relevant for the Supervisory Board of the Company in the legal form of the AG due to its extended responsibilities as a result of the change of legal form. This also relates in particular to resolutions of the Supervisory Board concerning the compensation of the members of the Management Board.

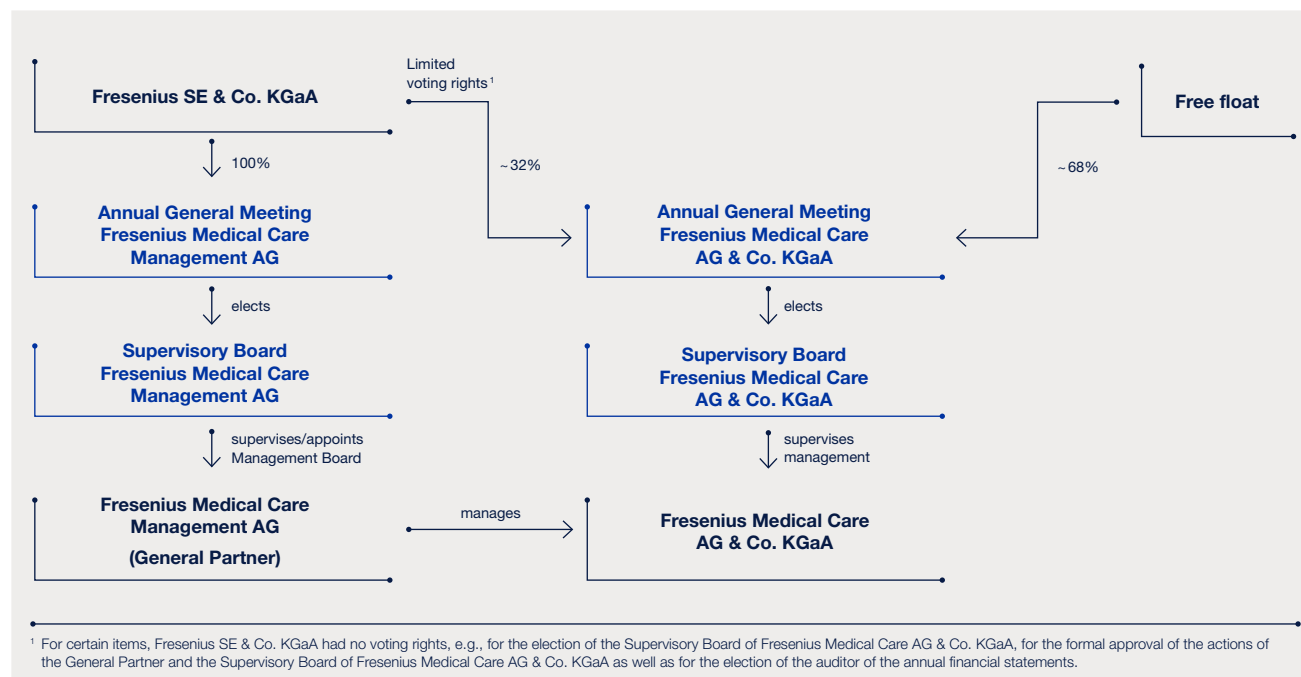
The change of legal form requires, however, that the Supervisory Board of the Company be composed in accordance with other statutory provisions than before. The Supervisory Board is now composed of twelve members, six of whom represent the shareholders of the Company (shareholder representatives) and six of whom represent the employees of the Company (employee representatives). The term of office of the previous members of the Supervisory Board of the Company ended when the change of legal form took effect. The shareholder representatives on the Supervisory Board of the Company in the legal form of the AG were elected by the EGM of the Company on July 14, 2023 or, to the extent the Articles of Association of the Company provide for an appointment right (Entsendungsrecht) in favor of Fresenius SE & Co. KGaA, have been appointed by the latter. The employee representatives on the Supervisory Board of the Company will be elected by the employees in the course of 2024 in accordance with the applicable statutory provisions. In order to ensure that the Supervisory Board is already fully staffed before the conclusion of these elections, employee representatives have been appointed to the Supervisory Board of the Company, upon

motion of the Management Board of the Company, by court order of the local court of Hof (Saale), Germany, effective as of January 26, 2024. The term of office of the court-appointed employee representatives on the Supervisory Board of the Company will end when the members to be elected by the employees in accordance with the provisions of the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG) have been elected to the Supervisory Board. Details of the composition of the Supervisory Board can be found in the section “Supervisory Board”.

In accordance with the statutory requirements, the information to be included in this Declaration on Corporate Governance generally relates to the balance sheet date of the year under

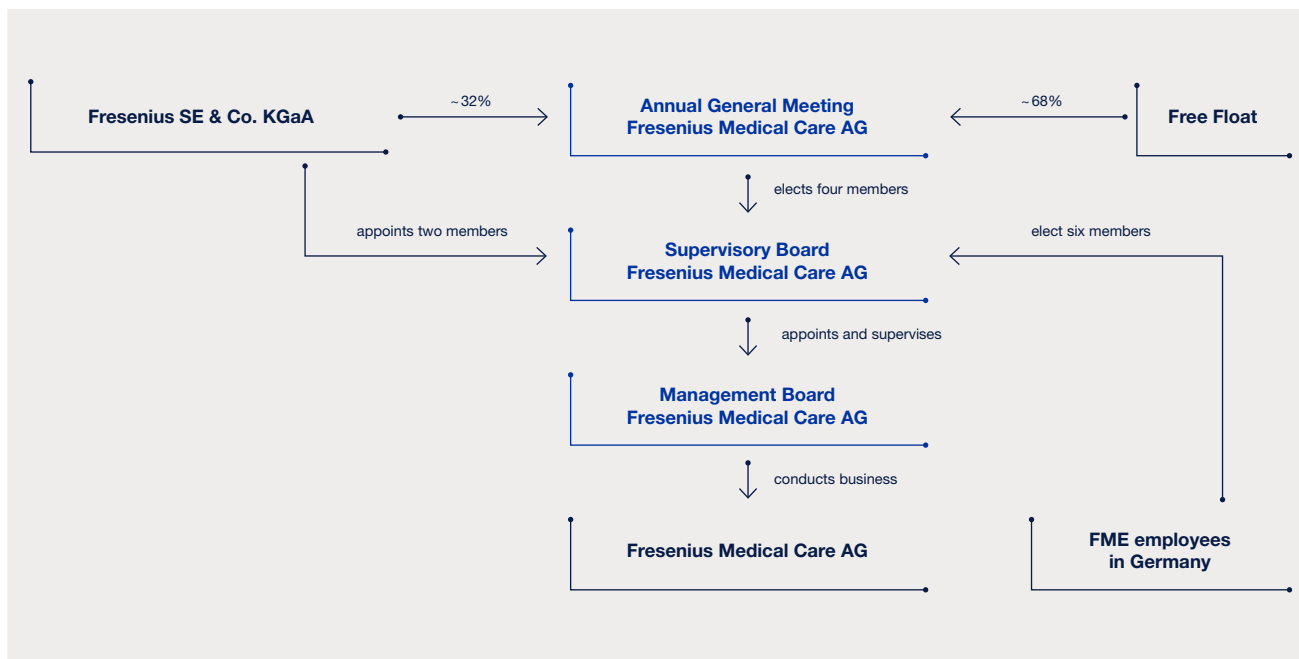
review, i.e. December 31, 2023. Changes that occurred up until this Declaration on Corporate Governance was issued were also taken into account. To the extent that, in the interest of better comprehensibility, information is provided in this Declaration on Corporate Governance also on the general partner (i.e. Fresenius Medical Care Management AG) that exited the Company in the year under review, this information is generally limited to the period until the general partner exited the Company, i.e. until the change of legal form took effect on November 30, 2023.

**C 4.1 STRUCTURE OF FRESENIUS MEDICAL CARE AG & CO. KGAA**



<sup>1</sup> For certain items, Fresenius SE & Co. KGaA had 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.

#### C.4.2 STRUCTURE OF FRESENIUS MEDICAL CARE AG



## Corporate Governance structure

The corporate governance structure until effectiveness of the change of the Company's legal form is shown in the [CHART 4.1](#) on the previous page.

The corporate governance structure in place since the change of the Company's legal form took effect on November 30, 2023 is shown in the [CHART 4.2](#) above.

Since November 30, 2023, the Company has had the legal form of a stock corporation. The corporate bodies of a stock corporation are its general meeting of shareholders (General Meeting), its supervisory board and its management board. The

German Stock Corporation Act (Aktiengesetz – AktG) prescribes a two-tier management system for stock corporations, consisting of a management body and a supervisory board. The management board manages the Company and conducts its business. The Supervisory Board appoints the members of the Management Board, supervises and advises the Management Board and is involved in decisions that are fundamental to the Company. The General Meeting is, amongst other, responsible for electing the shareholder representatives of the Supervisory Board which have not been appointed by Fresenius SE & Co. KGaA as well as the auditor and for resolutions on the allocation of distributable profits and significant structural measures. The duties and responsibilities of the three bodies are in each case statutorily defined and are strictly separated from one another.

The Articles of Association of the Company are available on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section in the sub-section "Corporate Governance".

## Management Board

The Management Board manages the Company and conducts its business. Until the change of the Company's legal form became effective, this task was incumbent on Fresenius Medical Care Management AG as general partner, represented by its management board.

For information on the management board of Fresenius Medical Care Management AG, insofar as this Declaration on Corporate Governance for the year under review does not contain any deviating or supplementary information, reference is made to the Declaration on Corporate Governance for the year 2022, which is available on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section in the sub-section "Corporate Governance".

## Composition

Fresenius Medical Care completed the realignment of its operating model under the FME25 program in the year under review. Under the new operating model, the Company operates in a significantly simplified structure with two global business segments: Care Delivery and Care Enablement. In Care Enablement, Fresenius Medical Care has consolidated 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 has been combined in the Care Delivery segment.



The members of the management board of the general partner in office until the change of the Company's legal form left the management board of the general partner in the course of the change of legal form and have each been appointed as members of the Management Board of the Company in order to maintain personnel continuity in the management of the Company.

This also applies to Mr. Martin Fischer, who was appointed as the new Chief Financial Officer (CFO) of Fresenius Medical Care by the then responsible supervisory board of the general partner with effect from October 1, 2023. Mr. Fischer has taken over this role from Ms. Helen Giza, who was appointed Chairwoman of the Management Board in December 2022 and continued to perform the CFO function on an interim basis until the end of September 30, 2023.

The Management Board member responsible for the Care Delivery segment, Mr. William Valle, left the Management Board at the end of the year under review. Mr. Craig Cordola was appointed as the member of the Management Board responsible for the Care Delivery segment with effect from January 1, 2024.

There were no other changes in the composition and responsibilities of the Management Board in the year under review.

The Supervisory Board of the Company has appointed the member of the Management Board Dr. Katarzyna Mazur-Hofsäß, who had already exercised the tasks incumbent on a Labor Relations Director before, as Labor Relations Director (Arbeitsdirektor) within the meaning of Section 33 of the German Co-Determination Act with effect from March 14, 2024.

The composition of the Management Board and the departmental responsibilities for the year under review are shown in the [TABLE 4.3](#). They apply equally to the Management Board of the Company (since the change of the Company's legal form) and to the management board of the general partner (until the change of the Company's legal form). Information on the diversity of the Management Board can be found in the section "Diversity concept and targets".

## Curricula vitae and duration of appointment

The members of the Management Board and their areas of responsibility including their curricula vitae are introduced on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "About us" section in the sub-section "Management Board". Information on the term of appointment as member of the Management Board and on positions held at group-internal and group-external listed and non-listed companies is also available there.

Initial appointments of Management Board members are made for a maximum of three years in accordance with recommendation B.3 of the GCGC. The members of the Management Board have been appointed for the period for which they had been appointed as members of the management board of the general partner.

## Rules of Procedure

The Management Board manages the Company's business in accordance with 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 whenever the need arises, but at least twelve times a year. The meetings and the adoption of resolutions by the Management Board are chaired by the Chairperson of the Management Board. If the Chairperson is unavailable, this task resides with the Deputy Chairperson, or alternatively, if required, with the participating Management Board member most senior in terms of service. The Chairperson of the meeting determines the order of the agenda items and the voting procedure. As a

### T 4.3 COMPOSITION AND RESPONSIBILITIES OF THE MANAGEMENT BOARD

Management Board member	Responsibilities
Helen Giza	Chair of the Management Board (until September 30, 2023, also Chief Financial Officer)
Martin Fischer	Chief Financial Officer (since October 1, 2023)
Franklin W. Maddux, MD	Global Chief Medical Officer
Dr. Katarzyna Mazur-Hofsäß	Care Enablement
William Valle <sup>1</sup>	Care Delivery

<sup>1</sup> Mr. William Valle left the Management Board at the end of the year under review, and Mr. Craig Cordola was appointed as the member of the Management Board responsible for Care Delivery with effect from January 1, 2024.

rule, the Management Board adopts its resolutions at meetings by simple majority of votes cast, and outside of meetings by simple majority of its members. In case of a tie, the Chairperson of the Management Board, but not the Deputy Chairperson, in principle 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 matters in their respective areas of departmental responsibility. In the case of interdepartmental matters, the Management Board members concerned are requested to coordinate with each other. The Chairperson of the Management Board coordinates the affairs of the individual departments.

Matters of outstanding importance and significance are resolved upon by the entire Management Board pursuant to the rules of procedure. This in particular includes fundamental matters regarding the business, corporate policy or strategy of the Company or the group. If a decision by the entire Management Board is required under the rules of procedure but cannot be reached in a timely manner and if, after due assessment of the circumstances and in order to eliminate an imminent threat of severe adverse effects on the Company or the group, a delay cannot be justified, then the available members of the Management Board shall make such decision. The other members of the Management Board must be informed about such decision without undue delay.

The Management Board has refrained from establishing a Management Board Committee, as had been established in the management board of the general partner for certain cross departmental matters to increase the efficiency of the management board's work. The number of management board members had been reduced from eight to five persons under the FME25 program with effect from the beginning of 2022. A

Management Board Committee is no longer required given that the coordination is simplified within a smaller Management Board.

In cases of fundamental business matters, the rules of procedure require the Management Board to obtain the prior approval of the Supervisory Board. These include transactions whose value exceeds a certain volume, the annual investment and financial planning, and the conclusion of intercompany agreements within the meaning of Sections 291 et seqq. of the German Stock Corporation Act by the Company. The adoption of new, or the abandonment of existing, business lines or markets is also subject to approval if the expected impact of the respective measure on the net assets, results of operations or financial position of the Company or the group exceeds a certain value.

The rules of procedure for the Management Board also regulate the Management Board's information duties in respect of the Supervisory Board. In particular, the Chairperson of the Management Board shall keep in regular contact with the Chairperson of the Supervisory Board and discuss with him or her questions relating to the strategy, planning, business development, risk situation, risk management and compliance of the Company and the group, and shall without undue delay inform the Chairperson of the Supervisory Board about major events that are of material importance for the assessment of the status and performance as well as for the management of the Company and the group.

### Age limit

The Supervisory Board resolved upon an age limit for the Management Board members in accordance with recommendation B.5 of the GCGC. Management Board members who have reached the age of 65 years shall, as a rule, retire from the Management Board at the end of the relevant calendar year. The Supervisory Board will take this standard age limit

into account for each appointment of Management Board members.

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 2022, 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 then competent supervisory board of the general partner resolved to appoint Mr. Maddux as a member of the Management Board for an additional five years. The associated exception to the standard age limit also served, against the background of the transformation through the FME25 program, to ensure continuity of management in an area that is essential to the success of the company. In the year under review, the Supervisory Board of the Company resolved to appoint the members of the management board of the general partner (including Mr. Maddux) as members of the Management Board of the Company for the same remaining term of office for which they had been appointed as members of the management board of the general partner.

## Supervisory Board

The Supervisory Board of the Company supervises the management of the Company by the Management Board, advises the Management Board and performs the other duties assigned to it by law and the Articles of Association. In accordance with principle 6 of the GCGC, 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 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

As a result of the change of legal form of the Company into the legal form of an AG, the co-determination regime applicable to the composition of the Supervisory Board has changed. The Supervisory Board of the Company in the legal form of a KGaA was not subject to corporate co-determination because the employees of Fresenius Medical Care were attributed to Fresenius SE & Co. KGaA for the purposes of corporate co-determination and the Company therefore did not exceed the relevant thresholds for the applicability of co-determination. Since the change of legal form of the Company into the legal form of an AG and the withdrawal of Fresenius Medical Care Management AG as general partner became effective, this attribution no longer takes place because the Company no longer is a dependent company of Fresenius SE & Co. KGaA within the meaning of co-determination law.

The status proceedings initiated by the Management Board of the Company after the change of legal form took effect in accordance with Section 97 of the German Stock Corporation Act to determine with binding effect which statutory provisions govern the composition of the Supervisory Board have not given rise to any objections. The Supervisory Board is therefore composed as follows in accordance with the statutory provisions published in the Federal Gazette (Bundesanzeiger) on December 7, 2023 pursuant to Sections 95, 96 paragraph 1, paragraph 2, 101 paragraph 1 sentence 1 of the German Stock Corporation Act and Sections 1 paragraph 1, 7 paragraph 1 sentence 1 no. 1, paragraph 2 no. 1, 15 paragraph 1 sentence 2 of the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG) and in accordance with the more detailed provisions of the Articles of Association of the Company.

Pursuant to Article 8 paragraph 1 of the Articles of Association of the Company, the Supervisory Board of the Company consists of twelve members, of whom, subject to the existence of the appointment right pursuant to Article 8 paragraph 2 of the Articles of Association, six are to be elected by the General

Meeting (shareholder representatives) and six are to be elected by the employees (employee representatives) in accordance with the provisions of the German Co-Determination Act. Pursuant to Article 8 paragraph 2 of the Articles of Association, Fresenius SE & Co. KGaA, if it holds shares in the Company with a proportionate amount of the share capital of the Company of at least 15%, is entitled to appoint one of the Supervisory Board members representing the shareholders; if Fresenius SE & Co. KGaA holds shares in the Company with a proportionate amount of the share capital of the Company of at least 30%, it is entitled to appoint two of the Supervisory Board members representing the shareholders. Given that Fresenius SE & Co. KGaA currently holds approximately 32.2% of the share capital of the Company, it is entitled to the appointment (Entsendung) of two members of the shareholder representatives in the Supervisory Board of the Company.

Unless the General Meeting specifies a shorter term of office, the Supervisory Board members are elected in accordance with Article 8 paragraph 3 of the Articles of Association of the Company until the end of the ordinary General Meeting which resolves on the discharge of the Supervisory Board members for the fourth fiscal year after commencement of the term of office. The fiscal year in which the term of office commences is not considered for this calculation. The same applies for the Supervisory Board members to be elected by the employees. The eligibility for election of those members of the Supervisory Board to be elected by the employees who must be employees of the company is subject to additional requirements. Among other requirements, they must have reached the age of 18 and have been with the company for one year. If a Supervisory Board member who must be an employee of the company loses eligibility for election, such member's office ends.

The elections of the shareholder representatives are conducted in accordance with recommendation C.15 of the GCGC as individual elections. In case of election proposals to the General Meeting, a curriculum vitae is provided for each candidate in accordance with recommendation C.14 of the GCGC,

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 GCGC.

The term of office of the members of the Supervisory Board of the Company in the legal form of the KGaA ended by operation of law upon the change of legal form of the Company taking effect on November 30, 2023. The EGM of the Company on July 14, 2023, which resolved on the change of legal form of the Company into the legal form of an AG, therefore also held elections to the Supervisory Board. Mr. Shervin J. Korangy, Dr. Marcus Kuhnert, Mr. Gregory Sorensen, MD, and Ms. Pascale Witz were elected as members of the Supervisory Board of the Company in the legal form of an AG. Fresenius SE & Co. KGaA, which holds shares in the Company with a proportionate amount of the share capital of the Company of approximately 32.2%, appointed Mr. Michael Sen and Ms. Sara Hennicken to the Supervisory Board on the same day. The election by the General Meeting and the appointment by Fresenius SE & Co. KGaA each took place for the period until the end of the General Meeting of the Company which resolves on the ratification of actions of the members of the Supervisory Board of the Company for fiscal year 2026.

The other members of the Supervisory Board of the Company who held office during the year under review, Dr. Dieter Schenk, Mr. Rolf A. Classon, Dr. Dorothea Wenzel and Prof. Dr. Gregor Zünd, were not available for election at the EGM of the Company on July 14, 2023 and retired from the Supervisory Board of the Company when the change of the Company's legal form took effect on November 30, 2023.

Upon a motion of the Management Board of the Company, the competent local court in Hof (Saale), Germany, appointed Ms. Stefanie Balling, Ms. Beate Haßdenteufel, Mr. Frank Michael Prescher, Dr. Manuela Stauss-Grabo, Mr. Ralf Erkens and Ms. Regina Karsch as employee representatives to the Supervisory Board of the Company effective as of January 26, 2024.



Ms. Stefanie Balling, Ms. Beate Haßdenteufel and Mr. Frank Michael Prescher are employees of the company in accordance with Section 7 paragraph 2 no. 1, paragraph 4 of the German Co-Determination Act. Dr. Manuela Stauss-Grabo was appointed as a representative of the executive employees of the company in accordance with Sections 7 paragraph 2 no. 1, 15 paragraph 1 sentence 2 of the German Co-Determination Act. Mr. Ralf Erkens and Ms. Regina Karsch are representatives of the trade union IG BCE within the meaning of Section 7 paragraph 2 no. 1 of the German Co-Determination Act. IG BCE is the trade union represented in the company within the meaning of Section 7 paragraph 5 of the German Co-Determination Act.

The Supervisory Board of the Company thus includes the number of members representing each constituency (shareholders and employees) as required by law and the Company's Articles of Association. The judicial appointment of the employee representatives exists for the period until the election of the employee representatives by the employees of Fresenius Medical Care entitled to vote has been completed in accordance with the relevant statutory provisions. The election of the employee representatives is expected to be completed in the second half of 2024.

At its constituent meeting following the EGM of the Company on July 14, 2023, the Supervisory Board of the Company in the legal form of an AG elected Mr. Michael Sen as Chairman and Ms. Sara Hennicken as Deputy Chairwoman of the Supervisory Board. The election was made in each case for the period until the election of a Chairperson and a Deputy Chairperson by the Supervisory Board composed of shareholder representatives and employee representatives. In its meeting on March 14, 2024, the now fully staffed Supervisory Board elected Mr. Michael Sen as Chairman and Ms. Stefanie Balling instead of Ms. Sara Hennicken as Deputy Chairwoman.

The Supervisory Board of the Company does not include any members who were previously members of the Management Board of the Company or, for the time the Company in the

year under review existed in the legal form of a KGaA, of its general partner.

## Curricula vitae

Information regarding the members of the Supervisory Board of the Company including curricula vitae is available on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "About us" section in the sub-section "Supervisory Board". In accordance with recommendation C.3 of the GCGC, 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 is also made available there. Further information on the members of the Supervisory Board can be found in the qualification matrix in the section "Profile of skills and expertise as well as qualification matrix" of this Declaration on Corporate Governance.

## 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](http://www.freseniusmedicalcare.com) in the "Investors" section in the sub-section "Corporate Governance". In accordance with recommendation D.1 of the GCGC, 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. The rules of procedure of the Supervisory Board of the Company are publicly available on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "About us" section in the sub-section "Supervisory Board".

Accordingly, the Supervisory Board meets at least twice per calendar half year. The meetings of the Supervisory Board can be held by way of personal attendance or by way of a telephone or

video conference. Individual Supervisory Board members may participate in meetings held by way of personal attendance by means of video and audio transmission or telephone. Resolutions shall in principle be adopted in meetings. Outside of meetings, resolutions may be passed in writing, by electronic means of communication (e.g., by email) or telephone or in combination of these forms upon order of the Chairperson or, in the event of him or her being unable to act, by the Deputy Chairperson.

The convocation period for meetings of the Supervisory Board is generally two weeks. The deliberations of the Supervisory Board are chaired by the Chairperson of the Supervisory Board or, if the Chairperson is unavailable, by the Deputy Chairperson of the Supervisory Board. The Chairperson of the meeting also determines the order of the agenda items and the voting procedure.

As a rule, the Supervisory Board decides by simple majority of votes cast unless other majorities are prescribed by law or the Articles of Association of the Company. In the event of a tied vote, the Chairperson of the Supervisory Board has two votes in the second vote on the same matter if the repeated vote also results in a tie.

Unless the Chairperson decides otherwise in the individual case, each member of the Management Board is entitled to participate in the meetings of the Supervisory Board and its committees. If the auditor is consulted as an expert in a meeting of the Supervisory Board or its committees, the Management Board shall not participate in this meeting unless the Supervisory Board or the committee deems its participation necessary. The Supervisory Board shall – in accordance with recommendation D.6 of the GCGC – also meet on a regular basis without the Management Board.

The Supervisory Board members are obligated to exclusively serve the interest of the Company. When making decisions, they may neither pursue any personal interest nor use any business opportunities to which the Company or any of its subsidiaries are entitled for their own benefit or the benefit of

third parties. Each Supervisory Board member is obligated to disclose any conflicts of interest without undue delay to the Supervisory Board. This in particular applies to any conflicts of interest that may arise due to the provision of advice to clients, suppliers, lenders or other business partners or in connection with the role within a corporate body of clients, suppliers, lenders or other business partners.

The Chairperson of the Supervisory Board coordinates the work and direction of the Supervisory Board and in principle also represents the Supervisory Board with respect to third parties.

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.

## Age limit

The Supervisory Board has resolved upon an age limit for the Supervisory Board members in accordance with recommendation C.2 of the GCGC. 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. The composition of the Supervisory Board is in line with the specified age limit both at the end of the year under review and also taking account the shareholder representatives appointed to the Supervisory Board by the court in January 2024.

## Independence

According to recommendation C.7 of the GCGC, more than half of the shareholder representatives on the Supervisory Board shall be independent from the Company and the Management Board. Members of the Supervisory Board are con-

sidered 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 the six (and, accordingly, more than half of) the shareholder representatives on the Supervisory Board shall be independent within the meaning of the GCGC. Independent within the meaning of recommendation C.7 of the GCGC are, in the view of the Supervisory Board, in any case Mr. Shervin J. Korangy, Dr. Marcus Kuhnert, Mr. Gregory Sorensen, MD, and Ms. Pascale Witz. The Supervisory Board members appointed by Fresenius SE & Co. KGaA on the basis of Article 8 paragraph 2 of the Articles of Association, Mr. Michael Sen and Ms. Sara Hennicken, are each a member of the management board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA. Fresenius SE & Co. KGaA holds approximately 32.2% of the share capital and the voting rights of the Company. The Company will continue to maintain a material business relationship with Fresenius SE & Co. KGaA or its dependent companies after the change of legal form has become effective. Mr. Sen and Ms. Hennicken are therefore, as a precaution, not considered independent within the meaning of recommendation C.7 of the GCGC.

Recommendation C.9 of the GCGC, according to which, in the event that the Company has a controlling shareholder within the meaning of the GCGC, a certain number of shareholder representatives shall be independent of the controlling shareholder, does not apply to the Company, because Fresenius SE & Co. KGaA is not a controlling shareholder in this meaning, given the lack of a sustainable majority at the General Meeting. Assuming the applicability of this recommendation, the shareholder representatives Mr. Shervin J. Korangy, Dr. Marcus Kuhnert, Mr. Gregory Sorensen, MD, and Ms. Pascale Witz would be considered independent in this meaning.

The so-called Pooling Agreement, which had been concluded, inter alia, between Fresenius Medical Care Management AG and Fresenius SE & Co. KGaA and which imposed additional requirements on the independence of members of the supervisory board of Fresenius Medical Care Management AG, ended upon the change of the Company's legal form taking effect and the exit of the general partner Fresenius Medical Care Management AG from the Company.

## Lead Independent Director

In 2021 the Supervisory Board introduced the function of a Lead Independent Director (LID). The LID's function was 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 LID included developing and maintaining a balanced understanding of the issues and concerns of the shareholders and other stakeholders. In addition to the Chairperson of the Supervisory Board, and within the framework of the statutory provisions, the LID was also available for discussions with shareholders and other stakeholders. The LID was further responsible for dealing with affairs related to environmental, social and governance (ESG) aspects of the company and was entitled to develop and propose corresponding measures. The LID function was exercised by Dr. Dorothea Wenzel, who was

a member of the Supervisory Board of the Company until the change of the Company's legal form took effect.

The LID function ceased to exist when the change of the Company's legal form took effect. This function had been introduced primarily because of the more than twelve-year term of office of the Chairman of the Supervisory Board incumbent at the time. This rationale for the introduction of the LID function ceased to exist when the change of the Company's legal form took effect and the term of the former Chairman of the Supervisory Board ended.

## ESG and Sustainability

The Supervisory Board supervises and advises the Management Board in accordance with principle 6 of the GCGC also on sustainability issues. Without prejudice to its overall responsibility, the Supervisory Board has resolved that the Chairperson of the Audit Committee of the Supervisory Board shall have special knowledge in the area of ESG and in the sustainability areas relevant to the Company. Within the framework of the statutory provisions, the Chairman of the Audit Committee, Dr. Marcus Kuhnert, is also available to shareholders and other stakeholders as the Supervisory Board's contact person for discussions on ESG topics.

More information on Fresenius Medical Care's sustainability efforts can be found in the Non-Financial Group Report starting on page 93 of the Annual Report.

## Self-assessments

In accordance with recommendation D.12 of the GCGC, 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

occurrences, the complexity and the structure of the presentations as well as the procedure and format of the meetings of the Supervisory Board and its committees (such as their number and frequency) are also discussed. 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.

The change of legal form of the Company effected extensive changes in the composition of the Supervisory Board of the Company and its committees. In particular, the term of office of the members of the Supervisory Board of the Company who were in office ended when the change of legal form took effect on November 30, 2023. Furthermore, the Supervisory Board of the Company now also is to be composed of employee representatives who could not be appointed by court order or cannot be elected to the Supervisory Board before 2024. Against this background, a self-assessment of the work of the Company's Supervisory Board in the year under review would not have offered any additional benefit. The members of the Supervisory Board of the Company who were in office in the year under review have therefore agreed that the next regular self-assessment should be carried out in 2024, when the Supervisory Board of the Company is fully composed and operating in its new composition.

## 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 in which the Company operates. The members of the Supervisory Board regularly update themselves via in-house and 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 can be found in the Report by the Supervisory Board of the Company starting on page 12 of the Annual Report.

## Profile of skills and expertise as well as qualification matrix

The Supervisory Board, in accordance with principle 11 of the GCGC, ensures that its members in their entirety have the knowledge, capabilities and professional expertise required for the due observation of the duties of a supervisory board of a listed company operating internationally in the health care sector. Against this background and in accordance with the recommendations of the GCGC, the Supervisory Board resolved upon 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 its profile of skills and expertise in March 2022. In accordance with recommendation C.1 of the GCGC, the profile also comprises expertise regarding sustainability matters relevant to the company. 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](http://www.freseniusmedicalcare.com) in the "About us" section in the sub-section "Supervisory Board".

When discussing its recommendations to the General Meeting for the election of shareholder representatives to the Supervisory Board, the Supervisory Board considers, in accordance with recommendation C.1 of the GCGC and within the frame-

work 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, as well as diversity criteria. Pursuant to the profile of skills and expertise, the Supervisory Board is to be composed of at least 30% women and of at least 30% men, whereby in any case not less than two members shall be female and not less than two members shall be male. Comprising four male and two female of in total six Supervisory Board members in office at the end of the year under review, 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. Since the Company's change of legal form to an AG took effect and the German Co-Determination Act became applicable to the Company, at least 30% of the members of the Supervisory Board must be women and at least 30% must be men in accordance with Section 7 paragraph 3 sentence 1 of the German Co-Determination Act, Section 96 paragraph 2 of the German Stock Corporation Act. Taking into account the employee representatives appointed by court in January 2024, of the twelve members of the Supervisory Board, six members are female and six members are male. Thus, the targets stipulated by law are exceeded as well. Further details can be found in the section "Gender diversity and targets".

The composition of the Supervisory Board at the end of the year under review 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 GCGC, the implementation status of the profile of skills and expertise is disclosed in the form of the following qualification matrix (TABLE 4.4). 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 also displays the diversity

#### T 4.4 QUALIFICATION MATRIX FOR THE MEMBERS OF THE SUPERVISORY BOARD IN OFFICE AT THE END OF THE YEAR UNDER REVIEW

	Michael Sen	Sara Hennicken	Shervin J. Korangy	Dr. Marcus Kuhnert	Gregory Sorensen, M.D.	Pascale Witz
Member since:	2023	2023	2023	2023	2021	2016
<b>Independence<sup>1</sup></b>			●	●	●	●
<b>Time availability and limitation of the number of mandates<sup>2</sup></b>	●	●	●	●	●	●
<b>Diversity</b>						
Gender	M	W	M	M	M	W
Year of birth (Standard age limit: 75 years)	1968	1980	1974	1968	1962	1967
Nationality	Germany	Germany	USA	Germany and USA	USA	France
Educational Background	Business Administration	Economics and political economy	Economics	Business Administration and Mechanical Engineering	Medicine	Biochemistry and Business Administration

#### Profile of Skills and Expertise: Individual knowledge/experience

Corporate management	●	●	●	●	●	●
Sector knowledge and understanding of global activities	●	●	●	●	●	●
Command of the English language	●	●	●	●	●	●

#### Profile of Skills and Expertise: Requirements for the entire Supervisory Board

Sector experience	●	●	●	●	●	●
Financial knowledge: Accounting	●	●	●	●	●	●
Financial knowledge: Auditing	●	●	●	●	●	●
Legal, Regulatory, Compliance	●	●	●	●	●	●
Sustainability	●	●	●	●	●	●
Digitalization	●	●	●	●	●	●
Internationality	●	●	●	●	●	●
Management experience	●	●	●	●	●	●

<sup>1</sup> According to the German Corporate Governance Code in the version of April 28, 2022 (GCGC), Michael Sen and Sara Hennicken are each a member of the Management Board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA and have been appointed by the latter to the Supervisory Board in accordance with Article 8 paragraph 2 of the Company's Articles of Association. Fresenius SE & Co. KGaA holds approximately 32.2% of the share capital and the voting rights of the Company. The Company will continue to have a material business relationship with Fresenius SE & Co. KGaA or its affiliated companies also after the effectiveness of the Company's change of its legal form into a stock corporation. Michael Sen und Sara Hennicken are therefore, as a matter of precaution, not considered independent within the meaning of recommendation C.7 of the GCGC.

<sup>2</sup> According to the German Stock Corporation Act and the GCGC.

level of the Supervisory Board at the end of the year under review across selected aspects.

It is intended to review and, if necessary, revise the profile of skills and expertise and the specific objectives for the composition of the Supervisory Board after the conclusion of the elections of the employee representatives. This is intended to help ensure that the Supervisory Board is composed in the best possible way also taking into account the statutory provisions which apply to the composition of the Supervisory Board following the change of legal form of the Company. A corresponding qualification matrix for the employee representatives to be elected in 2024 will be disclosed in the Declaration on Corporate Governance for 2024 in line with recommendation C.1 of the GCGC.

## Committees of the Supervisory Board

In accordance with the applicable statutory and regulatory requirements, the Articles of Association of the Company, the rules of procedure of the Supervisory Board as well as with principle 14 and recommendations D.2 to D.4 of the GCGC, the Supervisory Board has formed qualified committees from among its members to prepare matters for deliberation and resolutions of the Supervisory Board. The Supervisory Board regularly and timely receives briefings on the committees' work by the Chairpersons of the committees. Details of the committees' activities can be found in the Report by the Supervisory Board of the Company starting on page 12 of the Annual Report.

In the year under review, the Supervisory Board formed an Audit Committee (Prüfungsausschuss), a Presiding Committee (Präsidialausschuss), a Compensation Committee (Vergütungsausschuss) and a Nomination Committee (Nominierungsausschuss). In addition, following the appointment of

the employee representatives to the Supervisory Board by court order, the Supervisory Board also formed a Mediation Committee (Vermittlungsausschuss) in accordance with Section 27 paragraph 3 of the German Co-Determination Act with effect as of March 14, 2024.

An Audit Committee (until November 30, 2023: Audit and Corporate Governance Committee) and a Nomination Committee had previously been formed by the Supervisory Board of the Company in the legal form of the KGaA. The Presiding Committee and the Compensation Committee were formed by the Supervisory Board of the Company in the legal form of the AG for the first time in the year under review. Until the change of the Company's legal form, the tasks of the Compensation Committee had been performed by the Human Resources Committee to the extent the supervisory board of the general partner, which had been responsible in this respect at the time, had delegated these tasks to the Human Resources Committee.

Each of the committees of the Company's Supervisory Board is generally composed of four members, in general two shareholder representatives and two employee representatives. In accordance with recommendation D.4 of the GCGC, the Nomination Committee is composed exclusively of shareholder representatives.

Meetings of each of the Audit Committee, the Presiding Committee and the Compensation Committee take place at least twice per calendar half-year, meetings of each of the Nomination Committee and the Mediation Committee as frequently as circumstances require.

The composition and responsibilities of the committees of the Supervisory Board of the Company are described below in more detail.

## Audit Committee

At the end of the year under review, the Audit Committee (until November 30, 2023: Audit and Corporate Governance Committee) of the Supervisory Board of the Company comprised the shareholder representatives Dr. Marcus Kuhnert (since November 30, 2023, since then also Chairman), Ms. Pascale Witz (until November 30, 2023 also Chairwoman, since November 30, 2023 Deputy Chairwoman) and Mr. Gregory Sorensen, MD (since November 30, 2023).

The members of the Audit and Corporate Governance Committee of the Supervisory Board of the Company previously in office in the year under review, Mr. Rolf A. Classon (until November 30, 2023) and Dr. Dorothea Wenzel (until November 30, 2023, until then also Deputy Chairwoman), each retired from the Supervisory Board of the Company and its Audit and Corporate Governance Committee when the change of legal form of the Company took effect on November 30, 2023.

Following the judicial appointment of the employee representatives on the Supervisory Board of the Company, the Supervisory Board on March 14, 2024 also elected the employee representatives Ms. Stefanie Balling (since then also Deputy Chairwoman) and Mr. Frank Michael Prescher as members of the Audit Committee. Ms. Pascale Witz left the Audit Committee at the same time.

## Tasks

In accordance with its rules of procedure, the Audit Committee in particular performs 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 (NYSE). In particular, this includes monitoring the accounting process, the effectiveness of the internal control system, the risk management system



and the internal audit system as well as the audit of the financial statements, including the selection and independence of the auditor. In addition to other tasks, the Audit Committee also oversees the company's management of environmental, social and governance (ESG) as well as other sustainability-related matters that are relevant to the company and the auditing or assurance of the company's sustainability reporting required by law. Further, the Supervisory Board has delegated to the Audit 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 Committee also regularly assesses the quality of the audit of the financial statements and, in accordance with recommendation D.10 of the GCGC, discusses with the auditor the audit risk assessment, the audit strategy and audit planning, and the audit results.

## Independence and financial expertise

The Audit Committee shall, according to its rules of procedure, consist of four members. Members who are shareholder representatives on the Supervisory Board must, in particular, meet the independence criteria within the meaning of the applicable rules of the SEC and the NYSE. Committee members who are employee representatives on the Supervisory Board and are not to be qualified as an "executive officer" of the Company as defined in the relevant SEC Rule shall be exempt from the independence requirements of the applicable SEC Rule and shall otherwise be deemed to be independent notwithstanding their employee relationship with the Company or any of its affiliates. 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 must have expertise in the field of auditing. Pursuant to the more detailed provisions of recommendation D.3 of the GCGC, the respective expertise shall consist of special knowledge and experi-

ence in the application of accounting principles and internal control and risk management systems or special knowledge and experience in the auditing of financial statements. The corresponding information on the relevant members of the Audit Committee in office at the end of the year under review is provided below:

Dr. Marcus Kuhnert is a member of the Executive Board (general partner) of E. Merck KG, which holds the majority of shares in the listed MERCK Kommanditgesellschaft auf Aktien (Merck KGaA). Dr. Kuhnert was also a member of the Executive Board (general partner) and CFO of Merck KGaA from 2014 until June 30, 2023. Prior to this, he held various positions at the listed company Henkel AG & Co. KGaA, lastly as CFO of the Laundry & Home Care business unit.

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's 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, Ms. Witz has been a member of audit committees of listed companies since 2017. She is serving on the audit committee of Revvity, Inc., USA, since 2018, and is the former Chairwoman of the audit committees at Regulus Therapeutics, Inc., USA (from 2017 until 2019) and Horizon Therapeutics plc., Ireland (from 2018 until 2023) as well as the former Chairwoman of the Audit and Corporate Governance Committee of the Company in the legal form of the KGaA (2023). 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.

Mr. Gregory Sorensen, MD, serves as Chief Executive Officer of DeepHealth, Inc., USA, and Executive Chairman of the Board of Directors of IMRIS (Deerfield Imaging, Inc.), USA, since 2015. Since 2023, he also serves as a Management Board member of the listed RadNet, Inc., USA. Previously, he was President and Chief Executive Officer (CEO) of Siemens Medical Solutions USA, Inc. In these functions, his activities included or still include, respectively, extensive interfaces to both accounting and auditing matters. In addition, Mr. Sorensen, MD, served as Chairman of the audit committee of DFB Healthcare Acquisitions Corp. (now: AdaptHealth Corp.), USA, from 2017 to 2019 and as Chairman of the audit committee of DFP Healthcare Acquisitions Corp. (now: The Oncology Institute, Inc.), USA, from 2019 to 2021, both of which are NASDAQ listed companies.

In the opinion of the Supervisory Board, the composition of the Audit Committee meets all aforementioned requirements as to the independence and financial expertise of its members. Each of Dr. Marcus Kuhnert and Ms. Pascale Witz as well as Mr. Gregory Sorensen, MD, are financial experts in the meaning of Section 100 paragraph 5 German Stock Corporation Act as well as "audit committee financial experts" within the meaning of the applicable rules of the SEC. Due to their extensive years of experience, they each have expertise in the fields of both accounting and auditing. In particular, due to their many years of activity as CFO or member of audit committees, respectively, Dr. Marcus Kuhnert and Ms. Pascale Witz as well as Mr. Gregory Sorensen, MD, each also have special knowledge and experience in the meaning of recommendation D.3 GCGC 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 GCGC, each of Dr. Kuhnert and Ms. Witz as well as Mr. Gregory Sorensen, MD, is or was, respectively, neither the Chairperson 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 Committee in

office at the end of the year under review are independent within the meaning of applicable provisions. Dr. Kuhnert and Ms. Witz in their function as Chairman or Chairwoman of the committee, respectively, are or were independent within the meaning of recommendation C.10 of the GCGC.

Corresponding information on the financial expertise of the relevant employee representatives on the Audit Committee to be elected in 2024 will be disclosed in the Declaration on Corporate Governance for 2024.

## Presiding Committee

The Presiding Committee, which was formed for the first time in the year under review, consisted of the shareholder representatives Mr. Michael Sen (Chairman) and Dr. Marcus Kuhnert. Following the judicial appointment of the employee representatives to the Supervisory Board of the Company, the Supervisory Board on March 14, 2024 also elected the employee representative Mr. Ralf Erkens as a member of the Presiding Committee. The employee representative Ms. Stefanie Balling, who has been Deputy Chairwoman of the Supervisory Board since March 14, 2014, has also been a member and the Deputy Chairwoman of the Presiding Committee since then.

The Presiding Committee is responsible in particular for preparing Supervisory Board meetings, coordinating the work of the Supervisory Board and its committees, as well as for administrative matters relating to the Supervisory Board. The Presiding Committee is also responsible for various Management Board matters including recommendations to the Supervisory Board on the appointment or dismissal of Management Board members and on the allocation of responsibilities among the Management Board members. The Presiding Committee further reviews and assesses the Company's corporate governance. The Presiding Committee resolves, inter alia, on any amendment to the Articles of Association of the Company that only affect the wording (Fassungsänderungen). Where the mat-

ter cannot be delayed and the Supervisory Board cannot pass a resolution in time, the Presiding Committee may resolve upon such matters instead of the Supervisory Board in accordance with the more detailed provisions of its rules of procedure.

## Compensation Committee

In the year under review, the Compensation Committee was formed by the Supervisory Board of the Company in the legal form of the AG for the first time and was composed of the shareholder representatives Ms. Pascale Witz (Chairwoman) and Mr. Shervin J. Korangy. Following the judicial appointment of the employee representatives to the Supervisory Board of the Company, the Supervisory Board on March 14, 2024 also elected the employee representatives Dr. Manuela Stauss-Grabo (since then also Deputy Chairwoman) and Ms. Regina Karsch as members of the Compensation Committee. The Chairwoman of the Compensation Committee, Ms. Witz, is independent of the Company and the Management Board in accordance with recommendation C.10 of the GCGC.

The Compensation Committee is responsible for preparing decisions of the Supervisory Board regarding the compensation of the members of the Management Board. This includes the preparation of the determination of the compensation system and of the short-term and long-term incentive plans for the Management Board as well as the definition of the targets for variable compensation components and the definition of target values as well as of the determination of the target achievement. The Compensation Committee also prepares the regular review by the Supervisory Board of the appropriateness of the compensation system and of the total compensation of the individual Management Board members. The Compensation Committee also reviews the compensation report.

## Nomination Committee

In accordance with recommendation D.4 of the GCGC, only shareholder representatives are members of the Nomination Committee of the Supervisory Board of the Company. As of the end of the year under review, the Nomination Committee consisted of Mr. Michael Sen (Chairman), Mr. Shervin J. Korangy (Deputy Chairman), Ms. Sara Hennicken and Ms. Pascale Witz.

The members of the Nomination Committee of the Supervisory Board of the Company previously in office in the year under review, Dr. Dieter Schenk (Chairman), Mr. Rolf A. Clason (Deputy Chairman) and Dr. Dorothea Wenzel, retired from the Supervisory Board of the Company and its Nomination Committee when the change of legal form of the Company took effect on November 30, 2023.

The Nomination Committee identifies and recommends suitable candidates to the Supervisory Board for its proposals to the General Meeting for the election of Supervisory Board members. The Nomination Committee also recommends suitable candidates to the Supervisory Board in case a judicial appointment of a shareholder representative on the Supervisory Board is required. The Nomination Committee further makes recommendations to the Supervisory Board on members of the shareholder representatives to be elected to the committees of the Supervisory Board. This does not apply to the election of members of the shareholder representatives to the Mediation Committee.

## Mediation Committee

The Mediation Committee formed on March 14, 2024 following the appointment of the employee representatives to the Supervisory Board by the court has since comprised the shareholder representatives Mr. Michael Sen (Chairman) and Mr. Gregory Sorensen, MD, as well as the employee repre-

sentatives Ms. Stefanie Balling (Deputy Chairwoman) and Ms. Beate Haßdenteufel.

The Mediation Committee performs the tasks incumbent upon a Mediation Committee pursuant to Section 27 paragraph 3 in conjunction with Section 31 paragraph 3 sentence 1 of the German Co-Determination Act. It is responsible for putting forward proposals for the appointment or dismissal of members of the Management Board to the Supervisory Board if the respective measure has not been passed by the Supervisory Board with the required majority during the first vote.

## Joint Committee

Until the change of legal form to an AG took effect, the Company had maintained a Joint Committee whose composition and responsibilities were governed by Articles 13a et seqq. of the Articles of Association of the Company in the legal form of the KGaA. For details of the composition and responsibilities of the Joint Committee, see the Declaration on Corporate Governance for 2022, which is available on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section in the sub-section "Corporate Governance". The Joint Committee did not meet in the year under review because no matters arose that were required to be submitted to the Joint Committee. The Joint Committee ceased to exist when the change of the Company's legal form took effect. In the legal

form of an AG, a Joint Committee (as it existed at the Company until the change of legal form took effect) is no longer required nor permissible.

## 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, the Supervisory Board and the global 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 cooperation and decision-making, in order to increase the understanding for the manifold requirements of a globally active company with heterogeneous groups of customers. Diversity, equity and inclusion are an integral part of the sustainability efforts and of the corporate culture of Fresenius Medical Care.

The existing diversity concept for the composition of the Management Board and the Supervisory Board reflects this understanding and is part of the staffing processes. The individual's qualification – this includes expertise as well as skills and experience – continues to be the core selection criterion in particular 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 staffed 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 and for the Supervisory Board 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 GCGC. 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 across selected aspects at the end of the year under review is displayed in the [TABLE 4.5](#). Corresponding information on the diversity level of the Supervisory Board can be found in the section "Profile of skills and expertise as well as qualification matrix".

#### T 4.5 MANAGEMENT BOARD - DIVERSITY ASPECTS

Management Board member	Gender	Nationality	Education	Age
Helen Giza	Female	British and U.S.	Business	55
Martin Fischer	Male	German	Business Informatics	47
Franklin W. Maddux, MD	Male	U.S.	Medicine and Mathematics	66
Dr. Katarzyna Mazur-Hofsäß	Female	Polish and German	Medicine	60
William Valle <sup>1</sup>	Male	U.S.	Business	63

<sup>1</sup> Mr. William Valle left the Management Board at the end of the year under review, and Mr. Craig Cordola (52) was appointed as the member of the Management Board responsible for Care Delivery with effect from January 1, 2024.

## Gender diversity and targets

Until the change of legal form of the Company took effect, the Supervisory Board of the Company was required by law pursuant to Section 111 paragraph 5 of the German Stock Corporation Act 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. Against this background, the Supervisory Board of the Company had resolved in 2022 that at least 30% (and in any case no fewer than two members of the Supervisory Board of the Company) should be female, and set an implementation deadline of May 9, 2027. Since the Company's change of legal form to an AG became effective and the German Co-Determination Act became applicable to the Company, at least 30% of the members of the Supervisory Board must be women and at least 30% must be men in accordance with Section 7 paragraph 3 sentence 1 of the German Co-Determination Act, Section 96 paragraph 2 of the German Stock Corporation Act. For a twelve-member Supervisory Board, this corresponds to at least four women and at least four men. Both aforementioned gender quota requirements were met, both in the year under review (six members, two of whom are female and four of whom are male) and also taking into account the employee representatives appointed by the court in January 2024 (twelve members, six of whom are female and six of whom are male).

Since the change of the Company's legal form to an AG took effect and the German Co-Determination Act became applicable to the Company, gender requirements for the composition of the Management Board, too, are applicable for the first time. According to Section 76 paragraph 3a of the German Stock Corporation Act, if the Management Board of the Company consists of more than three persons, then it must include at least one woman and at least one man. This requirement was also met and continues to be met. At the end of the year

under review, two of the five members of the Management Board (40%) were female and three of the five members (60%) were male.

In accordance with Section 76 paragraph 4 of the German Stock Corporation Act, 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. This obligation already existed before the change of legal form took effect and remains unaffected by it.

The Management Board most recently in 2022 determined targets for female representation in the two top management levels below the Management Board and corresponding implementation periods.

The first management level 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, 24% of managers in this first management level were female (2022: 26%).

The second management level 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, 36% of managers in this second management level were female (2022: 31%).

The respective proportion of women at the end of each year is therefore as shown in the [TABLE 4.6](#).

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 achievements of, and increase to, our diversity targets, as well as their anchoring within the company's sustainability efforts, demonstrate the considerable importance of diversity for Fresenius Medical Care.

### T 4.6 GENDER DIVERSITY AND TARGETS

	Target figure (in %)	Status 2022 (in %)	Status 2023 (in %)
Supervisory Board	30	33	33
Management Board	- <sup>1</sup>	40	40
First Management Level	35 <sup>2</sup>	26	24
Second Management Level	45 <sup>2</sup>	31	36

<sup>1</sup> There are no quota requirements for the Management Board. If the Management Board consists of more than three persons, at least one woman and at least one man must be a member of the Management Board.

<sup>2</sup> Implementation period until December 31, 2027.

## Long-term succession planning

Together with the Management Board, the Supervisory Board of the Company provides for long-term succession planning in accordance with recommendation B.2 of the GCGC. For this purpose, the Chairperson of the Supervisory Board of the Company 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 terms of office about their willingness to continue their mandate. In addition, the Supervisory Board of the Company continuously reviews whether the Management Board continues to be composed in the best possible way. To this end, the Chairperson of the Supervisory Board of the Company discusses with the Chairperson 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 possibly 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, then 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 Company obtains the support of external consultants, where necessary. When evaluating suitable candidates, not only their individual knowledge and experience, but also their personality and their potential contribution to the best possible composition of the Management Board are taken into account. The composition of the Management Board should foster a cooperative working environment across all departments in the interest of the entire company that not only allows, but also promotes, constructive criticism. The Chairperson of the Management Board is closely involved in the entire selection process.

The Supervisory Board gives consideration to diversity in the composition of the Management Board in accordance with recommendation B.1 of the GCGC.

## Compliance and other disclosures on corporate governance practices

Global business activities entail carrying 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 regulations and requirements. The patients, customers, payors, investors and regulators of Fresenius Medical Care, as well as all other stakeholders, justifiably 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 as the basis for entrepreneurial activities.

## 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 legal requirements. It addresses 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](http://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 in complying 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 anything which does not seem to comply with applicable 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 GCGC – external parties can anonymously (to the extent permitted by law) report suspected unethical or inappropriate business practices of employees via a hotline – the Compli-

ance 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 a 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 on the compliance management system can be found in the “Compliance” section of the Non-Financial Group Report starting on page 120 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 69 of the Annual Report. In accordance with recommendation A.5 of the GCGC, this section also comments on the appropriateness and effectiveness of the internal control system and the risk management system.

## German Corporate Governance Code and Declaration of Compliance

The objective of the GCGC is to make the dual German corporate governance system transparent and understandable. The GCGC 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 and the Supervisory Board of the Company endorse the standards set forth in the German Corporate Governance Code. The vast majority of the recommendations and suggestions in the GCGC have been an integral and active part of Fresenius Medical Care’s day-to-day operations since the founding of the company.

The Supervisory Board in accordance with recommendation D.9 of the GCGC arranges 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 GCGC issued by the Management Board and by the Supervisory Board.

The current 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](http://www.freseniusmedicalcare.com) in the “Investors” section in the sub-section “Corporate Governance”. The current, annual Declaration of Compliance according to Section 161 of the German Stock Corporation Act issued by the Management Board and the Supervisory Board of the Company as of December 2023 is reported below.

## Declaration by the Management Board and the Supervisory Board of Fresenius Medical Care AG on the recommendations of the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz)

The Management Board of Fresenius Medical Care Management AG in its former function as general partner of Fresenius Medical Care AG & Co. KGaA and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA last issued a declaration of compliance on the recommendations of the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act in December 2022.

Based on the resolution of the Extraordinary General Meeting of Fresenius Medical Care AG & Co. KGaA on July 14, 2023, Fresenius Medical Care AG & Co. KGaA was converted into a stock corporation with the name Fresenius Medical Care AG (hereinafter: Conversion). The Conversion became effective by registration with the commercial register on November 30, 2023.

The Management Board and the Supervisory Board of Fresenius Medical Care AG (hereinafter also referred to as: Company) declare that since issuance of the declaration of compliance in December 2022 the recommendations of the “German Corporate Governance Code Government Commission” in the version of April 28, 2022 published in the official section of the Federal Gazette by the Federal Ministry of Justice (hereinafter: GCGC) have been complied with and will be complied with in the future. Only the following recommendations of the GCGC have not been or will not be complied with:

## GCGC recommendation B.3:

Pursuant to the GCGC recommendation B.3, the first-time appointment of Management Board members shall be for a maximum of three years.

Upon the effectiveness of the Conversion, Fresenius Medical Care Management AG ceased to be the general partner of Fresenius Medical Care AG & Co. KGaA; the members of the Management Board of Fresenius Medical Care Management AG who were in office at that time resigned from their respective offices in the Management Board on the day the Conversion became effective. In order to ensure personnel continuity in the management of Fresenius Medical Care, the Supervisory Board of the Company appointed these Management Board members as members of the Management Board of the Company, in each case for the period for which they had been appointed as members of the Management Board of Fresenius Medical Care Management AG. This resulted in individual members of the Management Board of the Company being appointed for a term of office longer than three years.

Against the background of the continuation of the management functions by the members of the Management Board, the members of the Management Board were not appointed for the first time within the meaning of the GCGC recommendation B.3. Nevertheless, since from a formal point of view this is a first-time appointment to the Management Board of a different legal entity, a deviation from the GCGC recommendation B.3 is declared for the period from the effective date of the Conversion as a precautionary measure.

## GCGC recommendation C.5:

Pursuant to the GCGC recommendation C.5, a member of the Management Board of a listed company shall not chair the Supervisory Board in a listed company outside the group.

A deviation from this recommendation is declared for the period from the effective date of the Conversion: Mr. Michael Sen is Chairman of the Management Board of Fresenius Management SE, the general partner of the listed Fresenius SE & Co. KGaA (together with its subsidiaries hereinafter: Fresenius Group), and at the same time Chairman of the Supervisory Board of the Company. The Company ceased to be part of the Fresenius Group when the Conversion from a partnership limited by shares (Fresenius Medical Care AG & Co. KGaA) to a stock corporation (Fresenius Medical Care AG) became effective.

Mr. Sen has plausibly explained that he has sufficient time available for the performance of his duties as Chairman of the Supervisory Board of the Company and that he can perform his mandate with due care. This is in line with the fact that Mr. Sen was Chairman of the Supervisory Board of Fresenius Medical Care Management AG, the former general partner of Fresenius Medical Care AG & Co. KGaA, until the day the Conversion became effective, and that, in this function, he was also able to readily balance both positions (i.e., the Chair at the Management Board of Fresenius Management SE and the Chair at the Supervisory Board of Fresenius Medical Care Management AG). Due to this former role at Fresenius Medical Care Management AG, Mr. Sen is also very familiar with the Fresenius Medical Care Group and its circumstances.

## GCGC recommendation C.10:

Pursuant to the GCGC recommendation C.10, the Chairperson of the Supervisory Board shall be independent of the Company and the Management Board.

As a precautionary measure, a deviation from this recommendation is declared for the past with regard to the duration of Dr. Dieter Schenk's Supervisory Board membership, who was a member of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA for more than twelve years and its Chairman from 2018 until the Conversion became effective.

As a precautionary measure, a deviation from this recommendation is also declared for the future insofar as the Chairman of the Supervisory Board of the Company, Mr. Michael Sen, is at the same time the Chairman of the Management Board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA, and Fresenius SE & Co. KGaA will continue to have a business relationship with the Company after the Conversion has become effective and the Company has left the Fresenius Group.

The aforementioned circumstances did not or do not constitute a conflict of interest, nor did they or do they impair the performance of the duties of the respective Chairman of the Supervisory Board.

In all other respects, the GCGC recommendation C.10 has been complied with and will be complied with. In particular, the Chairperson of the Audit Committee of the Supervisory Board of the Company was and is independent within the meaning of this recommendation.

Bad Homburg v.d. Höhe, December 2023

The Management Board

The Supervisory Board

## 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 the Company is divided exclusively into ordinary shares. Each share of the Company entitles the holder to one vote at the General Meeting. Shares with multiple or preference voting rights do not exist.

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.

The exclusions of voting rights to which Fresenius SE & Co. KGaA, as the sole shareholder of the general partner Fresenius Medical Care Management AG, was subject in the past with regard to certain resolutions of the General Meeting of the Company, ceased to apply upon the change of legal form of the Company taking effect and Fresenius Medical Care Management AG leaving the Company.

In accordance with suggestion A.7 of the GCGC, the Chairperson is guided by the principle that a General Meeting should be concluded after four to six hours at the latest. The speech by the Chairperson of the Management Board is generally made publicly available on the Company's website one week before the General Meeting.

The 2023 Annual General Meeting (AGM) of the Company took place at the Congress Center Messe Frankfurt in Frankfurt am Main (Germany) on May 16, 2023 and was held as a virtual General Meeting without the physical presence of sharehold-

ers or their proxies. The decision in favor of the virtual format of the AGM was taken for logistical reasons already at the end of 2022 when there was still significant uncertainty about the development of the COVID-19 pandemic. All members of the management board of the general partner and all members of the Supervisory Board of the Company were present in person at the AGM. Approximately 87.12% of the share capital was represented at the AGM. In accordance with the legal requirements for a virtual General Meeting, shareholders were given the opportunity to submit statements in the form of video messages for publication prior to the General Meeting. The Management Board did not make use of the option provided by the German Stock Corporation Act to require shareholders to submit their questions in advance and to restrict their right to information at the virtual General Meeting to the extent that the questions submitted in advance had already been answered prior to the virtual General Meeting. The shareholders were granted their right to information at the AGM without this restriction. At the AGM, resolutions were passed on the following agenda items:

- > approval of the annual financial statements for fiscal year 2022,
- > allocation of distributable profit,
- > approval of the actions of the general partner for fiscal year 2022,
- > approval of the actions of the Supervisory Board for fiscal year 2022,
- > election of the auditor and group auditor for fiscal year 2023 as well as the auditor for the potential review of the half-year financial report for fiscal year 2023 and other interim financial information,
- > approval of the compensation report for fiscal year 2022,

- > amendment to Article 14 of the Articles of Association to include an authorization of the general partner to provide for the holding of virtual General Meetings.

An EGM of the Company took place on July 14, 2023, which was held at the Congress Center Messe Frankfurt in Frankfurt am Main (Germany) as a General Meeting in presence. All members of the management board of the general partner and all members of the Supervisory Board of the Company, with the exception of the Chairman of the Supervisory Board, who was prevented from attending, were present in person. Approximately 85.54% of the share capital was represented at the EGM. At the EGM, resolutions were passed on the following agenda items:

- > conversion of the Company into the legal form of a stock corporation,
- > election of the members of the Supervisory Board of Fresenius Medical Care AG,
- > confirmation of the election of the auditor and group auditor for fiscal year 2023 as well as the auditor for the potential review of the half-year financial report for fiscal year 2023 and other interim financial information.

All documents and information on the AGM and the EGM are available on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section in the sub-section "Annual General Meeting". The detailed voting results for the individual resolutions can also be found there.

### 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 Manage-



ment Board and of the Supervisory Board of the Company 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 Chairperson 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 GCGC reports to the General Meeting on possible conflicts of interests of its members and on the treatment of such conflicts. If specific conflicts of interest exist or cannot be ruled out with certainty, this is disclosed to the Supervisory Board by the member concerned. If a subsequent review reveals that a conflict of interest exists, suitable measures are taken to resolve the conflict of interest. In the year under review, a conflict of interest on the part of Dr. Dieter Schenk, who in addition to his function as member and Chairman of the Supervisory Board of the Company in the legal form of the KGaA was or is, respectively, also a member of the Supervisory Board of the general partner of Fresenius SE & Co. KGaA, could not be ruled out with respect to resolutions on the implementation of the Company's change of legal form. Dr. Schenk therefore did not take part in the voting on these resolutions. Apart from this, no conflicts of interest arose in the year under review.

Ms. Helen Giza, the Chairwoman of the Management Board, until November 30, 2023 was, with the approval of the 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 members of the Supervisory Board Mr. Gregory Sorensen, MD and Ms. Pascale Witz until November 30, 2023 at the same time were members of the supervisory board of Fresenius Medical Care Management AG, the former general partner of the Company.

The members of the Supervisory Board Mr. Michael Sen and Ms. Sara Hennicken are also members of the management

board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA.

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 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 published on the Company's website at [www.freseniusmedicalcare.com](http://www.freseniusmedicalcare.com) in the "Investors" section in the sub-section "Corporate Governance" as well as at [www.eqs-news.com](http://www.eqs-news.com) in the "Directors' Dealings" section.

## Transparency of reporting

Fresenius Medical Care meets all applicable transparency and external reporting requirements imposed by chapter F of the GCGC. 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. The financial reporting is based on these statements. The consolidated financial statements are published within 90 days after the end of each fiscal year, and the consolidated quarterly reports within 45 days after the end of each quarter in accordance with recommendation F.2 of the GCGC. 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](http://www.freseniusmedicalcare.com) in the "Investors" section in the sub-section "Events".

The annual financial statements and the management report of the Company 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 Wirtschaftsprüfer) since 2020.

The Company's shares are listed in Germany and in the U.S. on the NYSE (in the form of so-called American Depositary Shares evidenced by American Depositary Receipts). 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 GCGC. 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 SEC and the associated observance of the applicable provisions of the Sarbanes-Oxley Act and the Dodd-Frank Act as well as of certain provisions of the Corporate Governance Rules of the NYSE 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 as approved by the Company’s General Meeting as well as the latest resolution of the Company’s Gen-

eral 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](http://www.freseniusmedicalcare.com/en/about-us/management-board/compensation)

[www.freseniusmedicalcare.com/en/about-us/supervisory-board/remuneration](http://www.freseniusmedicalcare.com/en/about-us/supervisory-board/remuneration)

Hof (Saale), March 2024

Fresenius Medical Care AG

represented by the Management Board

# Compensation Report

## Introduction

The Compensation Report of Fresenius Medical Care AG (Company) for the fiscal year 2023 (Fiscal Year) was prepared in accordance with the requirements of Section 162 of the German Stock Corporation Act (Aktiengesetz – AktG). The Compensation Report includes individualized and comprehensive information on the compensation within the meaning of Section 162 paragraph 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 paragraph 2 AktG awarded or promised to members of the management board.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) audited the Compensation Report from a formal perspective pursuant to Section 162 paragraph 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, PwC 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 2023 Annual General Meeting (AGM) of the Company approved the Compensation Report for 2022 with a majority of approximately 61.08% of the votes cast. The relatively low approval rate compared to the previous year (approximately 94.87%) is, as far as can be seen, due to criticism from shareholders regarding the amount of compensation awarded to a former member of the Management Board in 2022. This did not relate to the manner of reporting. The management board of the Company (Management Board) and the supervi-

sory board of the Company (Supervisory Board) are therefore reaffirmed in the manner of reporting. 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.

As scheduled, the Supervisory Board will submit a completely reviewed and revised compensation system for approval at the Company's 2024 AGM, which will apply to the compensation of the Management Board from 2024 (Compensation System 2024+). An outlook for the Compensation System 2024+ can be found at the end of this Compensation Report in the section "Outlook for compensation-related changes."

## The Fiscal Year in retrospect

The compensation awarded and due to the members of the Management Board in the Fiscal Year rewarded their performance in achieving the strategic goals in the Fiscal Year. At the same time, it 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 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

The general conditions for the business of Fresenius Medical Care stabilized over the course of the Fiscal Year and in some cases developed better than expected.

However, the overall economic environment remained challenging in the Fiscal Year and, as in 2022, business performance was impacted by inflation-related cost increases and unfavorable

exchange rate effects. The government support received in 2022 in connection with the COVID-19 pandemic, particularly in the U.S., was also discontinued in the Fiscal Year.

Despite these macroeconomic challenges, the Fiscal Year evidenced a trend towards improving treatment volumes globally. Also, both the labor market in the U.S. and the inflationary environment stabilized.

The positive effects of the far-reaching turnaround measures introduced had an opposing effect to these burdens. Growing savings in connection with the FME25 transformation program, an accelerated improvement in operating performance in the course of the Fiscal Year and the positive effect of the Tricare settlement with the U.S. government led to an increase in the earnings forecast over the course of the year. At the end of the Fiscal Year, the financial forecasts were achieved or exceeded.

### Short-term incentive target achievement for the Fiscal Year

The business performance in the Fiscal Year was reflected by an overall target achievement of 115.40% for the short-term variable compensation component (short-term incentive) for the Fiscal Year. For further details see the section "Short-term incentive – MBBP 2020+."

### Long-term incentive target achievement for the performance period ending at the end of the Fiscal Year

The performance period of the allocation made in 2021 under the Management Board Long Term Incentive Plan 2020 (MB LTIP 2020) as a long-term variable compensation component (long-term incentive) ended upon the end of the Fiscal Year.

The target achievement was governed by the 2021, 2022 and 2023 performance periods. The annual target values and the target achievement were each as shown in the following [TABLE 4.7](#):

**T 4.7 TARGET VALUES AND TARGET ACHIEVEMENT FOR THE ALLOCATION 2021 UNDER THE MB LTIP 2020**

	Target values			Actual values			Target achievement	
	0%	100%	200%	As reported	Adjustments <sup>1</sup>	According to plan terms	Per performance target	Annual
<b>2021</b>								
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%	
<b>2022</b>								
Revenue growth	≤ 1%	= 6%	≥ 11%	10.1%	(8.0%)	2.1%	22%	
Net income growth	≤ 0%	= 5%	≥ 10%	(30.5%)	(6.1%)	(36.6%)	0%	7%
Return on invested capital (ROIC)	≤ 5.5%	= 6.0%	≥ 6.5%	3.3%	—%	3.3%	0%	
<b>2023</b>								
Revenue growth	≤ 1%	= 6%	≥ 11%	0.3%	5.2%	5.5%	90%	30%
Net income growth	≤ 0%	= 5%	≥ 10%	(25.9%)	1.6%	(24.3%)	0%	
Return on invested capital (ROIC)	≤ 5.5%	= 6.0%	≥ 6.5%	2.8%	—%	2.8%	0%	
<b>OVERALL TARGET ACHIEVEMENT</b>								<b>14%</b>

<sup>1</sup> Revenue growth and net income growth were according to the plan terms of the MB LTIP 2020 determined at constant currency.

The compensation under the MB LTIP 2020 vests on the third anniversary after the respective allocation and is required to be invested in shares of the Company acquired on the stock exchange which are to be held for at least one year. In accordance with recommendation G.10 of the German Corporate Governance Code (GCGC), the members of the Management board cannot dispose of the corresponding amounts before four years have passed since the respective allocation.

The amounts to be invested in shares of the Company from the allocation for 2021 can be determined only after vesting in 2024 and will be disclosed in the Compensation Report for 2024.

Details on the amounts to be invested in shares of the company in the Fiscal Year from the allocation for 2020 can be found in the section “Vested amounts (Allocation 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 the Fiscal Year, has been operating under a significantly simplified structure with two global segments: Care Enablement and Care Delivery. The allocation of responsibilities of the Management Board had already been adjusted to the realigned operating model as of January 1, 2022. As in the previous year, the elimination of Management Board functions with regional responsibility associated with the realignment of the operating model meant that the short-term incentive for the Fiscal Year for all members of the Management Board in accordance with the applicable “Compensation System 2020+” was exclusively subject to performance targets that were measured at Group level (globally) and no longer also partially at regional level.

Mr. Martin Fischer has been appointed as the new Chief Financial Officer (CFO) of Fresenius Medical Care with effect from October 1, 2023. Mr. Fischer took over this role from Ms. Helen Giza, who was appointed Chairwoman of the Management Board in December 2022 and continued in the CFO role on an interim basis until the end of September 30, 2023.

The member of the Management Board Mr. William Valle left the Management Board at the end of the Fiscal Year. Mr. Valle has been succeeded by Mr. Craig Cordola, who has been appointed a member of the Management Board effective January 1, 2024. More detailed information on the agreements concluded with Mr. Valle with a view to his departure from the Management Board can be found in the section “Agreements with a member of the Management Board who resigned from office at the end of the Fiscal Year.” In this Compensation Report, the compensation for Mr. Valle is reported together with the compensation of the current members of the Management Board because Mr. Valle was a member of the Manage-

ment Board for the entire financial year. This is in line with previous practice in comparable cases.

## The Company's structure and corporate bodies' compensation

Until November 30, 2023, the Company had the legal form of a partnership limited by shares (KGaA) with the company name "Fresenius Medical Care AG & Co. KGaA". The business of the Company in the legal form of a KGaA was managed by its general partner, Fresenius Medical Care Management AG (General Partner), represented by its management board. In the legal form of a KGaA, the Company did not have its own management board.

The Extraordinary General Meeting of the Company on July 14, 2023 resolved to convert the Company into a stock corporation (Aktiengesellschaft – AG) by way of a change of legal form in accordance with the provisions of the German Transformation Act (Umwandlungsgesetz) (change of legal form). The change of legal form became effective upon registration with the commercial register of the competent local court in Hof (Saale), Germany, on November 30, 2023. Since then, the Company has had the legal form of an AG with the company name "Fresenius Medical Care AG".

The General Partner Fresenius Medical Care Management AG exited the Company when the change of the Company's legal form became effective. The management of the Company and the conduct of its business are now no longer the responsibility of a general partner, but of the Company's Management Board.

The members of the management board of the General Partner exited the General Partner in the course of the change of legal form and were appointed as members of the Company's Management Board by the Supervisory Board of the Company. The service agreements of the members of the Manage-

ment Board were transferred from the General Partner to the Company at unchanged conditions. The change of legal form therefore does not lead to any changes in the compensation of the members of the Management Board.

For further information on the change of legal form and the Company's corporate governance as well as on the corporate bodies of the Company and their composition, see the Company's Declaration on Corporate Governance (Erklärung zur Unternehmensführung) for the Fiscal Year, which is publicly available on the Company's website.

Against this background, the Company's Compensation Report for the Fiscal Year includes both information on the compensation of the members of the management board of Fresenius Medical Care Management AG, insofar as it was the general partner of the Company in the Fiscal Year (i.e., until the change of the Company's legal form took effect on November 30, 2023), and information on the compensation of the members of the Company's Management Board since the change of the legal form took effect. Information on the Management Board in this Compensation Report relates to the management board of the general partner for the period until the change of legal form took effect and to the Management Board of the Company for the period after the change of legal form took effect.

As in previous years, the Company's Compensation Report also includes information on the compensation of the members of the supervisory board of Fresenius Medical Care Management AG in addition to information on the compensation of the members of the Supervisory Board of the Company. However, information on the compensation of the members of the supervisory board of Fresenius Medical Care Management AG is limited to the period for which it was the general partner of the Company (i.e., until the change of the Company's legal form took effect on November 30, 2023). The corresponding information can be found in the section "Compensation of the members of the supervisory board."

## General Partner's compensation

Pursuant to Article 7 paragraph 4 of the Company's Articles of Association as in effect until the Company's change of legal form, Fresenius Medical Care Management AG as general partner received 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 claim only existed for the period until the change of the Company's legal form took effect and the General Partner exited the Company, i.e. for the period until November 30, 2023. 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 €110 THOUS.

In addition, pursuant to Article 7 paragraph 3 of the Company's Articles of Association in the version applicable until the effectiveness of the Company's change of legal form, the General Partner was reimbursed for any expenses incurred in connection with managing the Company's affairs until November 30, 2023. This includes, in particular, the compensation of the members of its management board and its supervisory board.

## Compensation Governance of the members of the Management Board

Until effectiveness of the Company's change of legal form on November 30, 2023, the General Partner's supervisory board was responsible for determining the compensation of the members of the Management Board. The General Partner's supervisory board was supported in this by a personnel committee established from among its members, the Human Resources Committee, which was also responsible for the tasks of a compensation committee. The Human Resources Committee consisted of Mr. Michael Sen (Chairman), Dr. Dieter Schenk (Deputy Chairman) and Mr. Rolf A. Classon.

Since the Company's change of legal form took effect, the Company's Supervisory Board has been responsible for determining the compensation of the members of the Management Board. The Company's Supervisory Board is supported in this by the Compensation Committee formed from among its members, which as a rule includes two shareholder representatives and two employee representatives from the Supervisory Board. In the Fiscal Year, only the shareholder representatives Ms. Pascale Witz (Chairwoman) and Mr. Shervin J. Korangy (both since the change of legal form took effect) have been members of the Compensation Committee.

Resolutions on the determination of compensation were or are passed by the relevant supervisory board as a whole. The Human Resources Committee of the supervisory board of the General Partner and the Compensation Committee of the Supervisory Board of the Company prepared or prepare the resolutions.

The Supervisory Board of the Company in the legal form of an AG has adopted the resolutions of the supervisory board of the General Partner concerning the compensation of the members of the Management Board. This also applies in particular to the respective plan terms that apply to the short-term and long-term incentives of the members of the Management Board. In this respect, too, the Company's change of legal form does not result in any changes to the compensation of the members of the Management Board.

Unless otherwise indicated, the following information on the compensation of the members of the Management Board relates to the members of the Management Board of the Company currently in office or in office until the end of the Fiscal Year. In the Fiscal Year until the change of the Company's legal form took effect, these were each members of the management board of the general partner. For the amounts, see the section "Compensation tables for the current Management Board members and members in office until the end of the Fiscal Year."

For information on compensation of former members of the Management Board of the Company or of the management board of the General Partner in the Fiscal Year, including the amounts of such compensation, see the section "Former Management Board members' compensation."

## 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+", which was approved by the Company's AGM on August 27, 2020 with a majority of more than 95% of the votes cast and implemented in the service agreements of the 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/](http://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 GCGC in the version dated April 28, 2022. Any deviations from the recommendations of the GCGC are disclosed in accordance with the legal requirements.

To the extent that compensation based on multi-year variable compensation which had been allocated prior to the applicability of the Compensation System 2020+ was paid out to members of the Management Board in the Fiscal Year, this was done in accordance with the respectively applicable

compensation systems previously approved by the Company's AGM.

See the section "Variable compensation components from allocations made prior to the Compensation System 2020+" for details on such multi-year variable compensation.

## Horizontal and vertical compensation reviews

In determining the individual Management Board members' total compensation, the Supervisory Board takes into account their different functions and responsibilities within the Management Board and the Company's economic situation. Furthermore, the 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 candidates for the Management Board.

In order to assess the appropriateness of the compensation system and the individual compensation of the Management Board members, the 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. To this end, 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, which include DAX

companies as well as U.S. companies that operate in a comparable sector and are of a comparable size. In view of the change in the Company's index membership from DAX to MDAX in the Fiscal Year, also the corresponding compensation data for MDAX companies was used. For the Fiscal Year, the DAX and MDAX companies in the composition of December 31, 2022 and – depending on the specific tasks of the relevant member of the Management Board – the following companies listed in the U.S. were used: Baxter International Inc., Boston Scientific Corporation, Cigna Corporation, CVS Health Corporation, DaVita Inc., Elevance Health, Inc. (previously Anthem Inc.), Encompass Health Corporation, Humana Inc., McKesson Corporation, Medtronic plc and UnitedHealth Group Incorporated.

The 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. When conducting the vertical review, the Supervisory Board in accordance with recommendation G.4 of the GCGC also took into account the development of compensation levels over time.

On the basis of the compensation reviews it carried out in the Fiscal Year, the Supervisory Board came to the conclusion that the compensation of the Management Board is appropriate in terms of both its structure and amount.

## C 4.8 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 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.

## 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 in [CHART 4.8](#).

### 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.

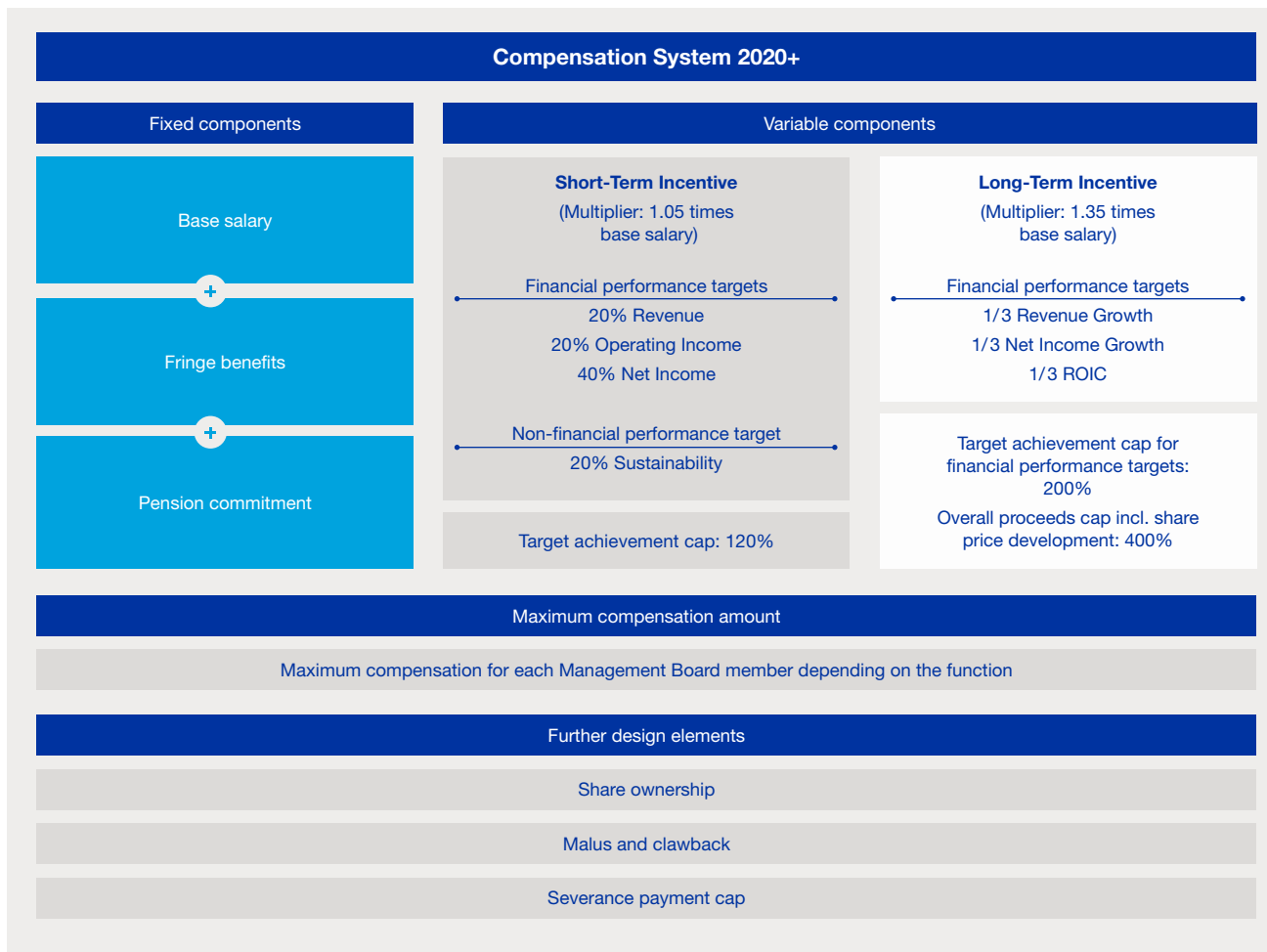
The Compensation System 2020+ was developed based on the following guiding principles. Due to the realignment of the operating model under the FME25 program and the associated elimination of Management Board functions with regional responsibility, only global and no regional performance targets were applied in the Fiscal Year, as in the previous year. Further, the Compensation System 2020+ also complies with the recommendations of the GCGC in the currently applicable version of April 28, 2022.



## Components of the Compensation System 2020+

The overview [CHART 4.9](#) shows the compensation components and further design elements of the Compensation System 2020+, which are described in more detail below.

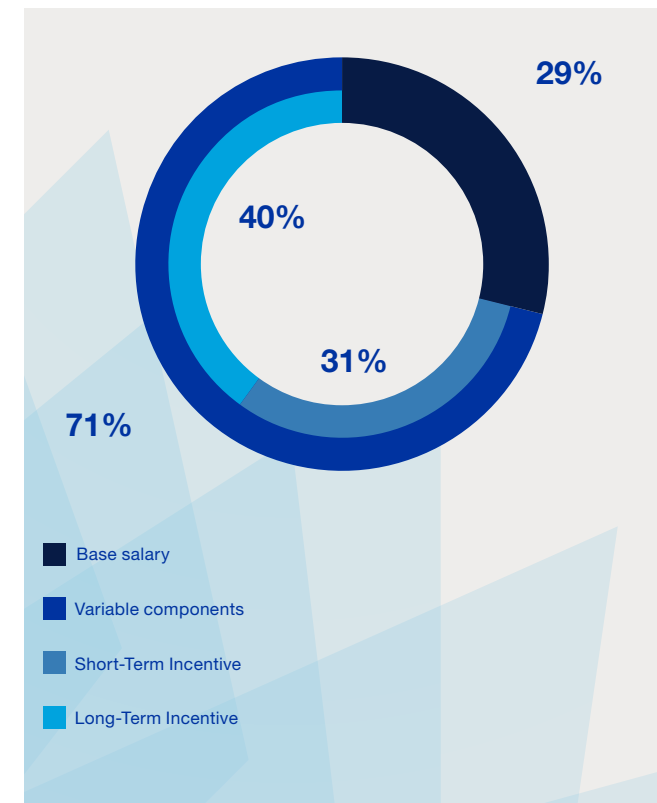
C 4.9 COMPONENTS OF THE COMPENSATION SYSTEM 2020+



## 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.

C 4.10 COMPENSATION STRUCTURE



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, performance-based. Owing to a 40% long-term incentive share (i.e., 56% of variable compensation components) in the target total direct compensation, 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 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 Supervisory Board has further agreed a cap option for the variable compensation components in the event that extraordinary developments occur. In the Fiscal Year, there was no reason for the Supervisory Board to make use of this cap option.

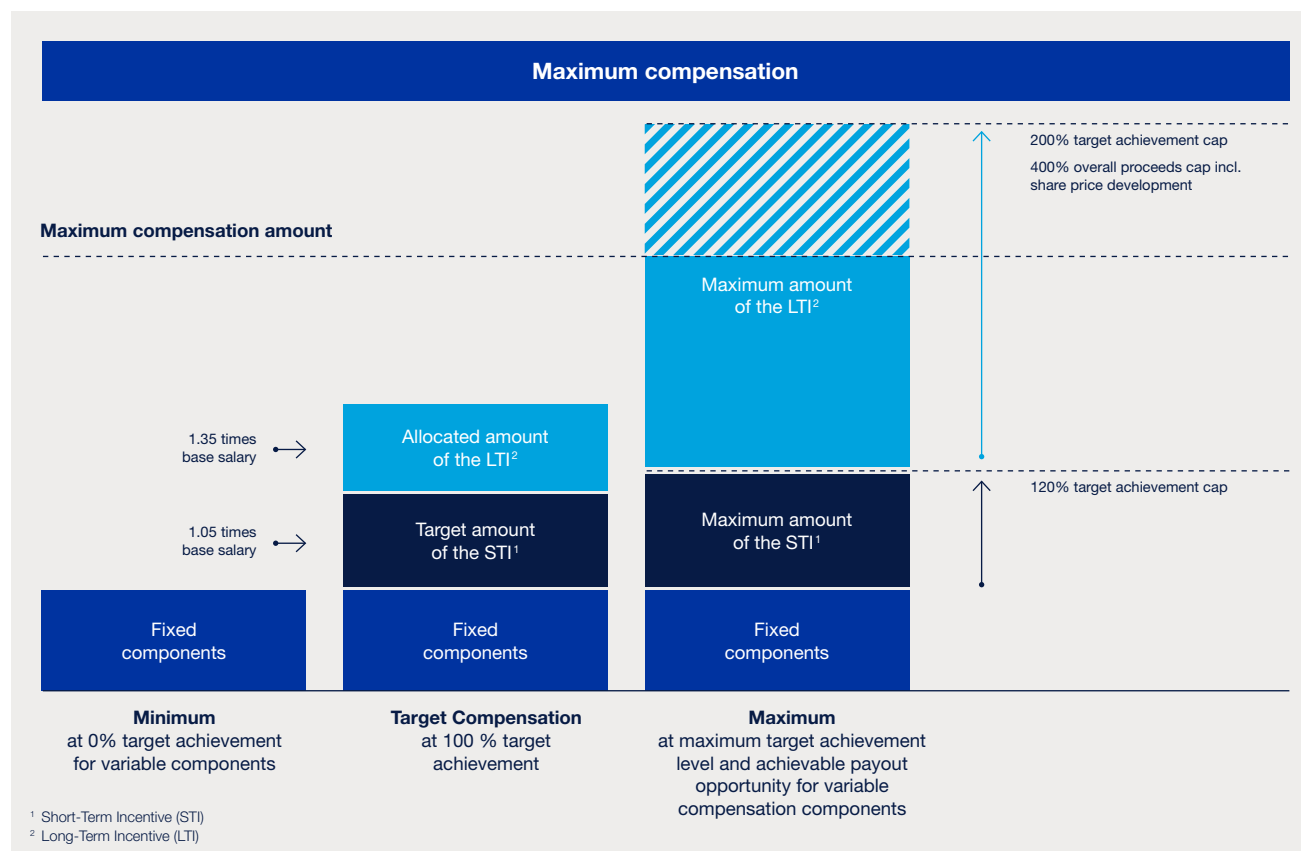
The Compensation System 2020+ provides for a maximum amount of total compensation for each member of the Management Board (maximum compensation). Such maximum compensation limits the amounts potentially paid out to and received by a member of the Management Board as compensation from determinations or 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 caps and maximum compensation under the Compensation System 2020+ are shown in the [CHART 4.11](#):

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 Chairperson of the Management Board (CEO), €9,500 THOUS or \$10,635 THOUS for the CEO North America (now responsible for Care

C 4.11 CAPS AND MAXIMUM COMPENSATION UNDER THE COMPENSATION SYSTEM 2020+



Delivery) and €7,000 THOUS or \$7,836 THOUS for any other Management Board function.

## Compliance with maximum compensation (Allocations 2020)

Compliance with the maximum compensation under the Compensation System 2020+ could for the first time be reviewed in the Fiscal Year since the vesting period for the long-term incentive allocated in 2020 only ended in the Fiscal Year and the amount earned in this respect was determined. The individual maximum compensation amounts for the respective members of the Management Board for 2020 were in each case complied with. The maximum compensation was complied with for 2020. It was not necessary to reduce the payout amount of the long-term incentive (as provided for in the Compensation System 2020+ in order to avoid exceeding the maximum compensation if necessary). The details are shown in the [TABLE 4.12](#):

**T 4.12 COMPLIANCE WITH THE MAXIMUM COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD THEN IN OFFICE FOR 2020 IN € THOUS**

	Current members of the Management Board and members in office until the end of the Fiscal Year			
	Helen Giza	Franklin W. Maddux, MD <sup>1</sup>	Dr. Katarzyna Mazur-Hofsäß	William Valle <sup>1</sup>
Base salary	855	822	910	1,394
Fringe benefits	320	205	33	333
Pension expense	—	—	—	4,152 <sup>2</sup>
Total fixed components	1,175	1,027	943	5,879
Short-term incentive	839	806	1,050	1,443
Long-term incentive (MB LTIP 2020)	387	336	372	570
Total variable components	1,226	1,142	1,422	2,013
<b>Total compensation for 2020</b>	<b>2,401</b>	<b>2,169</b>	<b>2,365</b>	<b>7,892</b>
<i>Cap short-term incentive</i>	<i>1,077</i>	<i>1,036</i>	<i>1,147</i>	<i>1,756</i>
<i>Cap long-term incentive</i>	<i>4,617</i>	<i>4,439</i>	<i>4,914</i>	<i>7,528</i>
<i>Maximum compensation</i>	<i>7,000<sup>3</sup></i>	<i>7,000</i>	<i>7,000</i>	<i>9,500</i>

	Former members of the Management Board			
	Rice Powell <sup>1</sup>	Dr. Olaf Schermeier	Kent Wanzek <sup>1</sup>	Harry de Wit
Base salary	1,804	725	808	735
Fringe benefits	438	137	216	327
Pension expense	—	504 <sup>4</sup>	474	619 <sup>4</sup>
Total fixed components	2,242	1,366	1,498	1,681
Short-term incentive	1,770	711	793	754
Long-term incentive (MB LTIP 2020)	739	297	331	301
Total variable components	2,509	1,008	1,124	1,055
<b>Total compensation for 2020</b>	<b>4,751</b>	<b>2,374</b>	<b>2,622</b>	<b>2,736</b>
<i>Cap short-term incentive</i>	<i>2,273</i>	<i>914</i>	<i>1,018</i>	<i>926</i>
<i>Cap long-term incentive</i>	<i>9,742</i>	<i>3,915</i>	<i>4,363</i>	<i>3,969</i>
<i>Maximum compensation</i>	<i>12,000</i>	<i>7,000</i>	<i>7,000</i>	<i>7,000</i>

<sup>1</sup> The maximum compensation of Messrs. Franklin W. Maddux MD, William Valle, Rice Powell and Kent Wanzek for 2020 is agreed in U.S. dollar. For the presentation in this table, the U.S. dollar amounts were translated with the exchange rate of €1/\$1.11947 used when the maximum compensation in the Compensation System 2020+ was determined, which is why the amounts set out herein may deviate from the amounts set out in other tables of this Compensation Report or in tables of previous Compensation Reports.

<sup>2</sup> The pension commitment was made in 2020. The pension expense set out herein includes the past service cost which relates to the service period rendered since the appointment as a member of the Management Board.

<sup>3</sup> In 2020, Ms. Helen Giza was CFO. Therefore, the maximum compensation amount applicable to the CFO applies to her maximum compensation for 2020.

<sup>4</sup> The base salary of Dr. Olaf Schermeier and Mr. Harry de Wit was adjusted in 2020. The pension expense set out herein includes the past service cost recognized in 2020 to account for the salary adjustments.

## Malus and clawback

Under the Compensation System 2020+, the Supervisory Board is entitled to withhold or reclaim variable compensation components in cases of a Management Board member's misconduct or non-compliance with his or her 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 Supervisory Board to make use of these authorizations.

## Management Board members' compensation

The compensation awarded or due in the Fiscal Year to the current Management Board members and members in office until the end of the Fiscal Year will be described in more detail below. Tables showing their respective total compensation are set out in the section "Compensation tables for the current Management Board members and 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."

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 (long-term incentive), consisting of payments under share-based cash-settled compensation allocated in previous years.

## 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 individual service agreements mainly consisted of the private use of company cars or the payment of a mobility allowance, 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. 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, the latter of which providing for the mandatory holding of shares in the Company.

Compensation from this long-term incentive component was earned for the first time in the Fiscal Year and had to be invested in shares in the Company acquired on the stock exchange which must be held for at least one year. Details on the amounts invested from the allocation for 2020 in the Fiscal Year can be found in the section "Vested amounts (Allocation 2020)."

Details on the target values and target achievement to the allocation of the long-term incentive component made in 2021 can be found in the section "Long-term incentive target achievement for the performance period ending at the end of the Fiscal Year." The amounts from the allocation for 2021 will not vest until 2024 and must then be invested in shares of the Company.

In addition, some Management Board members received a long-term incentive from outstanding compensation components allocated in previous years under any of the compensation systems applicable until December 31, 2019. For more detailed information, see the section "Variable compensation components from allocations made prior to the Compensation System 2020+."

**C 4.13 VARIABLE COMPENSATION COMPONENTS UNDER THE COMPENSATION SYSTEM 2020+**

Variable Compensation	
<p><b>Short-Term Incentive</b></p> <ul style="list-style-type: none"> <li>→ Annual payment in cash after completion of the fiscal year</li> <li>→ Financial targets: revenue, operating income and net income</li> <li>→ Non-financial targets: sustainability</li> <li>→ Overall target achievement: 0-120%</li> </ul>	<p><b>Long-Term Incentive</b></p> <ul style="list-style-type: none"> <li>→ Performance Share Plan with a performance period of three years</li> <li>→ Investment of the proceeds in Company shares acquired on the stock exchange with a holding period of at least one year</li> <li>→ Targets: revenue growth, net income growth and return on invested capital (ROIC)</li> <li>→ Overall target achievement: 0-200%</li> </ul>

**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 the overview [CHART 4.13](#):

**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 targets and one non-financial performance target.

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 relevant base salary of the respective Management Board member.

**Functioning**

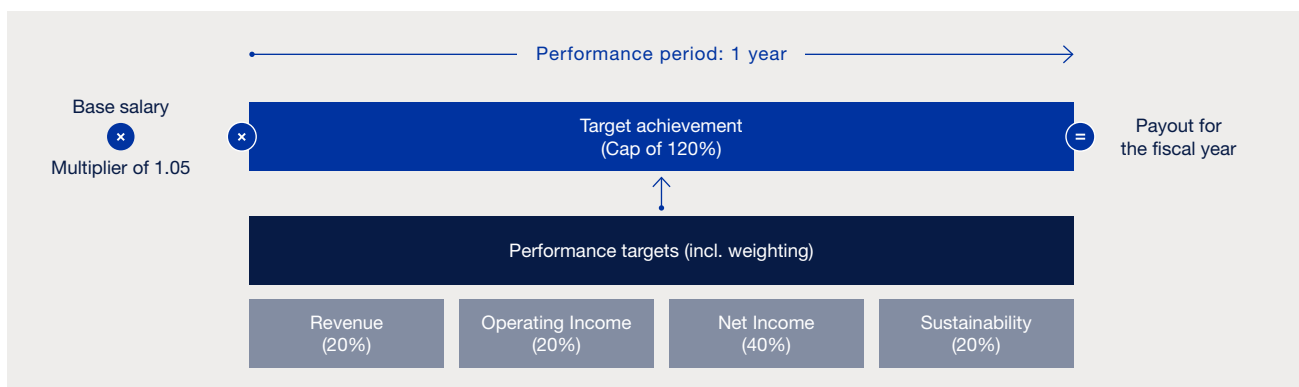
The functioning of the MBBP 2020+ is shown in the [CHART 4.14](#).

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.

The Supervisory Board 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%. 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 short-term incentive is paid out in the year following the year of target achievement.

**C 4.14 SHORT-TERM INCENTIVE – MBBP 2020+**



## Link to strategy

The financial performance targets (revenue, operating income, net income) reflect key performance indicators or important financial performance indicators of the Company and support the Company's strategy of achieving sustainable, profitable growth. The key success factors for continuous growth in revenue are to attract new customers for products as 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.

The non-financial performance target reaffirms the company's commitment to using sustainability as an important performance indicator in the implementation of its strategy and to linking the compensation of the Management Board even more closely to the sustainability-related development of the Company. 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 – until 2021 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.

The realignment of the company's operating model under the FME25 program and the elimination of Management Board functions with regional responsibility had the effect that the short-term incentive for the Fiscal Year for all members of the Management Board, in accordance with the Compensation System 2020+, as in the previous year was subject exclusively to performance targets measured at Group global level and no longer also partially at regional level.

The target values applied to the financial performance targets in the Fiscal Year and their achievement are set out in the [TABLE 4.15](#).

## 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. The non-financial performance target reaffirms the Company's commitment to integrating sustainability into its corporate strategy and implementing its global sustainability goals.

For the Fiscal Year, the Supervisory Board defined three equally weighted sustainability criteria as non-financial performance target for the short-term incentive: patient satisfaction, employee satisfaction and the development of a measurable sustainability assessment of the company's product and service portfolio.

Patient satisfaction was determined using the Net Promoter Score (NPS). The NPS is a strategically relevant measure of patient satisfaction with the company's services. The NPS is determined on the basis of patient surveys conducted as part of Fresenius Medical Care's global Patient Experience Program.

The company has set itself the target of achieving an NPS value of at least 70 every year. This corresponds to a target achievement of 100% for the Fiscal Year. For the sustainability criterion "patient satisfaction", the Supervisory Board in addition to the requirements of the Compensation System 2020+ also set a target value for a target achievement of 75%. This was intended to adequately reflect the high ambition of the corporate target, the achievement of which is required to reach 100% of the target, compared to industry benchmarks. Insofar as the figures determined for the NPS were between the respective target values for target achievement of 50% to 75%, 75% to 100% or 100% to 120%, target achievement was determined by linear interpolation. If the target value for target achievement of 50% was not achieved, the target achievement for the sustainability criterion "patient satisfaction" was 0%.

**T 4.15 SHORT-TERM INCENTIVE – TARGET VALUES AND TARGET ACHIEVEMENT IN THE FISCAL YEAR**

	Target values <sup>1</sup>				Actual values			Target achievement
	0%	50%	100%	120%	As reported	Adjustments <sup>2</sup>	According to plan terms	in %
	in € M	in € M	in € M	in € M	in € M	in € M	in € M	
Revenue	≤ 18,201	= 19,414	= 20,223	≥ 22,245	19,454	1,139	<b>20,593</b>	<b>103.66</b>
Operating income	≤ 931	= 1,041	= 1,096	≥ 1,260	1,369	52	<b>1,421</b>	<b>120.00</b>
Net income	< 319	= 357	= 375	≥ 450	499	25	<b>524</b>	<b>120.00</b>

<sup>1</sup> According to the plan terms, the target values had to be adjusted by the amounts from effects resulting from strategic portfolio divestments. The target values shown here already include these adjustments and are therefore only to a limited extent comparable with the underlying financial figures.

<sup>2</sup> 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, one-time costs in connection with the Company's change of legal form were excluded when determining the target achievement.

## T 4.16 SHORT-TERM INCENTIVE – SUSTAINABILITY CRITERION PATIENT SATISFACTION

	Target values					Target achievement	
	0%	50%	75%	100%	120%	Absolute	Relative
	in points	in points	in points	in points	in points	in points	in %
<b>Net Promoter Score</b>	< 50	= 50	= 57	= 70	≥ 72	72	120.00

The target achievement for the sustainability criterion “patient satisfaction” was 120.00%.

The sustainability criterion “employee satisfaction” is another strategically relevant indicator and was measured using the Employee Engagement Index (EEI). As part of a group-wide survey, the company evaluated employee feedback on positive aspects of the working environment as well as opportunities for improvement. The company determined the employee engagement score by asking how many employees would say positive things about Fresenius Medical Care, how many intend to stay at Fresenius Medical Care and how many are motivated to perform well at Fresenius Medical Care. For the EEI, the answers were rated on a scale from one (I strongly disagree) to six (I strongly agree). From this, the company derived the point value for employee satisfaction.

Also for the sustainability criterion “employee satisfaction”, the Supervisory Board in addition to the requirements of the Compensation System 2020+ also set a target value for target achievement of 75%. Where the figures determined for the EEI were between two defined target values, the target achievement was determined by linear interpolation.

The target achievement for the sustainability criterion “employee satisfaction” was 100.00%.

The third sustainability criterion for the Fiscal Year concerned the development of a measurable assessment of the company’s product and service portfolio in terms of sustainability aspects. The measures incentivized by this performance target serve to create the basis for evaluating the sustainability performance of the company’s products and services avail-

able on the market, measuring it quantitatively in the future and aligning it with an even more sustainable profile. This performance target is in line with the company’s goal of carrying out an assessment of the sustainability performance of the relevant product and service portfolio by 2026.

Six sub-targets were assessed for target achievement. To achieve 50% of the target, four of these sub-targets had to be met: (i) the creation of a list of the portfolio covering at least 95% of relevant revenue. On this basis, (ii) a methodology and minimum criteria had to be defined with which the company’s key products and services could be quantitatively assessed from a sustainability perspective. In addition, (iii) a process for data collection and internal company responsibilities for the continuous assessment of the portfolio from a sustainability perspective had to be defined. The fourth sub-goal related to (iv) proving the suitability of the defined measures on the basis of a successfully completed data dry-run. This had to be carried out with one product and one service with a high proportion of revenue. To achieve 100% of the target, the Management Board also had to develop a plan for the gradual introduction of the future sustainability assessment of the portfolio, which would cover at least 95% of revenue by 2026. This is in line with the corresponding corporate target. To achieve 120% of the target, the Management Board also had to create the conditions for the number of products and services covered by the data dry-run and their share of revenue to be reported as audited figures in the company’s non-financial reporting for the Fiscal Year.

## T 4.17 SHORT-TERM INCENTIVE – SUSTAINABILITY CRITERION EMPLOYEE SATISFACTION

	Target values					Target achievement	
	0%	50%	75%	100%	120%	Absolute	Relative
	in points	in points	in points	in points	in points	in points	in %
<b>Employee Engagement Index</b>	≤ 4.0	= 4.1	= 4.3	= 4.4	≥ 4.6	4.4	100.00

For the sustainability criterion relating to the sustainability assessment of the company’s product and service portfolio, no target achievement between two defined target values was possible. Therefore, no linear interpolation was provided for.

The target achievement for this third sustainability criterion was 120.00%.

The overall target achievement for the sustainability target was 113.33% and was determined on the basis of a third-party audit.

The target achievement for the sustainability target and the individual, equally weighted sustainability criteria are shown in the [TABLE 4.18](#).

### 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 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.

The [TABLE 4.19](#) shows the target achievement per performance target as well as the overall target achievement for the Fiscal Year.

The amounts to be paid out to the individual Management Board members in 2024 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 the [TABLE 4.20](#).

The corresponding information on the short-term incentive paid out in the Fiscal Year for the performance in 2022 was previously disclosed in the Compensation Report for the fiscal year 2022.

#### T 4.18 SHORT-TERM INCENTIVE – SUSTAINABILITY TARGET ACHIEVEMENT IN THE FISCAL YEAR IN %

Target achievement per sustainability criterion			Sustainability target achievement
Patient Satisfaction	Employee Satisfaction	Sustainability assessment of the product and service portfolio	
120	100	120	113.33

#### T 4.19 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%)	
103.66	120	120	113.33	115.40

#### T 4.20 SHORT-TERM INCENTIVE – AMOUNTS TO BE PAID IN 2024 FOR THE PERFORMANCE IN THE FISCAL YEAR IN € THOUS

	Base salary	Multiplier	Target amount	Cap (120%)	Overall target achievement in %	Payout amount
Helen Giza <sup>1</sup>	1,665	1.05	1,748	2,098	115.40	2,017
Martin Fischer <sup>2</sup>	200	1.05	210	252	115.40	242
Franklin W. Maddux, MD <sup>1</sup>	980	1.05	1,029	1,235	115.40	1,188
Dr. Katarzyna Mazur-Hofsäß	1,064	1.05	1,117	1,340	115.40	1,289
William Valle <sup>1</sup>	1,526	1.05	1,602	1,922	115.40	1,849

<sup>1</sup> Note for the amounts as set out herein that the compensation components for Ms. Helen Giza as well as Messrs. Franklin W. Maddux, MD 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.

<sup>2</sup> Mr. Martin Fischer was appointed as a member of the Management Board as of October 1, 2023, and correspondingly receives the Short-Term Incentive for the Fiscal Year on a pro-rated basis.



## Long-term incentive – MB LTIP 2020

On the basis of the Compensation System 2020+, 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 allocation amount for the Performance Shares equals 135% (multiplier of 1.35) of the relevant base salary of the respective Management Board member.

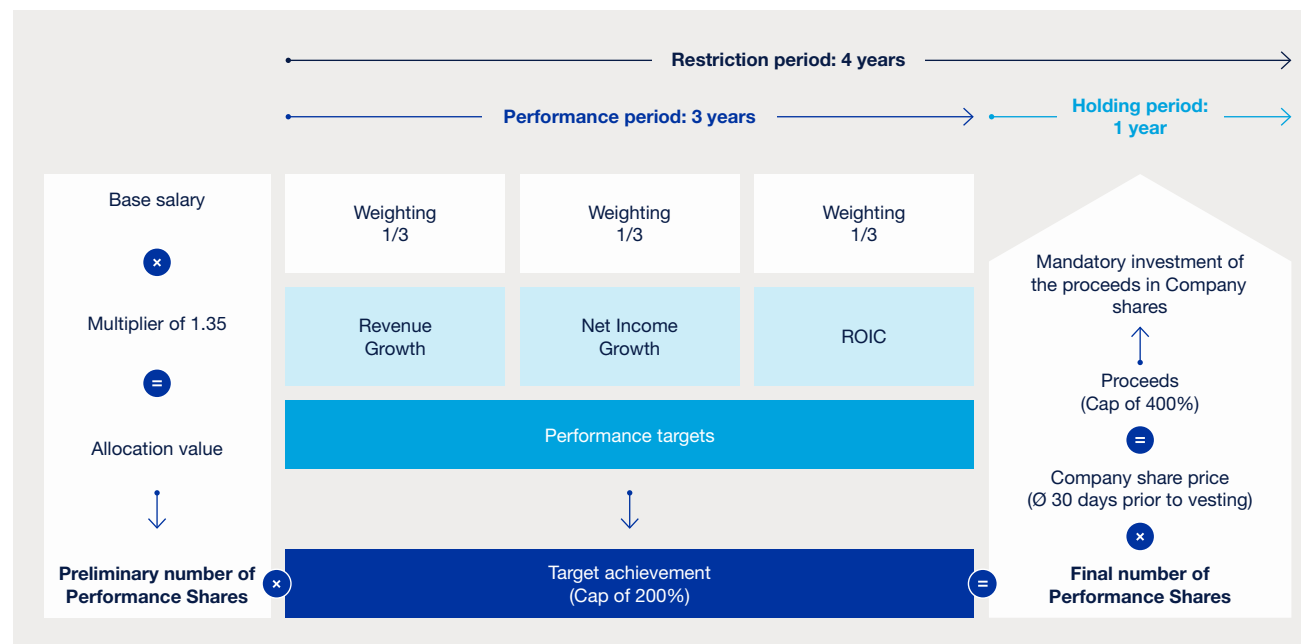
In order to determine the number of Performance Shares to be allocated to the relevant Management Board member, the relevant allocation amount is divided by the value per Performance Share determined in accordance with IFRS 2 and considering the average price of the Company's shares over a period of 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 the [CHART 4.21](#).

The Supervisory Board 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

C 4.21 LONG-TERM INCENTIVE – MB LTIP 2020



target value is reached or exceeded, a target achievement of 200% 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 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 perfor-

mance 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 (the amount that can be earned under an allocation) are capped at 400% of the relevant allocation amount.

The proceeds from the Performance Shares (after taxes and duties) are transferred to a bank, which uses them to purchase shares in the Company on the stock exchange. The shares

acquired in this way are subject to a holding period of at least one year. The members of the Management Board can therefore only dispose of this long-term incentive after a period of at least four years.

### Link to strategy

The three performance targets revenue growth, net income growth and return on invested capital (ROIC) were selected because they provide effective incentives that the Company's investments achieve a certain return and thus promote long-term, profitable growth and an attractive total return for shareholders. These performance targets form part of the Company's key performance indicators or important financial performance indicators and support the execution of the Company's long-term strategy.

### Allocation in the Fiscal Year

The target achievement levels of the performance targets revenue growth and net income growth for the allocation in the Fiscal Year – as for the allocation in the previous year – were calculated based on a compound annual growth rate (CAGR) over the entire three-year performance period. To ROIC, annual target values apply. The respective target values are disclosed after the end of the three-year performance period.

In the Fiscal Year, the Performance Shares shown in the [TABLE 4.23](#) were allocated; their number was determined taking into account the allocation amount (base salary 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.”

#### C 4.22 MB LTIP 2020 – LINK OF PERFORMANCE TARGETS TO STRATEGY

Performance target	Revenue Growth	Net Income Growth	ROIC
<b>Weighting</b>	1/3	1/3	1/3
<b>Rationale and link to strategy</b>	The key to continue growing revenue is to attract new product customers and new patients, thereby increasing the number of treatments performed each year, as well as delivering in the other health care businesses. Revenue growth also reflects the continuous importance of growth for the long-term success of the group.	On a group level, percentage growth in net income is an important financial performance indicator used for internal management. Net Income Growth reflects the long-term development of the profitability of the group.	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.

#### T 4.23 PERFORMANCE SHARES ALLOCATED IN THE FISCAL YEAR UNDER THE MB LTIP 2020

	Base salary	Multiplier	Allocation amount	Value per Performance Share at allocation <sup>1</sup>	Number of Performance Shares	Cap (400%)
	in € THOUS		in € THOUS	in €		in € THOUS
Helen Giza <sup>2</sup>	1,665	1.35	2,248	33.52	67,568	8,992
Martin Fischer <sup>3</sup>	200	1.35	270	38.37	7,037	1,080
Franklin W. Maddux, MD <sup>2</sup>	980	1.35	1,323	33.52	39,790	5,292
Dr. Katarzyna Mazur-Hofsäb	1,064	1.35	1,436	33.52	42,852	5,744
William Valle <sup>2</sup>	1,526	1.35	2,060	33.52	61,938	8,240

<sup>1</sup> 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.

<sup>2</sup> Note for the amounts as set out herein that the compensation components for Ms. Helen Giza as well as Messrs. Franklin W. Maddux, MD 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.

<sup>3</sup> Mr. Martin Fischer was appointed as a member of the Management Board as of October 1, 2023, and has therefore received a pro-rated allocation under the MB LTIP 2020 in the Fiscal Year. The allocation for Mr. Fischer was made as of October 1, 2023. The value per Performance Share at allocation therefore differs from that for the other Management Board members, for whom the allocation was made as of March 1, 2023.

## Target values and target achievement (Allocation 2020)

In the Fiscal Year, the long-term incentive from the allocation for 2020 was earned. The performance targets for the 2020, 2021 and 2022 performance periods were decisive for target achievement.

The degree of the overall target achievement during the three-year performance period was determined on the basis of the three performance targets revenue growth, net income growth and return on invested capital (ROIC). The annual target values and target achievement are shown in the [TABLE 4.24](#).

**T 4.24 LONG-TERM INCENTIVE – 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 <sup>1</sup>	According to plan terms	Per performance target	Annual
<b>2020</b>								
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%	
<b>2021</b>								
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%	
<b>2022</b>								
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%	
<b>OVERALL TARGET ACHIEVEMENT</b>								<b>58%</b>

<sup>1</sup> Revenue growth and net income growth were according to the plan terms of the MB LTIP 2020 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 then existing Latin America Segment had materialized in 2020 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 responsible at the time 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 responsible at the time in February 2021 decided to exclude the Latin America Segment impairment in question, which solely related to the carrying amounts, when determining the relevant target achievement for the variable compensation for 2020.

## Vested amounts (Allocation 2020)

TABLE 4.25 shows the amounts that vested in the Fiscal Year from the Allocation 2020 and were awarded within the meaning of Section 162 paragraph 1 sentence 1 AktG.

T 4.25 LONG-TERM INCENTIVE – VESTED AMOUNT FROM THE ALLOCATION 2020 OF THE MB LTIP 2020

	Fair Value at allocation	Number of allocated Performance Shares	Overall target achievement	Number of final Performance Shares	Share price at vesting	Vested amount
	in € THOUS		in %		in €	in € THOUS
<b>Current members of the Management Board and members in office until the end of the Fiscal Year</b>						
Helen Giza <sup>1</sup>	1,070	17,465	58	10,130	34.55	<b>387</b>
Franklin W. Maddux, MD <sup>1</sup>	988	15,954	58	9,253	34.55	<b>353</b>
Dr. Katarzyna Mazur-Hofsäß	1,139	18,588	58	10,781	34.55	<b>372</b>
William Valle <sup>1</sup>	1,676	27,053	58	15,691	34.55	<b>599</b>
<b>Former members of the Management Board</b>						
Rice Powell <sup>1</sup>	2,170	35,030	58	20,317	34.55	<b>776</b>
Dr. Olaf Schermeier	907	14,809	58	8,589	34.55	<b>297</b>
Kent Wanzek <sup>1</sup>	972	15,694	58	9,103	34.55	<b>347</b>
Harry de Wit	920	15,014	58	8,708	34.55	<b>301</b>

<sup>1</sup> Note for the amounts paid out that the compensation components for Ms. Helen Giza as well as for Messrs. Franklin W. Maddux MD, William Valle, Rice Powell 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 long-term incentive awarded in the Fiscal Year (vested amount) was done at the closing rate of the vesting date.

The amounts that vested in the Fiscal Year (after taxes and duties) were not paid out but in accordance with the plan terms transferred to a bank, which used them to purchase shares in the Company on the stock exchange. The shares acquired in this way are subject to a holding period of at least one year. Information on the shares acquired in this respect in the Fiscal Year can be found in the section “Personal investment from variable compensation.”

## 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 years under one of the compensation systems applicable until December 31, 2019 or could have exercised stock options awarded to them in previous 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.

### Share Based Award

To the extent members of the Management Board holding office at that time were entitled to the Share Based Award under one of the compensation systems applicable until December 31, 2019, they could – for the last time in the Fiscal Year – in principle receive share-based compensation, after a period of three years following the relevant allocation date, at the earliest. Such compensation was paid in cash in an amount that depended 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 service agreements by the company) a shorter period could apply. The Share Based Award was to be classified as long-term compensation.

The Share Based Award was 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; the relevant amount was determined by multiplying the degree of the relevant over-

all target achievement by the relevant base salary and a further fixed multiplier. The amount to be paid out under Share Based Awards was 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 and former members of the Management Board received payments resulting from Share Based Awards allocated to them in 2020 for the achievement of the performance targets in 2019 (Allocation 2019) that vested in the Fiscal Year.

#### MB LTIP 2019

In the Fiscal Year, individual current and former members of the Management Board were awarded compensation from Performance Shares allocated to them in 2019 under the Fresenius Medical Care Management Board Long Term Incentive Plan 2019 (MB LTIP 2019). The Performance Shares allocated to the members of the Management Board under the MB LTIP 2019 are non-equity, cash-settled virtual compensation instruments with a performance period of three years. Performance Shares generally vested, and were 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.

The degree of the overall target achievement during the three-year performance period was determined based on the three equally weighted performance targets revenue growth, net income growth and return on invested capital (ROIC).

#### T 4.26 PAYOUT FROM THE SHARE BASED AWARDS ALLOCATED IN 2020 FOR 2019<sup>1</sup>

	Allocation amount	Number of virtual shares	Share price at exercise	Payout amount
	in € THOUS		in €	in € THOUS
<b>Current members of the Management Board and members in office until the end of the Fiscal Year</b>				
Helen Giza <sup>2</sup>	53	815	39.77	32
Dr. Katarzyna Mazur-Hofsäb	377	5,788	39.23	227
William Valle	345	5,208	41.59	217
<b>Former members of the Management Board</b>				
Rice Powell	657	9,913	47.61	472
Dr. Olaf Schermeier	250	3,839	38.28	147
Kent Wanzek	289	4,356	47.02	205
Harry de Wit	280	4,304	37.35	161

<sup>1</sup> The plan terms applicable to the Share Based Award entitled to payments in euro.

<sup>2</sup> Ms. Helen Giza was appointed as a member of the Management Board as of November 1, 2019, which is why the one-year variable compensation for 2019 and the resulting allocation amount only refer to the period since her appointment.

The performance periods 2019, 2020 and 2021 were decisive for target achievement. The annual target values and target achievement were each as follows, according to the [TABLE 4.27](#).

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.

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.

**T 4.27 LONG-TERM INCENTIVE – TARGET VALUES AND TARGET ACHIEVEMENT FOR THE ALLOCATION 2019 UNDER THE MB LTIP 2019**

	Target values			Actual values		Target achievement		Annual
	0%	100%	200%	As reported	Adjustments <sup>1</sup>	According to plan terms	Per performance target	
<b>2019</b>								
Revenue growth	≤ 0%	= 7%	≥ 16%	5.6%	(2.7%)	<b>2.9%</b>	<b>41%</b>	
Net income growth	≤ 0%	= 7%	≥ 14%	(39.5%)	1.1%	<b>(38.4%)</b>	<b>0%</b>	<b>14%</b>
Return on invested capital (ROIC)	≤ 7.7%	= 7.9%	≥ 8.1%	6.1%	0.7%	<b>6.8%</b>	<b>0%</b>	
<b>2020</b>								
Revenue growth	≤ 0%	= 7%	≥ 16%	2.2%	3.1%	<b>5.3%</b>	<b>75%</b>	
Net income growth	≤ 0%	= 7%	≥ 14%	(2.9%)	17.8%	<b>14.9%</b>	<b>200%</b>	<b>92%</b>
Return on invested capital (ROIC)	≤ 7.9%	= 8.1%	≥ 8.3%	5.8%	1.7%	<b>7.5%</b>	<b>0%</b>	
<b>2021</b>								
Revenue growth	≤ 0%	= 7%	≥ 16%	(1.3%)	3.1%	<b>1.8%</b>	<b>26%</b>	
Net income growth	≤ 0%	= 7%	≥ 14%	(16.8%)	2.4%	<b>(14.4%)</b>	<b>0%</b>	<b>9%</b>
Return on invested capital (ROIC)	≤ 7.9%	= 8.1%	≥ 8.3%	4.9%	0.6%	<b>5.5%</b>	<b>0%</b>	
<b>OVERALL TARGET ACHIEVEMENT</b>								<b>38%</b>

<sup>1</sup> Revenue growth and net income growth were according to the plan terms of the MB LTIP 2019 determined at constant currency. To ensure comparability, the figures underlying the achievement of the performance targets revenue growth and net income growth for the performance period 2019 and underlying the achievement of the ROIC performance target for the performance periods 2019, 2020 and 2021 were adjusted for effects resulting from the application of IFRS 16. Furthermore, as already reported for the first time in the 2020 Compensation Report, an impairment of goodwill and tradenames in the then existing Latin America Segment had materialized in 2020 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 responsible at the time in February 2021 decided to exclude the Latin America Segment impairment in question, which solely related to the carrying amounts, when determining the relevant target achievement for the variable compensation for 2020.

The [TABLE 4.28](#) provides the vested amounts paid out in the Fiscal Year from the Allocation 2019 under the MB LTIP 2019:

**T 4.28 LONG-TERM INCENTIVE – PAYOUT FROM THE ALLOCATION 2019 OF THE MB LTIP 2019**

	Fair Value at allocation in € THOUS	Number of allocated Performance Shares	Overall target achievement in %	Number of final Performance Shares	Share price at payout in €	Payout amount in € THOUS
<b>Current members of the Management Board and members in office until the end of the Fiscal Year</b>						
Helen Giza <sup>1</sup>	812	13,399	38	5,092	34.73 <sup>2</sup>	180
Dr. Katarzyna Mazur-Hofsäß	803	12,927	38	4,912	46.05	226
William Valle <sup>1</sup>	788	12,564	38	4,774	46.05	224
<b>Former members of the Management Board</b>						
Michael Brosnan <sup>1</sup>	788	12,564	38	4,774	46.05	224
Rice Powell <sup>1</sup>	1,575	25,127	38	9,548	46.05	448
Dr. Olaf Schermeier	803	12,927	38	4,912	46.05	226
Kent Wanzek <sup>1</sup>	788	12,564	38	4,774	46.05	224
Harry de Wit	803	12,927	38	4,912	46.05	226

<sup>1</sup> Note for the amounts set out that the compensation benefits for Ms. Helen Giza as well as for Messrs. William Valle, Michael Brosnan, Rice Powell and Kent Wanzek are denominated in U.S. dollar and that the amounts are subject to currency fluctuations. The translation of U.S. dollar amounts for the long-term incentive awarded in the Fiscal Year (vested amount) was done at the closing rate of the applicable vesting date.

<sup>2</sup> The Allocation 2019 for Ms. Helen Giza, who was appointed as a member of the Management Board with effect from November 1, 2019, was made in December 2019 and vested in December 2023. The relevant share price at payout for Ms. Helen Giza therefore differs from that for the other Management Board members, for whom the Allocation 2019 was made in July 2019, which vested in July 2023.

## LTIP 2011

In the Fiscal Year, individual current and former members of the Management Board for the last time could exercise stock options granted to them in previous years under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011 (LTIP 2011), but did not make use of this.

The stock options outstanding in this respect in the Fiscal Year had been granted in 2015, could have been exercised at a price of € 76.99 each, and expired in the Fiscal Year. Since then, the Company has no longer issued any stock options to

members of the Management Board. The LTIP 2011 was terminated in the Fiscal Year.

The number of stock options awarded to the individual members of the Management Board that expired in the Fiscal Year and the main conditions for exercising them were already disclosed in the Compensation Report for 2022.

## Overview of outstanding share-based compensation components

To the extent share-based compensation components are outstanding after the end of the Fiscal Year, these relate solely to allocations under the MB LTIP 2020. The status of the corresponding outstanding performance shares of the current and former members of the Management Board in the Fiscal Year and further information are shown in the [TABLE 4.29](#).

## T 4.29 OVERVIEW OF OUTSTANDING PERFORMANCE SHARES ALLOCATED UNDER THE MB LTIP 2020 (CONTINUATION ON NEXT PAGE)

	Allocation date	Vesting date	Fair Value at allocation in € THOUS	Number of allocated Performance Shares	Overall target achievement (if final) in %	Number of Performance Shares as of December 31, 2023
<b>Current members of the Management Board and members in office until the end of the Fiscal Year</b>						
<b>Helen Giza</b>						
Allocation 2021	March 1, 2021	March 1, 2024	1,138	20,941	14	2,932
Allocation 2022	March 1, 2022	March 1, 2025	1,688	32,279		32,279
Allocation 2023	March 1, 2023	March 1, 2026	2,177	67,568		67,568
<b>TOTAL</b>				<b>120,788</b>		<b>102,779</b>
<b>Martin Fischer</b>						
Allocation 2023	October 1, 2023	October 1, 2026	264	7,037		7,037
<b>TOTAL</b>				<b>7,037</b>		<b>7,037</b>
<b>Franklin W. Maddux, MD</b>						
Allocation 2021	March 1, 2021	March 1, 2024	1,016	18,625	14	2,608
Allocation 2022	March 1, 2022	March 1, 2025	1,110	20,974		20,974
Allocation 2023	March 1, 2023	March 1, 2026	1,282	39,790		39,790
<b>TOTAL</b>				<b>79,389</b>		<b>63,372</b>
<b>Dr. Katarzyna Mazur-Hofsäß</b>						
Allocation 2021	March 1, 2021	March 1, 2024	1,225	22,533	14	3,155
Allocation 2022	March 1, 2022	March 1, 2025	1,359	26,074		26,074
Allocation 2023	March 1, 2023	March 1, 2026	1,375	42,852		42,852
<b>TOTAL</b>				<b>91,459</b>		<b>72,081</b>
<b>William Valle</b>						
Allocation 2021	March 1, 2021	March 1, 2024	1,723	31,582	14	4,421
Allocation 2022	March 1, 2022	March 1, 2025	1,888	35,678		35,678
Allocation 2023	March 1, 2023	March 1, 2026	1,995	61,938		61,938
<b>TOTAL</b>				<b>129,198</b>		<b>102,037</b>



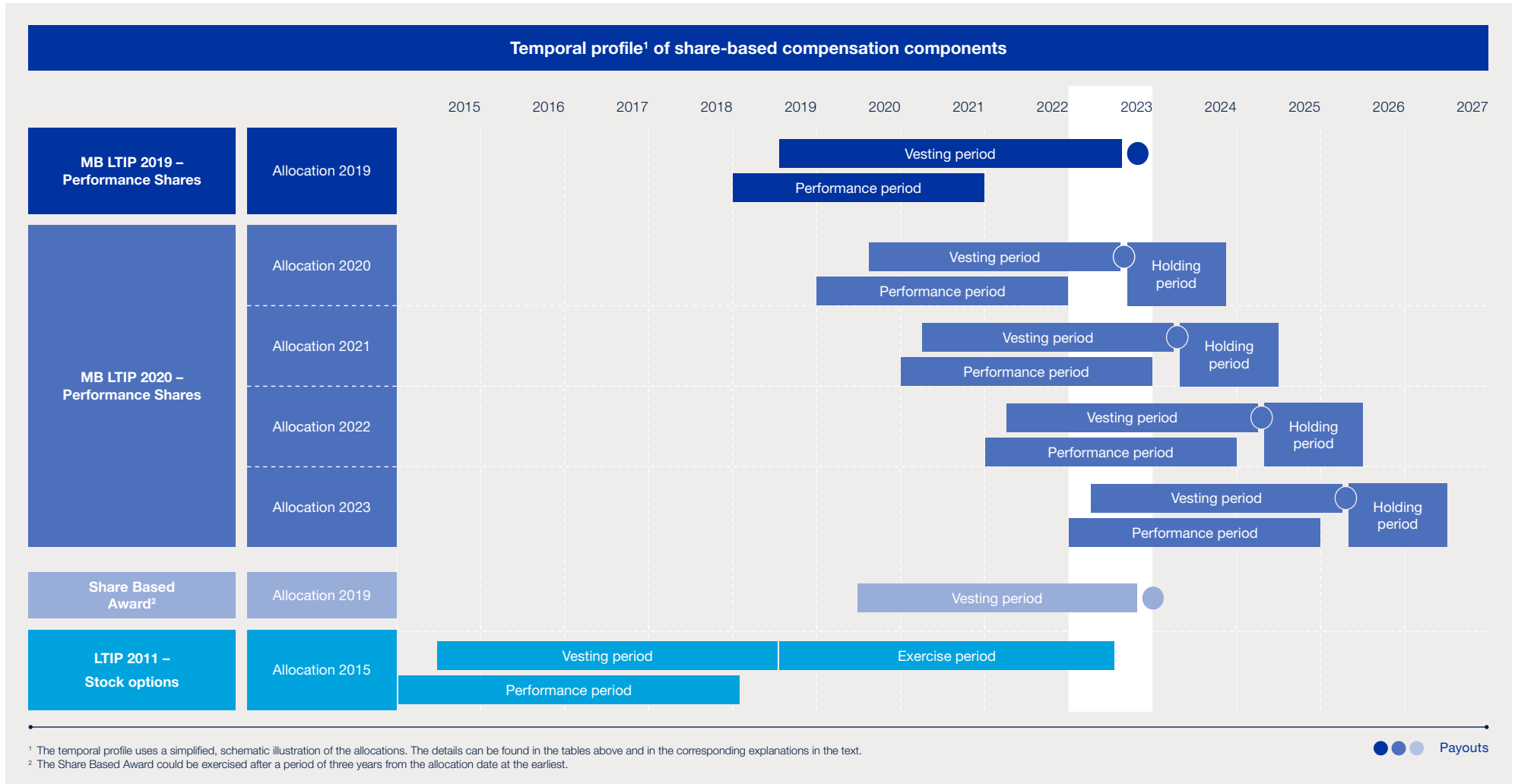
## OVERVIEW OF OUTSTANDING PERFORMANCE SHARES ALLOCATED UNDER THE MB LTIP 2020 (CONTINUATION OF THE PREVIOUS PAGE)

	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, 2023
<b>Former members of the Management Board</b>						
<b>Rice Powell</b>						
Allocation 2021	March 1, 2021	March 1, 2024	2,231	40,894	14	5,725
Allocation 2022	March 1, 2022	March 1, 2025	2,425	45,841		45,841
<b>TOTAL</b>				<b>86,735</b>		<b>51,566</b>
<b>Dr. Olaf Schermeier</b>						
Allocation 2021	March 1, 2021	March 1, 2024	1,105	20,328	14	2,846
<b>TOTAL</b>				<b>20,328</b>		<b>2,846</b>
<b>Kent Wanzek</b>						
Allocation 2021	March 1, 2021	March 1, 2024	1,033	18,929	14	2,650
<b>TOTAL</b>				<b>18,929</b>		<b>2,650</b>
<b>Harry de Wit</b>						
Allocation 2021	March 1, 2021	March 1, 2024	1,012	18,614	14	2,606
<b>TOTAL</b>				<b>18,614</b>		<b>2,606</b>

## Temporal profile of the share-based compensation components

The following overview [CHART 4.30](#) shows the temporal profile of the share-based compensation components already described in the preceding tables and in the respective text sections.

C 4.30 TEMPORAL PROFILE<sup>1</sup> OF SHARE-BASED COMPENSATION COMPONENTS



## Compensation tables for the current Management Board members and members in office until the end of the Fiscal Year

The following tables show the individualized compensation awarded and due in the Fiscal Year to each current Management Board member and each 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 GCGC 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 understanding of the terms on which the following tables are based is therefore explained below in the interests of clarity and comprehensibility of the Compensation Report.

For the purposes of the following tables, 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 incentive, this generally corresponds to the year in which it is paid out. The long-term incentive earned under the MB LTIP 2020 is to be regarded as “awarded” irrespective of the fact that the amounts earned are to be invested in shares of the Company in accordance with the applicable plan terms.

Based on this understanding, the short-term incentive is considered to have vested in the fiscal year, and is shown in the following tables 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 allows the short-term incentive to be allo-

cated on an accrual basis to the year in which the performance was performed. The columns for 2023 therefore contain the short-term incentive for the Fiscal Year that will not be paid out until 2024, and the columns for 2022 contain the short-term incentive for 2022 that was paid out in the Fiscal Year.

**T 4.31 COMPENSATION OF THE CURRENT MEMBERS OF THE MANAGEMENT BOARD AND MEMBERS IN OFFICE UNTIL THE END OF THE FISCAL YEAR (CONTINUATION ON NEXT PAGE)  
IN € THOUS**

	<b>Helen Giza</b> Chairwoman and Chief Executive Officer (until September 30, 2023, also Chief Financial Officer) Member of the Management Board since November 1, 2019				<b>Martin Fischer</b> Chief Financial Officer Member of the Management Board since October 1, 2023				<b>Franklin W. Maddux, MD</b> Global Chief Medical Officer Member of the Management Board since January 1, 2020			
	<b>2023</b>		<b>2022<sup>1</sup></b>		<b>2023</b>		<b>2022<sup>1</sup></b>		<b>2023</b>		<b>2022<sup>1</sup></b>	
	<b>Absolute</b>	<b>Ratio in %</b>	Absolute	Ratio in %	<b>Absolute</b>	<b>Ratio in %</b>	Absolute	Ratio in %	<b>Absolute</b>	<b>Ratio in %</b>	Absolute	Ratio in %
Base salary	1,665		1,385 <sup>2</sup>		200				980		921	
Fringe benefits	23		42		445 <sup>3</sup>				187		174	
<b>TOTAL NON-PERFORMANCE-BASED COMPENSATION</b>	<b>1,688</b>	<b>39</b>	<b>1,427</b>	<b>72</b>	<b>645</b>	<b>73</b>			<b>1,167</b>	<b>43</b>	<b>1,095</b>	<b>65</b>
Short-term incentive	2,017	47	542	28	242	27			1,188	44	360	21
Long-term incentive	599	14	—	—	—	—			353	13	228	14
Allocation 2018 (Share Based Award)			—								—	
Allocation 2019 (Share Based Award)	32				—				—			
Allocation 2018 (LTIP 2016)			—								228 <sup>5</sup>	
Allocation 2019 (MB LTIP 2019)	180				—				—			
Allocation 2020 (MB LTIP 2020)	387				—				353			
<b>TOTAL VARIABLE COMPENSATION</b>	<b>2,616</b>		<b>542</b>		<b>242</b>				<b>1,541</b>		<b>588</b>	
<b>TOTAL COMPENSATION ACCORDING TO SEC. 162 PARA. 1 SENT. 2 NO. 1 AKTG</b>	<b>4,304</b>		<b>1,969</b>		<b>887</b>				<b>2,708</b>		<b>1,683</b>	
Pension expense	625		1,245 <sup>4</sup>		—				418		961	
<b>TOTAL COMPENSATION INCLUDING PENSION EXPENSE</b>	<b>4,929</b>		<b>3,214</b>		<b>887</b>				<b>3,126</b>		<b>2,644</b>	

<sup>1</sup> 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), Mr. Martin Fischer and Dr. Katarzyna Mazur-Hofsäß) or U.S. dollar (Ms. Helen Giza (since May 16, 2022) as well as Messrs. Franklin W. Maddux, MD and William Valle). The plan terms of the Share Based Award entitled 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 rate of the applicable vesting date.

<sup>2</sup> The base salary of Ms. Helen Giza was increased in 2022 with a view to her additional responsibilities (Chairwoman of the Management Board since December 6, 2022, previously Deputy Chairwoman since May 16, 2022) and tasks (Chief Transformation Officer) and she was entitled in 2022 to the respectively adjusted amounts only on a pro-rated basis and as of the respective date.

<sup>3</sup> The fringe benefits of Mr. Martin Fischer include a payment of €300 THOUS for the Fiscal Year, which he received as compensation for forfeited compensation benefits from a previous employment relationship. In 2024 and 2025, Mr. Fischer can receive further payments of €300 THOUS each year as compensation for forfeited compensation benefits from a previous employment relationship.

<sup>4</sup> The pension commitment was made in 2022. The pension expense set out herein includes the past service cost which relates to the service period rendered since the appointment as a member of the Management Board.

<sup>5</sup> 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.

**COMPENSATION OF THE CURRENT MEMBERS OF THE MANAGEMENT BOARD AND MEMBERS IN OFFICE UNTIL THE END OF THE FISCAL YEAR (CONTINUATION OF THE PREVIOUS PAGE)  
IN € THOUS**

	<b>Dr. Katarzyna Mazur-Hofsäß</b>			
	Chief Executive Officer for Care Enablement Member of the Management Board since September 1, 2018			
	<b>2023</b>		<b>2022<sup>1</sup></b>	
	<b>Absolute</b>	<b>Ratio in %</b>	Absolute	Ratio in %
Base salary	1,064		1,064	
Fringe benefits	32		57	
<b>TOTAL NON-PERFORMANCE-BASED COMPENSATION</b>	<b>1,096</b>	<b>34</b>	<b>1,121</b>	<b>59</b>
Short-term incentive	1,289	40	416	22
Long-term incentive	825	26	366	19
Allocation 2018 (Share Based Award)			112	
Allocation 2019 (Share Based Award)	227			
Allocation 2018 (LTIP 2016)			254	
Allocation 2019 (MB LTIP 2019)	226			
Allocation 2020 (MB LTIP 2020)	372			
<b>TOTAL VARIABLE COMPENSATION</b>	<b>2,114</b>		<b>782</b>	
<b>TOTAL COMPENSATION ACCORDING TO SEC. 162 PARA. 1 SENT. 2 NO. 1 AKTG</b>	<b>3,210</b>		<b>1,903</b>	
Pension expense	499		808	
<b>TOTAL COMPENSATION INCLUDING PENSION EXPENSE</b>	<b>3,709</b>		<b>2,711</b>	

	<b>William Valle</b>			
	Chief Executive Officer for Care Delivery Member of the Management Board since February 17, 2017			
	<b>2023</b>		<b>2022<sup>1</sup></b>	
	<b>Absolute</b>	<b>Ratio in %</b>	Absolute	Ratio in %
Base salary	1,526		1,567	
Severance payments	<b>1,778<sup>2</sup></b>			
Fringe benefits	194		284	
<b>TOTAL NON-PERFORMANCE-BASED COMPENSATION</b>	<b>3,498</b>	<b>55</b>	<b>1,851</b>	<b>54</b>
Short-term incentive	1,849	29	613	
Long-term incentive	1,040	16	993	18
Allocation 2018 (Share Based Award)			624	29
Allocation 2019 (Share Based Award)	217			
Allocation 2018 (LTIP 2016)			369	
Allocation 2019 (MB LTIP 2019)	224			
Allocation 2020 (MB LTIP 2020)	599			
<b>TOTAL VARIABLE COMPENSATION</b>	<b>2,889</b>		<b>1,606</b>	
<b>TOTAL COMPENSATION ACCORDING TO SEC. 162 PARA. 1 SENT. 2 NO. 1 AKTG</b>	<b>6,387</b>		<b>3,457</b>	
Pension expense	1,106		1,469	
<b>TOTAL COMPENSATION INCLUDING PENSION EXPENSE</b>	<b>7,493</b>		<b>4,926</b>	

<sup>1</sup> 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), Mr. Martin Fischer and Dr. Katarzyna Mazur-Hofsäß) or U.S. dollar (Ms. Helen Giza (since May 16, 2022) as well as Messrs. Franklin W. Maddux, MD and William Valle). The plan terms of the Share Based Award entitled 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 rate of the applicable vesting date.

<sup>2</sup> Mr. William Valle left the Management Board early at the end of the Fiscal Year. The severance payment shown here for Mr. Valle relates to the continued payment of his base salary for the period after his departure from the Management Board until the end of the original term of his service agreement, i.e. for the period from January 1, 2024 to February 16, 2025, to which Mr. Valle is entitled in connection with his early departure from the Management Board. The amount set out herein also includes fringe benefits to which Mr. Valle is entitled as agreed for the period up until the end of the original term of his service agreement on February 16, 2025. Further details can be found in the section "Agreements with a member of the Management Board who resigned from office at the end of the Fiscal Year." Insofar as the severance payment relates to Mr. Valle's base salary, it will be paid out in bi-weekly installments during the aforementioned period, like his base salary.

## Personal investment from variable compensation

The amounts earned from allocations under the MB LTIP 2020 in accordance with the applicable plan terms are to be invested in shares of the Company, which must be held for at least one year. This personal investment under the MB LTIP 2020 was made for the first time in the Fiscal Year from the allocation for 2020. The amounts invested by the members of the Management Board in this respect are shown in the section “Vested amounts (Allocation 2020).”

In order to have the Management Board members adequately participate in the sustainable development of the company, the supervisory board of the General Partner responsible at the time in 2021 decided 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 their variable compensation. This consensual personal investment relates to (i) a portion of the short-term incentive for 2020, (ii) a portion of the long-term incentive allocated to the Management Board members in 2018 under the Long Term Incentive Plan 2016 (LTIP 2016), and (iii) a portion of long-term incentive allocated 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 respective Management Board member remains obliged to acquire and hold the shares even if they have left the Management Board in the meantime. Details of the amounts invested from the short-term incentive for 2020 and from the long-term incentive allocated in 2018 under the LTIP 2016 can be found in the Compensation Reports for previous years.

The portion of the long-term incentive for which a Management Board member acquired shares in the Company from the payout made in the Fiscal Year under the MB LTIP 2019 (Allocation 2019) depended on the overall target achievement for 2019, 2020 and 2021 as well as the stock market price of the

Company’s shares to be determined in accordance with the MB LTIP 2019. Details on the target achievement can be found in the section “MB LTIP 2019.” The net amounts invested in the Fiscal Year by the current Management Board members and members in office until the end of the Fiscal Year in this respect are as follows:

**T 4.32 PERSONAL INVESTMENT FROM THE NET LONG-TERM INCENTIVE UNDER THE MB LTIP 2019 (ALLOCATION 2019)<sup>1</sup> IN THOUS**

	Amount	Currency
Helen Giza	104	\$
Dr. Katarzyna Mazur-Hofsäß	66	€
William Valle	72	\$

<sup>1</sup> The allocation for Mr. Franklin W. Maddux, MD, in 2019 was made prior to his appointment as a member of the Management Board and was therefore not subject to the aforementioned personal investment.

The number of shares acquired by the current and former members of the Management Board in the course of the aforementioned personal investments are shown in the following [TABLE 4.33](#). Only shares that still are subject to a holding period after expiry of the Fiscal Year are reported. Where American Depositary Shares (ADSs) have been acquired, two ADSs each represent one share. Reportable disposals of shares after the end of the respective holding period are published on [www.eqs-news.com](http://www.eqs-news.com) in the section “Directors’ Dealings.”

## T 4.33 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
<b>Current members of the Management Board and members in office until the end of the Fiscal Year</b>					
Helen Giza	Short-Term Incentive for 2020	February 24, 2021	February 24, 2024	ADSs	8,700
	Allocation 2019 under the MB LTIP 2019	December 21, 2023	December 21, 2026	ADSs	4,940
	Allocation 2020 under the MB LTIP 2020	December 4, 2023	December 4, 2024	Shares	6,854
Franklin W. Maddux, MD	Short-Term Incentive for 2020	February 25, 2021	February 25, 2024	ADSs	8,000
	Allocation 2020 under the MB LTIP 2020	December 4, 2023	December 4, 2024	Shares	6,386
Dr. Katarzyna Mazur-Hofsäß	Short-Term Incentive for 2020	February 25, 2021	February 25, 2024	Shares	3,295
	Allocation 2018 under the LTIP 2016	March 16, 2023	March 16, 2026	Shares	980
	Allocation 2019 under the MB LTIP 2019	December 12, 2023	December 12, 2026	Shares	1,710
William Valle	Allocation 2020 under the MB LTIP 2020	December 4, 2023	December 4, 2024	Shares	5,152
	Short-Term Incentive for 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
	Allocation 2019 under the MB LTIP 2019	December 21, 2023	December 21, 2026	ADSs	3,406
	Allocation 2020 under the MB LTIP 2020	December 4, 2023	December 4, 2024	Shares	9,495
<b>Former members of the Management Board</b>					
Rice Powell	Short-Term Incentive for 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
	Allocation 2019 under the MB LTIP 2019	December 7, 2023 December 11, 2023	December 7, 2026 December 11, 2026	ADSs ADSs	5,000 2,077
Dr. Olaf Schermeier	Short-Term Incentive for 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
	Allocation 2019 under the MB LTIP 2019	December 7, 2023 December 18, 2023	December 7, 2026 December 18, 2026	Shares Shares	1,000 750
	Allocation 2020 under the MB LTIP 2020	December 4, 2023	December 4, 2024	Shares	4,041
Kent Wanzek	Short-Term Incentive for 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
	Allocation 2019 under the MB LTIP 2019	December 8, 2023	December 8, 2026	ADSs	3,515
Harry de Wit	Short-Term Incentive for 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
	Allocation 2019 under the MB LTIP 2019	December 7, 2023	December 7, 2026	Shares	1,760
	Allocation 2020 under the MB LTIP 2020	December 4, 2023	December 4, 2024	Shares	6,574

## Shareholdings of the members of the Management Board

The shareholdings notified as of the end of the Fiscal Year of the members of the Management Board in office until the end of the Fiscal Year are shown in the following [TABLE 4.34](#). For simplification purposes, the number of shares and ADSs have been combined in the following table. Where ADSs are held, two ADSs each represent one share.

**T 4.34 SHAREHOLDINGS OF THE MEMBERS OF THE MANAGEMENT BOARD IN OFFICE UNTIL THE END OF THE FISCAL YEAR**

	Number of shares
Helen Giza	13,735
Martin Fischer	—
Franklin W. Maddux, MD	18,136
Dr. Katarzyna Mazur-Hofsäß	11,362
William Valle	19,623

## Other benefits and commitments

The following information concerns benefits and commitments to members of the Management Board within the meaning of Section 162 paragraph 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 man-

dates in companies of the Company's group is offset against the compensation of the respective member of the Management Board. If the Supervisory Board 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

Fresenius Medical Care Management AG, in its former capacity as General Partner, made the following pension commitments to the current members of the Management Board or those in office until the end of the Fiscal Year. The pension commitments were transferred to the Company in connection with the change in the Company's legal form and the associated departure of the General Partner.

#### Defined benefit pension commitments

The Management Board members Dr. Katarzyna Mazur-Hofsäß and Mr. 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.

The retirement pension in principle amounts to 30% of the pensionable income. The aforementioned percentage increases by

1.5 percentage points for each full year of service, up to a maximum of 45%. The pensionable income is determined on the basis of the average base salary in the last five years before the occurrence of the insured event. 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 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. In such case, 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 the following [TABLE 4.35](#):

**T 4.35 DEVELOPMENT AND STATUS OF PENSION COMMITMENTS  
IN € THOUS**

	January 1, 2023	Change	December 31, 2023 <sup>1</sup>
Dr. Katarzyna Mazur-Hofsäß	1,988	1,040	3,028
William Valle	5,425	1,996	7,421
<b>TOTAL</b>	<b>7,413</b>	<b>3,036</b>	<b>10,449</b>

<sup>1</sup> The pension commitment of Mr. William Valle is denominated in U.S. dollar. For the calculation of the pension provisions an exchange rate of €0,93 /\$1 was applied.

### Defined contribution pension commitments

The Management Board members Ms. Helen Giza and Mr. Franklin W. Maddux, MD, each of whom were appointed to the Management Board after January 1, 2019, were each upon the prolongation of their respective service agreement made a pension commitment within the framework of a defined contribution plan. 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, which determines the future benefit amount, is paid for the respective Management Board member retrospectively for the period from the appointment as a member of the Management Board. 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 making 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 2023	Present value as of December 31, 2023
Helen Giza	625	1,807
Franklin W. Maddux, MD	418	1,324
<b>TOTAL</b>	<b>1,043</b>	<b>3,131</b>

### U.S.-based 401(k) Savings Plan

Based on individual contractual commitments, the Management Board members Ms. Helen Giza, Mr. Franklin W. Maddux, MD, and Mr. William Valle additionally participated in the U.S.-based 401(k) Savings Plan in the Fiscal Year; in this context, an amount of \$9,900 (€9,156) for each of Ms. Giza and Mr. Valle and an amount of \$1,768 (€1,635) for Mr. Maddux vested in the Fiscal Year (2022: \$9,150 (€8,689) 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 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 Company 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 for the period until the scheduled expiration of the relevant service agreement.

## Agreements with a member of the Management Board who resigned from office at the end of the Fiscal Year

The member of the Management Board Mr. William Valle early left the Management Board at the end of the Fiscal Year. In view of his early departure from the Management Board, the supervisory board of the General Partner responsible at the time agreed with Mr. Valle that, as severance payment, he would be entitled to the continuance of his base salary amounting to \$1,650 THOUS (€1,526 THOUS) per year and the fringe benefits agreed in his service agreement until the end of the original term of his service agreement on February 16, 2025. Further, a post-contractual non-competition clause was agreed with Mr. Valle for the period from January 1, 2024 to December 31, 2025. The annual compensation that Mr. Valle is

entitled to receive for the post-contractual non-competition clause amounts to \$825 THOUS (€763 THOUS) and is to be offset against his severance payments. The short-term and long-term incentives allocated to Mr. Valle until the end of the Fiscal Year are exercisable and payable in accordance with the respective plan terms and the targets and due dates agreed therein. For the period from January 1, 2024, Mr. Valle will not receive any further allocations of short-term or long-term incentives. Mr. Valle is entitled to a pension from age 65 in accordance with the pension commitment described above. The payment of the pension is reduced to the extent the aforementioned compensation for the post-contractual non-competition period is to be paid. The above agreements are in line with the applicable Compensation System 2020+ and the relevant recommendations of the GCGC.

## Further information

Compensation of the U.S. members of the Management Board Ms. Helen Giza, Mr. Franklin W. Maddux, MD, and Mr. 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 U.S. only. 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 Company 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

The compensation awarded or due to former members of the Management Board in the Fiscal Year is shown individually in the following table, unless the respective member of the Management Board left before the end of 2013. Members of the Management Board who left before the end of 2013 received pension payments totaling €55 THOUS in the Fiscal Year. Otherwise, no compensation was awarded or due to former members of the Management Board in the Fiscal Year.

**T 4.37 COMPENSATION OF THE FORMER MEMBERS OF THE MANAGEMENT BOARD  
IN € THOUS**

	<b>Michael Brosnan<sup>1</sup></b> Member of the Management Board until October 31, 2019		<b>Roberto Fusté</b> Member of the Management Board until March 31, 2016		<b>Prof. Emanuele Gatti</b> Member of the Management Board until March 31, 2014		<b>Rice Powell<sup>1</sup></b> Member of the Management Board until December 31, 2022	
	Absolute	Ratio in %	Absolute	Ratio in %	Absolute	Ratio in %	Absolute	Ratio in %
Pension payments	375		293		378		672 <sup>2</sup>	
Fringe benefits	2		–		–		206	
<b>TOTAL NON-PERFORMANCE-BASED COMPENSATION</b>	<b>377</b>	<b>63</b>	<b>293</b>	<b>100</b>	<b>378</b>	<b>100</b>	<b>878</b>	<b>34</b>
Allocation 2019 (Share Based Award)	–		–		–		472	
Allocation 2019 (MB LTIP 2019)	224		–		–		448	
Allocation 2020 (MB LTIP 2020)	–		–		–		776	
<b>TOTAL VARIABLE COMPENSATION</b>	<b>224</b>	<b>37</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,696</b>	<b>66</b>
<b>TOTAL COMPENSATION ACCORDING TO SEC. 162 PARA. 1 SENT. 2 NO. 1 AKTG</b>	<b>601</b>		<b>293</b>		<b>378</b>		<b>2,574</b>	
	<b>Dr. Rainer Runte</b> Member of the Management Board until March 31, 2014		<b>Dr. Olaf Schermeier</b> Member of the Management Board until December 31, 2021		<b>Kent Wanzek<sup>1</sup></b> Member of the Management Board until December 31, 2021		<b>Harry de Wit</b> Member of the Management Board until December 31, 2021	
	Absolute	Ratio in %	Absolute	Ratio in %	Absolute	Ratio in %	Absolute	Ratio in %
Pension payments	149		–		273		–	
Fringe benefits	–		–		88		18	
<b>TOTAL NON-PERFORMANCE-BASED COMPENSATION</b>	<b>149</b>	<b>100</b>	<b>–</b>	<b>–</b>	<b>361</b>	<b>32</b>	<b>18</b>	<b>3</b>
Allocation 2019 (Share Based Award)	–		147		205		161	
Allocation 2019 (MB LTIP 2019)	–		226		224		226	
Allocation 2020 (MB LTIP 2020)	–		297		347		301	
<b>TOTAL VARIABLE COMPENSATION</b>	<b>–</b>	<b>–</b>	<b>670</b>	<b>100</b>	<b>776</b>	<b>68</b>	<b>688</b>	<b>97</b>
<b>TOTAL COMPENSATION ACCORDING TO SEC. 162 PARA. 1 SENT. 2 NO. 1 AKTG</b>	<b>149</b>		<b>670</b>		<b>1,137</b>		<b>706</b>	

<sup>1</sup> Note for the amounts set out that the compensation benefits for Messrs. Michael Brosnan, Rice Powell and Kent Wanzek are denominated in U.S. dollar. The plan terms of the Share Based Award entitled to payments in euro. In principle, the translation of U.S. dollar amounts was done at the average exchange rate for the applicable calendar year. For the long-term incentive the translation of U.S. dollar amounts was done at the closing rate of the applicable vesting date.

<sup>2</sup> The payment of the entitlement to the pension payment set out herein was reduced, as agreed, in the full amount by the amount that Mr. Rice Powell was entitled to receive as compensation for the post-contractual non-competition clause agreed with him in 2022 for 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 and as to how the compensation “awarded” in the Fiscal Year is defined, see the respective aforementioned statements regarding the compensation for the current Management Board members and members in office until the end of the Fiscal Year.

## 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. Appropriate compensation of the supervisory board members thus contributes to the promotion of the business strategy and the long-term development of the Company.

The AGM 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](http://www.freseniusmedicalcare.com/en/about-us/supervisory-board/remuneration).

This Compensation Report contains information on the compensation of the members of the Supervisory Board of the Company as well as – as in previous years, but for the last time for the Fiscal Year – information on the compensation of the members of the supervisory board of Fresenius Medical Care Management AG. Fresenius Medical Care Management AG ceased to be a general partner of the Company when the change in the Company’s legal form took effect. The information on the compensation of the members of the supervisory board of Fresenius Medical Care Management AG in this Compensation Report is therefore limited to the period for which Fresenius Medical Care Management AG was the general partner of the Company in the Fiscal Year (i.e., until the change of the Company’s legal form took effect on November 30, 2023).

The compensation of the members of the Supervisory Board of the Company and the supervisory board of Fresenius Medical Care Management AG was largely identical until the change of the Company’s legal form took effect and was regulated in Article 13 of the respective Articles of Association of the Company and of Fresenius Medical Care Management AG. This ensured that the compensation of the members of the Supervisory Board of the Company on the one hand and the members of the supervisory board of Fresenius Medical Care Management AG on the other hand were aligned as long as Fresenius Medical Care Management AG was involved in the corporate governance of the Company as general partner. Against this background, the following statements relate, unless otherwise stated, both to the compensation of the members of the Supervisory Board of the Company and to the compensation of the members of the supervisory board of Fresenius Medical Care Management AG in its capacity as general partner of the Company.

The members of the Supervisory Board of the Company were compensated by the Company and the members of the supervisory board of the Fresenius Medical Care Management AG were compensated by Fresenius Medical Care Management

AG. However, the compensation for the members of the supervisory board of Fresenius Medical Care Management AG and the compensation for the members of its committees were charged to the Company in accordance with Article 7 paragraph 3 of the Company’s Articles of Association in the version applicable until the change of legal form took effect.

When the change in the Company’s legal form took effect on November 30, 2023, the Company’s new Articles of Association also came into effect. The compensation of the Supervisory Board of the Company in the legal form of an AG is now regulated by Article 14 of the Company’s Articles of Association but is largely unchanged from such compensation under the Articles of Association of the Company in the legal form of a KGaA. Against this background, the following statements refer to both the Supervisory Board of the Company in the legal form of a KGaA and the Supervisory Board of the Company in the legal form of an AG.

### Compensation as provided for in the Articles of Association

According to 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 on 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 the respective Articles of Association as follows:

## Activities on the supervisory board

Each supervisory board member received fixed compensation of \$160 THOUS (2022: \$160 THOUS) for the full Fiscal Year, payable in four equal installments at the end of a calendar quarter. The Chairperson of the supervisory board received additional compensation of \$160 THOUS (2022: \$160 THOUS) and the Deputy Chairperson received additional compensation of \$80 THOUS (2022: \$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 (2022: \$40 THOUS) for the full Fiscal Year. A member of a committee who served as Chairperson or Deputy Chairperson of a committee additionally received \$40 THOUS and \$20 THOUS for the full Fiscal Year, respectively (2022: \$40 THOUS and \$20 THOUS, respectively), payable in four identical installments at the end of a calendar quarter.

Until the change of legal form took effect, the Company had established a Joint Committee. The Joint Committee consisted of two members of the Supervisory Board of the Company and two members of the supervisory board of the General Partner. No separate compensation was awarded to supervisory board members who were members of the Joint Committee or performed the functions of Chairpersons and Deputy Chairpersons. In accordance with Article 13e paragraph 3 of the Articles of Association of the Company in the legal form of a KGaA, the members of the Joint Committee were, however, entitled to receive an attendance fee in the amount of \$3.5 THOUS, where applicable. The Joint Committee did not meet in the Fiscal Year.

## Deduction and offset clauses

To the extent a person was simultaneously a member of the Supervisory Board of the Company and of the supervisory board of Fresenius Medical Care Management AG in its capacity as general partner of the Company and received compensation for these activities, such compensation was reduced by half in each case. The same applied to the additional compensation paid to the Chairperson and the Deputy Chairperson of the Supervisory Board if a person simultaneously performed this function on the Supervisory Board of the Company and the supervisory board of Fresenius Medical Care Management AG in its capacity as general partner of the Company. If the Deputy Chairperson of the Supervisory Board of the Company or the supervisory board of Fresenius Medical Care Management AG simultaneously was the Chairperson of the supervisory board of Fresenius Medical Care Management AG or the Supervisory Board of the Company, that person received no additional compensation for the activity as Deputy Chairperson. If a member of a committee of the Supervisory Board of the Company at the same time was a member of a committee of the supervisory board of Fresenius Medical Care Management AG and received compensation for these activities, these compensation payments were offset against each other in the corresponding amount, provided that the committees had the same type of functions and competences.

## Fringe benefits and insurance protection

Furthermore, members of the supervisory board are reimbursed for the expenses incurred in the exercise of their office, including any 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 and former members of the Supervisory Board of the Company and the supervisory board of Fresenius Medical Care Management AG, including the amount charged by Fresenius Medical Care Management AG to the Company, is shown in the following [TABLE 4.38](#). The information for the members of the supervisory board of Fresenius Medical Care Management AG is limited to the period until the change of the Company's legal form took effect and Fresenius Medical Care Management AG ceased to be the General Partner on November 30, 2023. No compensation for the Fiscal Year was awarded or due to the employee representatives on the Company's Supervisory Board appointed by court order effective January 26, 2024.

The legal identity of the Company remains unaffected by the change of its legal form from a KGaA to an AG. The information on the compensation of the members of the Company's Supervisory Board relates to the Company in the legal form of a KGaA for the period until the change of legal form took effect and to the Company in the legal form of an AG for the period since the change of legal form took effect.

**T 4.38 COMPENSATION AWARDED OR DUE OF THE CURRENT AND FORMER MEMBERS OF THE SUPERVISORY BOARD<sup>1</sup>**  
**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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Current members of the supervisory board</b>										
Michael Sen <sup>2</sup>	271	76	25	—	136	38	12	—	444	114
Sara Hennicken <sup>3</sup>	136	50	19	—	—	—	3	—	158	50
Shervin J. Korangy <sup>4</sup>	—	—	12	—	—	—	8	—	20	—
Dr. Marcus Kuhnert <sup>4</sup>	—	—	12	—	—	—	9	—	21	—
Gregory Sorensen, MD <sup>5</sup>	68	76	80	76	—	—	3	—	151	152
Pascale Witz <sup>5</sup>	68	76	80	76	—	—	82	57	230	209
<b>Former members of the supervisory board</b>										
Dr. Dieter Schenk <sup>6</sup>	68	76	203	228	68	76	51	57	390	437
Rolf A. Classon <sup>7</sup>	68	76	136	152	34	38	85	133	323	399
Dr. Dorothea Wenzel <sup>8</sup>	—	—	136	152	—	—	85	76	221	228
Prof. Dr. Gregor Zünd <sup>8</sup>	—	—	136	152	—	—	—	—	136	152
<b>TOTAL</b>	<b>679</b>	<b>430</b>	<b>839</b>	<b>836</b>	<b>238</b>	<b>152</b>	<b>338</b>	<b>323</b>	<b>2,094</b>	<b>1,741</b>

<sup>1</sup> Shown without withholding tax; translation of U.S. dollar amounts at average exchange rates for the applicable calendar year.

<sup>2</sup> Until November 30, 2023, member and Chairman of the supervisory board of Fresenius Medical Care Management AG in its function as the General Partner. For the remainder of the Fiscal Year, member and Chairman of the Supervisory Board of the Company.

<sup>3</sup> Until November 30, 2023, member of the supervisory board of Fresenius Medical Care Management AG in its function as the General Partner. For the remainder of the Fiscal Year, member and Deputy Chairwoman of the Supervisory Board of the Company.

<sup>4</sup> Since November 30, 2023, member of the Supervisory Board of the Company.

<sup>5</sup> Until November 30, 2023, also member of the supervisory board of Fresenius Medical Care Management AG in its function as the General Partner.

<sup>6</sup> Until November 30, 2023, member and Chairman of the Supervisory Board of the Company as well as member and Deputy Chairman of the supervisory board of Fresenius Medical Care Management AG in its function as the General Partner.

<sup>7</sup> Until November 30, 2023, member and Deputy Chairman of the Supervisory Board of the Company as well as member of the supervisory board of Fresenius Medical Care Management AG in its function as the General Partner.

<sup>8</sup> Until November 30, 2023, member of the Supervisory Board of the Company.

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 and former members of the Management Board as well as the members of the Supervisory Board of the Company and the supervisory board of Fresenius Medical Care Management AG in its function as the general partner of the Company, 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 the following [TABLE 4.39](#).

### Metrics 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 indicators or important financial performance indicators 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 2021, the compensation has been reported in accordance with the provisions of the new Section 162 AktG introduced at the time. In order to obtain a reasonable comparison between the individual years, the information contained in the following table on the compensation of the members of the Management Board and

the respective supervisory board in 2019 und 2020, too, is reported in accordance with the understanding of the term "compensation awarded and due" applied in the compensation tables in the section "Compensation tables for the current Management Board members and 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 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' long-term incentive are in principle determined at constant currency and the figures relating to the Management Board members' short-term incentive are translated at the exchange rates that were applied for the determination of the target values.

As disclosed in the Compensation Reports for the relevant 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.

Consequently, there is only a limited degree of comparability between the figures relating to each year shown in the following table and the corresponding amounts of the Management Board members' compensation and, in particular, between these figures in terms of their respective annual change.

## 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 incentive 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.

The different vesting periods for the various long-term incentives also mean that more than one tranche of the long-term incentives can be earned in certain years and is therefore deemed to have been awarded. This applies, for example, to the 2019 allocation under the MB LTIP 2019 and the 2020 allocation under the MB LTIP 2020, both of which vested in the Fiscal Year.

### Compensation of the supervisory boards

The variable compensation component previously in place for the supervisory board was eliminated with effect from January 1, 2021. To compensate for this, the fixed compensation of the members of the supervisory board was increased effective from January 1, 2021 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 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.

## T 4.39 COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF THE COMPENSATION (CONTINUATION ON NEXT PAGE)

	2023	Change	2022	Change	2021	Change	2020	Change	2019
	in € THOUS	in %	in € THOUS	in %	in € THOUS	in %	in € THOUS	in %	in € THOUS
<b>Revenue</b>	19,453,617	0	19,398,017	10	17,618,685	(1)	17,859,063	2	17,476,555
<b>Operating income</b>	1,369,438	(9)	1,511,755	(18)	1,852,290	(20)	2,304,409	2	2,269,558
<b>Net income</b>	498,997	(26)	673,405	(31)	969,308	(17)	1,164,377	(3)	1,199,619
<b>ROIC</b>	2.8%	(15)	3.3%	(33)	4.9%	(16)	5.8%	(5)	6.1%
<b>Annual result according to the statutory financial statements of Fresenius Medical Care AG</b>	798,197	n. a.	(1,141,219)	n. a.	1,737,017	n. a.	(1,357,242)	n. a.	676,709
<b>Average employees' compensation</b>	51.9	(1)	52.3	15	45.4	(2)	46.2	2	45.5

**Current members of the Management Board or members in office until the end of the Fiscal Year**

Helen Giza	4,304	119	1,969	11	1,781	(12)	2,014	185	707
Martin Fischer	887	n. a.	—	n. a.	—	n. a.	—	n. a.	—
Franklin W. Maddux, MD	2,708	61	1,683	(15)	1,986	(33)	2,949	n. a.	—
Dr. Katarzyna Mazur-Hofsäß	3,210	69	1,903	2	1,872	(6)	1,993	4	1,925
William Valle	6,387	85	3,457	(7)	3,709	(16)	4,402	88	2,345

**Former members of the Management Board**

Michael Brosnan	601	57	382	(41)	651	(83)	3,813	(16)	4,561
Roberto Fusté	293	—	293	7	274	(87)	2,157	245	626
Prof. Emanuele Gatti	378	—	378	6	355	—	355	—	355
Rice Powell	2,574	(45)	4,658	(14)	5,424	(29)	7,642	88	4,060
Dr. Rainer Runte	149	1,142	12	n. a.	—	n. a.	—	n. a.	—
Dr. Olaf Schermeier	670	4	644	(75)	2,578	(15)	3,042	42	2,136
Kent Wanzek	1,137	54	740	(71)	2,554	(30)	3,654	77	2,059
Harry de Wit	706	11	637	(77)	2,814	(13)	3,243	91	1,698



## COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF THE COMPENSATION (CONTINUATION OF THE PREVIOUS PAGE)

	2023	Change	2022	Change	2021	Change	2020	Change	2019
	in € THOUS	in %	in € THOUS	in %	in € THOUS	in %	in € THOUS	in %	in € THOUS
<b>Current members of the supervisory boards</b>									
Michael Sen	444	289	114	n. a.	—	n. a.	—	n. a.	—
Sara Hennicken	158	216	50	n. a.	—	n. a.	—	n. a.	—
Shervin J. Korangy	20	n. a.	—	n. a.	—	n. a.	—	n. a.	—
Dr. Marcus Kuhnert	21	n. a.	—	n. a.	—	n. a.	—	n. a.	—
Gregory Sorensen, MD	151	(1)	152	77	86	n. a.	—	n. a.	—
Pascale Witz	230	10	209	12	187	24	151	9	139
<b>Former members of the supervisory boards</b>									
Dr. Dieter Schenk	390	(11)	437	7	407	32	308	4	296
Rolf A. Classon	323	(19)	399	—	398	42	280	(2)	285
Dr. Dorothea Wenzel	221	(3)	228	24	184	139	77	71	45
Prof. Dr. Gregor Zünd	136	(11)	152	8	141	83	77	(3)	79

## Outlook for compensation-related changes

The Supervisory Board will submit a fully reviewed and revised system for the compensation of the Management Board members for approval at the Company's 2024 AGM, which shall apply to the compensation of all current Management Board members from 2024 onwards. It is intended in particular to include sustainability as a performance target for the long-term incentive and to introduce, in addition to the already existing shareholding requirements, formal Share Ownership Guidelines, which will link the long-term development of the Company even more closely to the compensation of the Management Board.

The 2024 AGM of the Company will further, as scheduled, resolve upon the compensation of the Supervisory Board.

## Auditor's Report

### To Fresenius Medical Care AG, Hof (Saale)

We have audited the remuneration report of Fresenius Medical Care AG, Hof (Saale), for the financial year from January 1 to December 31, 2023 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 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, 2023, 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.

Frankfurt am Main, February 23, 2024

### **PRICEWATERHOUSECOOPERS GMBH**

*Wirtschaftsprüfungsgesellschaft*

**(SGD. PETER KARTSCHER)**

*Wirtschaftsprüfer*

*(German Public Auditor)*

**(SGD. DOMINIK HÖHLER)**

*Wirtschaftsprüfer*

*(German Public Auditor)*

## Restriction on use

We issue this auditor's report on the basis of the engagement agreed with Fresenius Medical Care AG. 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.



Developing innovative products and continuously improving our therapies are intrinsic elements of our strategy.

197	Consolidated Financial Statements
206	Notes to Consolidated Financial Statements
305	Supervisory Board and Management Board
308	Independent Auditor's Report

# Consolidated Financial Statements

# Consolidated statements of income

## T 5.1 CONSOLIDATED STATEMENTS OF INCOME IN € THOUSANDS (THOUS), EXCEPT PER SHARE DATA

	Note	2023	2022	2021		Note	2023	2022	2021
<b>Revenue:</b>					<b>Other (income) expense:</b>				
Health care services	5 a, 29	15,393,936	15,418,069	13,876,282	Interest income	5 g	(88,217)	(67,663)	(73,170)
Health care products	5 a, 29	4,059,681	3,979,948	3,742,403	Interest expense	5 g	424,640	360,139	353,599
	5 a, 29	<b>19,453,617</b>	<b>19,398,017</b>	<b>17,618,685</b>	<b>INCOME BEFORE INCOME TAXES</b>		<b>1,033,015</b>	<b>1,219,279</b>	<b>1,571,861</b>
<b>Costs of revenue:</b>					Income tax expense	5 h	300,557	324,954	352,833
Health care services		12,178,846	12,243,835	10,941,279	<b>NET INCOME</b>		<b>732,458</b>	<b>894,325</b>	<b>1,219,028</b>
Health care products		2,349,766	2,260,493	1,904,377	<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>		<b>233,461</b>	<b>220,920</b>	<b>249,720</b>
		<b>14,528,612</b>	<b>14,504,328</b>	<b>12,845,656</b>	<b>NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FME AG</b>		<b>498,997</b>	<b>673,405</b>	<b>969,308</b>
<b>Operating (income) expenses:</b>					<b>BASIC EARNINGS PER SHARE</b>	22	<b>1.70</b>	<b>2.30</b>	<b>3.31</b>
Selling, general and administrative	5 b	3,196,336	3,170,370	2,772,831	<b>DILUTED EARNINGS PER SHARE</b>	22	<b>1.70</b>	<b>2.30</b>	<b>3.31</b>
Research and development	5 c	231,970	228,624	220,782					
Income from equity method investees	29	(121,785)	(66,559)	(92,175)					
Other operating income	5 f	(515,247)	(549,853)	(567,787)					
Other operating expense	5 f	764,293	747,554	587,088					
Remeasurement Gain from InterWell Health		–	(148,202)	–					
<b>OPERATING INCOME</b>		<b>1,369,438</b>	<b>1,511,755</b>	<b>1,852,290</b>					

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	2023	2022	2021
<b>NET INCOME</b>		<b>732,458</b>	<b>894,325</b>	<b>1,219,028</b>
<b>Other comprehensive income (loss):</b>				
<b>Components that will not be reclassified to profit or loss:</b>				
Equity method investees - share of OCI	27	–	22,705	(25,334)
FVOCI equity investments	27	18,046	2,883	37,660
Actuarial gain (loss) on defined benefit pension plans	19, 27	(58,455)	318,595	(15,781)
Income tax (expense) benefit related to components of other comprehensive income not reclassified	27	16,196	(94,294)	(4,085)
<b>TOTAL</b>		<b>(24,213)</b>	<b>249,889</b>	<b>(7,540)</b>
<b>Components that may be reclassified subsequently to profit or loss:</b>				
Gain (loss) related to foreign currency translation	27	(607,873)	826,847	1,034,239
FVOCI debt securities	27	7,299	(44,996)	(9,892)
Gain (loss) related to cash flow hedges	26, 27	(4,307)	13,583	(1,019)
Cost of hedging	27	(1,171)	(1,170)	(163)
Income tax (expense) benefit related to components of other comprehensive income that may be reclassified	27	254	4,849	1,889
<b>TOTAL</b>		<b>(605,798)</b>	<b>799,113</b>	<b>1,025,054</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX</b>		<b>(630,011)</b>	<b>1,049,002</b>	<b>1,017,514</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>102,447</b>	<b>1,943,327</b>	<b>2,236,542</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>		<b>190,022</b>	<b>280,219</b>	<b>339,583</b>
<b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF FME AG</b>		<b>(87,575)</b>	<b>1,663,108</b>	<b>1,896,959</b>

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	2023	2022
<b>Assets</b>			
Cash and cash equivalents	7	1,403,492	1,273,787
Trade accounts and other receivables from unrelated parties	8	3,471,213	3,574,270
Accounts receivable from related parties	6	165,299	140,072
Inventories	9	2,179,175	2,296,214
Other current assets	10	730,460	671,223
Other current financial assets	10	244,172	247,889
Assets held for sale	4	507,600	–
<b>TOTAL CURRENT ASSETS</b>		<b>8,701,411</b>	<b>8,203,455</b>
Property, plant and equipment	11	3,782,780	4,152,682
Right-of-use assets	24	3,671,241	4,187,126
Intangible assets	12	1,362,327	1,518,677
Goodwill	12	14,650,008	15,791,181
Deferred taxes	5 h	283,953	312,679
Investment in equity method investees	13	642,928	773,724
Other non-current assets		223,576	198,794
Other non-current financial assets	14	611,584	615,796
<b>TOTAL NON-CURRENT ASSETS</b>		<b>25,228,397</b>	<b>27,550,659</b>
<b>TOTAL ASSETS</b>		<b>33,929,808</b>	<b>35,754,114</b>
<b>Liabilities</b>			
Accounts payable to unrelated parties		762,068	813,255
Accounts payable to related parties	6	123,081	138,329
Current provisions and other current liabilities	15	1,617,434	1,568,470
Other current financial liabilities	15	1,675,556	1,786,674
Short-term debt from unrelated parties	16	456,904	644,767
Short-term debt from related parties	16	–	4,000
Current portion of long-term debt	17	487,699	694,062
Current portion of lease liabilities from unrelated parties		593,033	649,844
Current portion of lease liabilities from related parties	6	23,926	23,981

	Note	2023	2022
Income tax liabilities		191,265	143,932
Liabilities directly associated with assets held for sale	4	180,624	–
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,111,590</b>	<b>6,467,314</b>
Long-term debt, less current portion	17	6,959,863	7,170,734
Lease liabilities from unrelated parties, less current portion		3,419,338	3,875,216
Lease liabilities from related parties, less current portion	6	109,649	129,722
Non-current provisions and other non-current liabilities	18	332,813	348,404
Other non-current financial liabilities	18	715,660	835,506
Pension liabilities	19	664,327	514,219
Income tax liabilities		39,747	27,345
Deferred taxes	5 h	750,286	936,475
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,991,683</b>	<b>13,837,621</b>
<b>TOTAL LIABILITIES</b>		<b>19,103,273</b>	<b>20,304,935</b>
<b>Shareholders' equity:</b>			
Ordinary shares, no par value, €1.00 nominal value, 362,370,124 shares authorized, 293,413,449 issued and outstanding as of December 31, 2023 (December 31, 2022: 293,413,449)	20	293,413	293,413
Additional paid-in capital	20	3,380,331	3,372,799
Retained earnings	20	10,921,686	10,711,709
Accumulated other comprehensive income (loss)	27	(975,169)	(388,468)
<b>TOTAL FME AG SHAREHOLDERS' EQUITY</b>		<b>13,620,261</b>	<b>13,989,453</b>
Noncontrolling interests	20	1,206,274	1,459,726
<b>TOTAL EQUITY</b>		<b>14,826,535</b>	<b>15,449,179</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>33,929,808</b>	<b>35,754,114</b>

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	2023	2022	2021
<b>Operating activities</b>				
Net income		732,458	894,325	1,219,028
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation, amortization and impairment loss	11, 12, 24, 29	1,751,971	1,838,363	1,623,676
Change in deferred taxes, net		(122,149)	(41,471)	67,259
(Gain) loss from the sale of fixed assets, right-of-use assets, investments and divestitures		(12,902)	(99,268)	44,088
Income from equity method investees		(121,785)	(66,559)	(92,175)
Interest expense, net	5 g	336,423	292,476	280,429
<b>Changes in assets and liabilities, net of amounts from businesses acquired:</b>				
Trade accounts and other receivables from unrelated parties		(125,593)	(76,658)	(100,548)
Inventories		(13,140)	(204,307)	(48,530)
Other current and non-current assets		145,697	154,031	164,201
Accounts receivable from related parties		(26,251)	29,976	(62,649)
Accounts payable to related parties		(10,905)	(8,726)	19,696
Accounts payable to unrelated parties, provisions and other current and non-current liabilities		119,384	(348,063)	(383,651)
Income tax liabilities		472,084	325,680	313,713
Received dividends from investments in equity method investees		219,953	95,213	58,472
Paid interest		(394,535)	(350,681)	(341,629)
Received interest		88,217	67,663	73,170

	Note	2023	2022	2021
Paid income taxes		(410,126)	(334,615)	(345,052)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		<b>2,628,801</b>	<b>2,167,379</b>	<b>2,489,498</b>
<b>Investing activities</b>				
Purchases of property, plant and equipment and capitalized development costs		(684,596)	(723,988)	(854,360)
Acquisitions, net of cash acquired, investments and purchases of intangible assets	3, 28	(35,202)	(59,133)	(434,171)
Investments in debt securities	3	(102,363)	(105,641)	(129,081)
Proceeds from sale of property, plant and equipment		16,138	36,205	24,424
Proceeds from divestitures	3, 28	172,201	60,161	52,444
Proceeds from sale of debt securities	3	89,595	57,671	144,516
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(544,227)</b>	<b>(734,725)</b>	<b>(1,196,228)</b>
<b>Financing activities</b>				
Proceeds from short-term debt from unrelated parties		55,133	633,094	1,716,261
Repayments of short-term debt from unrelated parties		(230,771)	(1,144,751)	(600,484)
Proceeds from short-term debt from related parties		10,204	84,000	87,946
Repayments of short-term debt from related parties		(14,204)	(157,500)	(26,766)
Proceeds from long-term debt		417,877	986,922	1,244,094
Repayments of long-term debt		(700,663)	(744,620)	(2,083,000)
Repayments of lease liabilities from unrelated parties		(702,212)	(752,884)	(675,639)

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUATION OF THE PREVIOUS PAGE)**  
**IN € THOUS**

	Note	2023	2022	2021
Repayments of lease liabilities from related parties		(25,157)	(22,268)	(21,315)
Increase (decrease) of accounts receivable facility		(69,363)	94,962	–
Proceeds from exercise of stock options		–	20,153	6,511
Dividends paid	20	(328,623)	(395,556)	(392,455)
Distributions to noncontrolling interests		(313,365)	(307,417)	(334,844)
Contributions from noncontrolling interests		42,615	88,505	55,309
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>(1,858,529)</b>	<b>(1,617,360)</b>	<b>(1,024,382)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(72,607)</b>	<b>(23,162)</b>	<b>131,228</b>
<b>Cash and cash equivalents:</b>				
Net increase (decrease) in cash and cash equivalents		153,438	(207,868)	400,116
Cash and cash equivalents at beginning of period		1,273,787	1,481,655	1,081,539
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	7	<b>1,427,225</b>	<b>1,273,787</b>	<b>1,481,655</b>
<b>THEREOF: CASH AND CASH EQUIVALENTS WITHIN THE DISPOSAL GROUPS</b>	4	<b>23,733</b>	–	–

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

	Note	Ordinary shares		Accumulated other comprehensive income (loss)					Total FME AG shareholders' equity	Non-controlling interests	Total equity	
		Number of shares	No par value	Additional paid-in capital	Retained earnings	Foreign currency translation	Cash Flow Hedges	Pensions				Fair value changes
<b>BALANCE AT DECEMBER 31, 2020</b>		<b>292,876,570</b>	<b>292,877</b>	<b>2,872,630</b>	<b>10,254,913</b>	<b>(1,936,713)</b>	<b>(7,706)</b>	<b>(346,282)</b>	<b>85,361</b>	<b>11,215,080</b>	<b>1,116,230</b>	<b>12,331,310</b>
Proceeds from exercise of options and related tax effects	23	127,769	127	5,463	-	-	-	-	-	5,590	-	5,590
Dividends paid	20	-	-	-	(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	26	-	-	-	(39,574)	-	-	-	-	(39,574)	-	(39,574)
Transfer of cumulative gains/losses of equity investments	26	-	-	-	33,948	-	-	-	(33,948)	-	-	-
Net Income		-	-	-	969,308	-	-	-	-	969,308	249,720	1,219,028
Other comprehensive income (loss) related to:												
Foreign currency translation	27	-	-	-	-	954,207	(634)	(12,342)	3,145	944,376	89,863	1,034,239
Cash flow hedges, net of related tax effects	27	-	-	-	-	-	(775)	-	-	(775)	-	(775)
Pensions, net of related tax effects	19	-	-	-	-	-	-	(11,374)	-	(11,374)	-	(11,374)
Fair value changes, net of related tax effects	27	-	-	-	-	-	-	-	(4,576)	(4,576)	-	(4,576)
Comprehensive income		-	-	-	-	-	-	-	-	1,896,959	339,583	2,236,542
<b>BALANCE AT DECEMBER 31, 2021</b>		<b>293,004,339</b>	<b>293,004</b>	<b>2,891,276</b>	<b>10,826,140</b>	<b>(982,506)</b>	<b>(9,115)</b>	<b>(369,998)</b>	<b>49,982</b>	<b>12,698,783</b>	<b>1,280,254</b>	<b>13,979,037</b>

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUATION OF THE PREVIOUS PAGE)**  
**IN € THOUS, EXCEPT SHARE DATA**

	Note	Ordinary shares		Accumulated other comprehensive income (loss)						Total FME AG shareholders' equity	Non-controlling interests	Total equity
		Number of shares	No par value	Additional paid-in capital	Retained earnings	Foreign currency translation	Cash Flow Hedges	Pensions	Fair value changes			
<b>BALANCE AT DECEMBER 31, 2021</b>		<b>293,004,339</b>	<b>293,004</b>	<b>2,891,276</b>	<b>10,826,140</b>	<b>(982,506)</b>	<b>(9,115)</b>	<b>(369,998)</b>	<b>49,982</b>	<b>12,698,783</b>	<b>1,280,254</b>	<b>13,979,037</b>
Proceeds from exercise of options and related tax effects	23	409,110	409	19,996	–	–	–	–	–	20,405	–	20,405
Dividends paid	20	–	–	–	(395,556)	–	–	–	–	(395,556)	–	(395,556)
Transactions with noncontrolling interests without loss of control	20	–	–	461,527	–	–	–	–	–	461,527	29,639	491,166
Noncontrolling interests due to changes in consolidation group	20	–	–	–	–	–	–	–	–	–	142,310	142,310
Contributions from/to noncontrolling interests		–	–	–	–	–	–	–	–	–	(272,696)	(272,696)
Put option liabilities	26	–	–	–	(458,814)	–	–	–	–	(458,814)	–	(458,814)
Transfer of cumulative gains/losses of equity investments	26	–	–	–	66,534	–	–	–	(66,534)	–	–	–
Net Income		–	–	–	673,405	–	–	–	–	673,405	220,920	894,325
Other comprehensive income (loss) related to:												
Foreign currency translation	27	–	–	–	–	775,296	(723)	(10,061)	3,036	767,548	59,299	826,847
Cash flow hedges, net of related tax effects	27	–	–	–	–	–	9,211	–	–	9,211	–	9,211
Pensions, net of related tax effects	19	–	–	–	–	–	–	224,533	–	224,533	–	224,533
Fair value changes, net of related tax effects	27	–	–	–	–	–	–	–	(11,589)	(11,589)	–	(11,589)
Comprehensive income		–	–	–	–	–	–	–	–	1,663,108	280,219	1,943,327
<b>BALANCE AT DECEMBER 31, 2022</b>		<b>293,413,449</b>	<b>293,413</b>	<b>3,372,799</b>	<b>10,711,709</b>	<b>(207,210)</b>	<b>(627)</b>	<b>(155,526)</b>	<b>(25,105)</b>	<b>13,989,453</b>	<b>1,459,726</b>	<b>15,449,179</b>



**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUATION OF THE PREVIOUS PAGE)**  
IN € THOUS, EXCEPT SHARE DATA

	Note	Ordinary shares		Accumulated other comprehensive income (loss)						Total FME AG shareholders' equity	Non-controlling interests	Total equity
		Number of shares	No par value	Additional paid-in capital	Retained earnings	Foreign currency translation	Cash Flow Hedges	Pensions	Fair value changes			
<b>BALANCE AT DECEMBER 31, 2022</b>		<b>293,413,449</b>	<b>293,413</b>	<b>3,372,799</b>	<b>10,711,709</b>	<b>(207,210)</b>	<b>(627)</b>	<b>(155,526)</b>	<b>(25,105)</b>	<b>13,989,453</b>	<b>1,459,726</b>	<b>15,449,179</b>
Proceeds from exercise of options and related tax effects	23	-	-	(1,190)	-	-	-	-	-	(1,190)	-	(1,190)
Dividends paid	20	-	-	-	(328,623)	-	-	-	-	(328,623)	-	(328,623)
Transactions with noncontrolling interests without loss of control	20	-	-	8,722	-	-	-	-	-	8,722	(14,684)	(5,962)
Noncontrolling interests due to changes in consolidation group	20	-	-	-	-	-	-	-	-	-	(182,488)	(182,488)
Contributions from/to noncontrolling interests	20	-	-	-	-	-	-	-	-	-	(246,302)	(246,302)
Put option liabilities	3, 26	-	-	-	39,474	-	-	-	-	39,474	-	39,474
Transfer of cumulative gains/losses of equity investments	26	-	-	-	129	-	-	-	(129)	-	-	-
Net Income		-	-	-	498,997	-	-	-	-	498,997	233,461	732,458
Other comprehensive income (loss) related to:												
Foreign currency translation	27	-	-	-	-	(558,371)	(55)	5,086	(11,094)	(564,434)	(43,439)	(607,873)
Cash flow hedges, net of related tax effects	27	-	-	-	-	-	(3,903)	-	-	(3,903)	-	(3,903)
Pensions, net of related tax effects	19	-	-	-	-	-	-	(42,050)	-	(42,050)	-	(42,050)
Fair value changes, net of related tax effects	27	-	-	-	-	-	-	-	23,815	23,815	-	23,815
Comprehensive income		-	-	-	-	-	-	-	-	(87,575)	190,022	102,447
<b>BALANCE AT DECEMBER 31, 2023</b>		<b>293,413,449</b>	<b>293,413</b>	<b>3,380,331</b>	<b>10,921,686</b>	<b>(765,581)</b>	<b>(4,585)</b>	<b>(192,490)</b>	<b>(12,513)</b>	<b>13,620,261</b>	<b>1,206,274</b>	<b>14,826,535</b>

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, formerly Fresenius Medical Care AG & Co. KGaA, (FME AG or the Company), a German stock corporation (Aktiengesellschaft — AG) registered with the commercial register of Hof (Saale) under HRB 6841, 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.

At an extraordinary general meeting (EGM) of the Company held on July 14, 2023, the shareholders of the Company approved a proposal to change of the legal form of the Company from a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) into a German stock corporation (Aktiengesellschaft – AG) (the Conversion). Upon effectiveness of the Conversion, which occurred upon registration of the Conversion with the competent commercial register on November 30, 2023, Management AG exited the Company and Fresenius SE ceased to control (as defined by IFRS 10, Consolidated Financial Statements) the Company.

In these notes, “FME AG,” the “Company” or the “Group” refers to Fresenius Medical Care AG or Fresenius Medical Care AG 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 (renamed Fresenius Vermögensverwaltung AG), which was the Company's general partner prior to the Conversion and is wholly owned by Fresenius SE. Management AG ceased to be a General Partner of the Company when the Conversion took effect. “Management Board” refers to the members of the management board of the Company (or of Management AG, prior to the Conversion) and, except as otherwise specified, “Supervisory Board” refers to the supervisory board of the Company.

Effective as of January 1, 2023, the Company commenced reporting reflecting its new global operating model in which the Company reorganized its business into two global operating, and reportable, segments. The term “Care Enablement” refers to the Company's Care Enablement operating segment and the term “Care Delivery” refers to the Care Delivery operating segment. 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. Due to the change in the Company's operating structure, the Company has adjusted the prior year financial information for its operating segments in order to conform to the current year's presentation. For further discussion of the Company's operating and reportable segments, see [NOTE 29](#).

### Basis of presentation

FME AG 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® Accounting Standards), 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 FME AG at December 31, 2023 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 (IFRIC), which are binding to be applied in the EU.

Furthermore, the Company prepares consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB which is filed on Form 20-F with the Securities and Exchange Commission (SEC). At December 31, 2023, there were no IFRS Accounting

Standards or IFRS IC interpretations as endorsed by the EU relevant for reporting that differed from IFRS Accounting Standards as issued by the IASB.

Moreover, the notes include information required by HGB according to Section 315e (1) HGB. In addition to the consolidated financial statements in accordance with IFRS Accounting Standards, a group management report must be prepared according to section 315 HGB.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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. The table below details the date of initial application of IAS 29 and the specific inputs used to calculate the gain or loss on net monetary position on a country-specific basis for the year ended December 31, 2023. 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, €2,997, €16,706 for Turkiye, Lebanon and Argentina, respectively. Due to the disposal of the Company's Argentina business, the amount previously recorded within accumulated other comprehensive income (loss) related to foreign currency translation was reclassified to other operating expense within the consolidated statement of income for the year ended December 31, 2023. The ongoing re-translation effects of hyperinflationary accounting and its impact on comparative amounts are recorded in other com-

prehensive 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 other operating income and other operating expense, respectively, 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, 2023	3,533.2	5,978.13	1,859.38
Calendar year increase	211%	192%	65%
Loss on net monetary position in € THOUS	22,505	2,857	6,754

In the consolidated statements of income, Costs of revenue in the amount of €416,563 and €304,000 for the years ended December 31, 2022 and 2021, respectively, have been reclassified from "Selling, general and administrative" expense to more appropriately reflect these expenses and disclose these amounts in accordance with the way in which management reviews the new operating segments starting on January 1, 2023 alongside the transformation of the Company's operating segments in connection with the FME25 Program. This reclassification was a result of an evaluation of internal and external reporting by management with a goal of increasing transparency and aligning financial information which management believes is more relevant to an understanding of the Company's financial performance. This evaluation led to a voluntary refinement to the Company's policy regarding the presentation of certain expenses by which expense classification is determined on a group-wide cost center approach, expenses aligned to providing services and involved in generating revenue are allocated to Costs of revenue and expenses aligned with administrative functions and activities are classified as Selling, general and administrative expenses.

Additionally, the Company elected to voluntarily present other operating income and other operating expense separately in the consolidated statements of income. For the year ended December 31, 2022, other operating income and other operating expense in the amount of €549,853 and €747,554, respectively, and for the year ended December 31, 2021, other operating income and other operating expense in the amount of €567,787 and €587,088, respectively,

have been reclassified from “Selling, general and administrative” expense to conform to the current year’s presentation, which was reclassified in connection with the FME25 Program in order to harmonize external reporting to the way in which management reviews the Company’s results and to provide more relevant information to users of its financial statements. Other operating income and expense include, but are not limited to, foreign exchange gains and losses, gains and losses on right-of-use assets and from the sale of fixed assets and clinics, the impacts from the revaluation of certain investments and certain income and expenses incurred in connection with certain strategic divestiture programs. For further information regarding the material components of other operating income and expense, see [NOTE 5 F](#).

For the year ended December 31, 2022, the following reclassifications in the consolidated balance sheet have been made to conform to the current year’s presentation:

Previously reported line item	Presentation in 2023	Amount as of January 1, 2022	Amount as of December 31, 2022
<b>IN € THOUS</b>			
Other current assets	Other current financial assets	211,311	247,889
Other non-current assets	Other non-current financial assets	727,305	615,796
Current provisions and other current liabilities	Other current financial liabilities	1,679,868	1,786,674
Non-current provisions and other non-current liabilities	Other non-current financial liabilities	351,826	835,506

Additionally, in the consolidated balance sheet as of December 31, 2022, accounts payable to related parties in the amount of €20,246 has been reclassified from “Short-term debt from unrelated parties to correct for an error in the presentation of these amounts. For further information related to these related party payables, see [NOTE 6 C](#)).

At February 23, 2024, 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 FME AG, the consolidated financial statements include all material subsidiaries according to IFRS 10 over which the Company has control. The Company 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 the Company, directly or indirectly, holds 50% or less of the voting power and can exercise significant influence over their financial and operating policies. For information on the Company’s investment in Vifor Fresenius Medical Care Renal Pharma Ltd., which makes up a large portion of its equity method investees, see [NOTE 13](#).

Acquisitions of companies are accounted for in accordance with IFRS 3, Business Combinations (IFRS 3) at the date of acquisition. Initially, all identifiable assets acquired and liabilities assumed as well as the noncontrolling interests, when applicable, are recognized at their fair values. The fair value of the consideration transferred 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 during the measurement period are recorded as an offset to goodwill. Any adjustments made subsequent to the measurement period 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 due to 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 interest owners hold approximately 25% can be found in [NOTE 3](#). The book value of these noncontrolling interests at December 31, 2023 was \$208,415 (€188,611).

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 Health, Inc. (Cricket), and InterWell Health LLC, the Company also granted put options to noncontrolling interest owners 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 financial liabilities and other non-current financial 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 Accounting Standards to this date has not been finally clarified. In the absence of IFRS Accounting Standards 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 the users of the Company's financial statements 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 26](#).

The consolidated financial statements for 2023 include FME AG as well as 2,227 companies (2022: 2,346). In 2023, 33 companies were first-time consolidations (2022: 68), 151 companies were deconsolidated (2022: 27), 1 company changed to equity method investees (2022: 30). In 2023, the Company did not change any previously consolidated entities to equity investments (2022: 8). In 2023, 57 companies were accounted for by the equity method (2022: 79).

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, 2023 and 2022 are listed in the table below:

#### T 5.7 PRINCIPAL SUBSIDIARIES

Name	Country	Main activity	Ownership
Fresenius Medical Care Argentina S.A. <sup>1</sup>	Argentina	Provision of health care services	100%
		Sale of health care products	
Fresenius Medical Care Australia Pty. Ltd.	Australia	Provision of health care services	100%
		Sale of health care products	
Fresenius Medical Care Colombia S.A.	Colombia	Provision of health care services	100%
Fresenius Medical Care Deutschland GmbH	Germany	Sale of health care products	100%
		Production of health care products	
		Research and development	
Fresenius Medical Care France S.A.S.	France	Sale of health care products	100%
Fresenius Medical Care GmbH	Germany	Sale of health care products	100%
Fresenius Medical Care Holdings, Inc.	USA	Provision of health care services	100%
		Sale of health care products	
		Production of health care products	
		Research and development	
Fresenius Medical Care Italia S.p.A.	Italy	Sale of health care products	100%
Fresenius Medical Care Korea Ltd.	South Korea	Sale of health care products	100%
Fresenius Medical Care Ltda.	Brazil	Sale of health care products	100%
Fresenius Medical Care Shanghai Ltd.	China	Sale of health care products	100%
Fresenius Medical Care (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	

<sup>1</sup> Divested in December 2023.

The complete list of participations in affiliated and associated companies of FME AG will be submitted to the electronic companies register as well as published on <https://www.freseniusmedicalcare.com/en/investors/publications/> as part of the annual report of FME AG according to German law.

For 2023, 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.

#### T 5.8 COMPANIES EXEMPT FROM APPLYING CERTAIN LEGAL REQUIREMENTS

Name of the company	Registered office of the company	Name of the company	Registered office of the company
Ärztliches Versorgungszentrum Ludwigshafen GmbH im Lusanum	Ludwigshafen am Rhein, Germany	Nephrocare Grevenbroich GmbH	Grevenbroich, Germany
DiZ München Nephrocare GmbH	Munich, Germany	Nephrocare Hagen GmbH	Hagen, Germany
ET Software Developments GmbH	Heidelberg, Germany	Nephrocare Hamburg-Altona GmbH	Hamburg, Germany
Fresenius Medical Care Beteiligungsgesellschaft mbH	Bad Homburg v. d. Höhe, Germany	Nephrocare Hamburg-Barmbek GmbH	Hamburg, Germany
Fresenius Medical Care Data Solutions GmbH	Berlin, Germany	Nephrocare Hamburg-Süderelbe GmbH	Hamburg, Germany
Fresenius Medical Care Deutschland GmbH	Bad Homburg v. d. Höhe, Germany	Nephrocare Ingolstadt GmbH	Ingolstadt, Germany
Fresenius Medical Care Frankfurt am Main GmbH	Frankfurt am Main, Germany	Nephrocare Kaufering GmbH	Kaufering, Germany
Fresenius Medical Care GmbH	Bad Homburg v. d. Höhe, Germany	Nephrocare Krefeld GmbH	Krefeld, Germany
Fresenius Medical Care Investment GmbH	Bad Homburg v. d. Höhe, Germany	Nephrocare Lahr GmbH	Lahr, Germany
Fresenius Medical Care US Beteiligungsgesellschaft mbH	Bad Homburg v. d. Höhe, Germany	Nephrocare Leverkusen GmbH	Leverkusen, Germany
Fresenius Medical Care US Vermögensverwaltungs GmbH & Co. KG	Bad Homburg v. d. Höhe, Germany	Nephrocare Ludwigshafen GmbH	Ludwigshafen am Rhein, Germany
Fresenius Medical Care US Zwei Vermögensverwaltungs GmbH & Co. KG	Bad Homburg v. d. Höhe, Germany	Nephrocare Mannheim GmbH	Mannheim, Germany
Fresenius Medical Care Ventures GmbH	Bad Homburg v. d. Höhe, Germany	Nephrocare Mettmann GmbH	Mettmann, Germany
Medizinisches Versorgungszentrum Berchtesgaden GmbH	Berchtesgaden, Germany	Nephrocare Mönchengladbach GmbH	Mönchengladbach, Germany
MVZ Gelsenkirchen-Buer GmbH	Gelsenkirchen, Germany	Nephrocare Mühlhausen GmbH	Mühlhausen, Germany
Nephrocare Ahrensburg GmbH	Ahrensburg, Germany	Nephrocare München-Ost GmbH	Munich, Germany
Nephrocare Augsburg GmbH	Augsburg, Germany	Nephrocare Münster GmbH	Münster, Germany
Nephrocare Berlin-Weißensee GmbH	Berlin, Germany	Nephrocare MVZ Aalen GmbH	Aalen, Germany
Nephrocare Betzdorf GmbH	Betzdorf, Germany	Nephrocare Oberhausen GmbH	Oberhausen, Germany
Nephrocare Bielefeld GmbH	Bielefeld, Germany	Nephrocare Papenburg GmbH	Papenburg, Germany
Nephrocare Buchholz GmbH	Buchholz, Germany	Nephrocare Pirmasens GmbH	Pirmasens, Germany
Nephrocare Daun GmbH	Daun, Germany	Nephrocare Püttlingen GmbH	Püttlingen, Germany
Nephrocare Deutschland GmbH	Bad Homburg v. d. Höhe, Germany	Nephrocare Recklinghausen GmbH	Recklinghausen, Germany
Nephrocare Döbeln GmbH	Döbeln, Germany	Nephrocare Rostock GmbH	Rostock, Germany
Nephrocare Dortmund GmbH	Dortmund, Germany	Nephrocare Salzgitter GmbH	Salzgitter, Germany
Nephrocare Friedberg GmbH	Friedberg, Germany	Nephrocare Schrobenhausen GmbH	Schrobenhausen, Germany

Name of the company	Registered office of the company
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

## 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\)](#).

The Company provides reinsurance to a health care insurer of end-stage renal diseases and, in May 2023, entered into a renal care coordination agreement to arrange and provide health care services to patients with chronic kidney disease (CKD). The Company accounts for both its reinsurance contract and renal care coordination agreement as insurance contracts, classified as separate portfolios, under IFRS 17.

Premium revenue is received throughout the year based on claims experience. For both insurance and reinsurance portfolios, the Company applies the premium allocation approach (PAA) under IFRS 17 as the contract boundary of the cash flows is one year or less. On initial recognition of the liabilities for incurred claims, the estimation and valuation processes remain unchanged as compared to the application of IFRS 4, Insurance Contracts (IFRS 4). The subsequent measurement of insurance liabilities is based on the estimated cost of settling the claims incurred, but not yet recorded (IBNR). IBNR is estimated using actual paid claim data and apply-

ing historical claim completion factors, which may include the effects of both inflationary and socio-economic factors as well as using past experience adjusted for current trends and any other factors that would modify past experience. Regarding the measurement of the liabilities for the remaining coverage, the liabilities are equal to the premiums received less any insurance acquisition cash flows. Any insurance acquisition cash flows will be expensed when incurred. The Company does not consider the effects and time value of money when measuring the liabilities for the remaining coverage as the related cash flows are expected to be paid or received within one year or less from the date the claims are incurred. The Company does not receive any premiums in advance. As a result, the liabilities for the remaining coverage is zero.

The Company has applied the modified retrospective approach at the date of transition due to the impracticability of collecting cash flow estimations and risk adjustments for non-financial risk at the date of initial recognition of the reinsurance contract. Insurance premium revenues are recognized based upon the passage of time, therefore the pattern of revenue recognition has not changed with the application of IFRS 17. For additional information see [NOTE 5 A\)](#) and [NOTE 8](#).

## 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 9](#)). 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 11](#)). 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 16 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.

## 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 lease and non-lease costs that are separable, 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
- > 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 24](#)).

## 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 recog-

nized and reported apart from goodwill (see [NOTE 12](#)). 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 10 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. For debt instruments, accrued interest is included in the line items on the consolidated balance sheets where the borrowing is presented.

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 non-controlling 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' non-controlling 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 26](#).

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 26](#)). 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, entered into with financial institutions, 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 with third parties 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.

## I) 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 expected lifetime 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 inter-company 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 U.S. DOLLAR IN EURO

December 31, 2023	December 31, 2022	2023	2022	2021
spot exchange rate in €	spot exchange rate in €	average exchange rate in €	average exchange rate in €	average exchange rate in €
0.90498	0.93756	0.92484	0.94962	0.84549

## 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 shared savings arrangements with certain payors to provide care and care coordination services to certain end-stage renal disease (ESRD) and chronic kidney disease patients. Under these arrangements, the Company may earn variable reimbursement or may owe the payor reimbursement.

In the U.S., the Company generates revenue from insurance (including reinsurance) contracts, such as sub-capitation arrangements, for which the Company applies IFRS 17, Insurance Contracts (IFRS 17). Insurance premium revenue is recognized as earned each month and risk adjustments are offset against revenue.

"Revenue from insurance contracts" is disclosed 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, the Company 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 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 2023, 2022 and 2021, interest of €2,500, €2,240 and €4,167 based on an average interest rate of 2.88%, 4.52% and 2.89%, 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. 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 5 H](#)). The determination of future taxable income is based on assumptions on future market conditions and future profits of FME AG 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 the U.S. 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.

In 2023, the Company implemented a Global Intercompany Service Charging (GISC) initiative reflecting its new global operating model described above. The initiative aligns with the Company's vertical integration strategy, seeking to consolidate functions through business partnering, centers of excellence and global shared services. The GISC initiative established a standardized and simplified global framework for intercompany service charging. Consistent with Organisation for Economic Co-operation and Development Transfer Pricing Guidelines, service fees are charged based on associated costs and arm's length mark-ups using allocation keys which reflect the benefits received by the service recipients.

## 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 17](#).

## 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 25%, 26%, and 27% of the Company's worldwide revenues in 2023, 2022 and 2021, respectively.

See [NOTE 2 C\)](#) for concentration risks of debtors or group of debtors as well as [NOTE 9](#) 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 23](#)) 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 FME AG 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.

See [NOTE 5 I](#)) for further details regarding the impact of severe acute respiratory syndrome coronavirus 2 (COVID-19) on the Company and its patient population.

## 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 2023.

## AA) Recent pronouncements

### Recently implemented accounting pronouncements

The Company has prepared its consolidated financial statements at and for the year ended December 31, 2023 in conformity with IFRS Accounting Standards that have to be applied for

fiscal years beginning on January 1, 2023. For the year ended December 31, 2023, the Company applied the following new standard relevant for its business for the first time:

### IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17. 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, 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 Accounting Standards. As a result of the varied application for insurance contracts there was a lack of comparability among peer groups. IFRS 17 eliminated 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. The Company applied IFRS 17 beginning on January 1, 2023 (see [NOTES 5 A](#)) and [8](#)).

### Amendments to IAS 12, Income Taxes (IAS 12)

Due to the size of the Company's revenue, it is within the scope of the Organisation for Economic Co-operation and Development's Inclusive Framework on Base Erosion Profit Shifting (BEPS) Global Anti-Base Erosion Model Rules (GloBE): Global Minimum Taxation (Pillar Two) legislation. The legislation was enacted in Germany on December 15, 2023, the jurisdiction in which the Company resides, and will become effective January 1, 2024. As the regulations were not yet effective as of December 31, 2023, the Company is not subject to any additional tax burden. The Company applies the exception to recognize and disclose deferred taxes in connection with Pillar Two income taxes, which was subject of the amendments to IAS 12, Income Taxes, published in May 2023. The amendments to IAS 12 also require that an entity disclose current tax expense related to Pillar Two separately and disclose known or reasonably estimable information that helps users of financial statements understand an entity's exposure to Pillar Two income taxes once legislation has been enacted.

According to the legislation, the Company must pay a top-up tax per country in the amount of the difference between the GloBE effective tax rate and the minimum rate of 15%.

The Company has performed an assessment of the potential exposure to Pillar Two income taxes based on the most recent country-by-country reporting and financial statements for the Company's constituent entities. Based on the assessment, Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbor relief does not apply, and the Pillar

Two effective tax rate is below 15%. The company does not expect a material exposure to Pillar Two income taxes in those jurisdictions where its effective rate is below 15%.

### Recent accounting pronouncements not yet adopted

In the Company's view, no other pronouncements issued by the IASB are expected to have a material impact on the consolidated financial statements.

## 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 (R&D) and software development projects. At December 31, 2023, the carrying amount of goodwill and non-amortizable intangible assets amounted to €14,914,803 (€16,066,642 at December 31, 2022) representing approximately 44% and 45% of the Company's total assets at December 31, 2023 and 2022, 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 Accounting Standards 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 2023, the Company's WACC was impacted by the world-wide prevailing increase of interest rates as well as the impact of increased macro-economic 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 2023, the estimates were largely impacted by the continuing deterioration of the macroeconomic environment.

The Company performed an interim analysis in connection with the annual goodwill impairment test as of October 1, 2023, which included qualitative and quantitative simulations to assess the impacts of the results of the SELECT trial, a trial of glucagon-like peptide 1 (GLP-1) receptor agonists designed to reduce major adverse cardiovascular events, and which included a subset of non-diabetic patients with CKD. The interim analysis also included preliminary assessments of the implications of the early termination of the FLOW trial as a result of the study having met certain prespecified clinical endpoints. The FLOW trial was a study on the effectiveness of its GLP-1 receptor agonists in treating CKD experienced by diabetic patients. The Company's interim analysis included preliminary projections regarding the potential impact of GLP-1 receptor agonists use on future projections of the ESRD patient population, specifically in relation to cash flow projections and goodwill sensitivity assessments. The interim analysis assessed differential impacts on both improvement in rates of progression from CKD to ESRD particularly in patients with diabetes-related CKD, as well as cardiovascular mortality improvements in patients with non-diabetic CKD.

Based on the currently limited available information, the Company's interim analysis included a range of scenarios predicated on a review of publicly available data, peer-reviewed literature and testing a range of assumptions designed to assess the competing endpoints of slowed CKD-to-ESRD progression (which would delay progression to ESRD but may or may not reduce the ESRD population in future years) and cardiovascular mortality improvements (which would permit certain patients to survive or avoid a previously fatal cardiovascular event, thereby remaining at risk for ESRD progression).

The range of scenarios and balances of competing endpoints examined in the interim analysis supported the assessment of an overall balanced impact on patient population progressing to the later stages of ESRD and payor mix. The impact on the revenue, operating income and free cash flow projections is therefore balanced as well. The Company's assessment concluded that underlying patient growth assumptions used in its cash flow projections reflect the current understanding of treatment developments. The most conservative scenario within this range did not result in an impairment loss as the recoverable amount of the Care Delivery and Care Enablement groups of CGUs continued to exceed the carrying amount by €6,689,598 and €1,683,593, respectively, based on the annual impairment test performed as of October 1, 2023. Sensitivities are based on assumptions for delays in patients progressing through the stages of CKD, life expectancy, the aging of our patient population and payor mix.

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 2023, 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 simulations regarding the GLP1 study, as described above, underlined the Company's determination of using 10-year projections as the full potential impacts of the GLP1 study on the Company's revenue, operating income and cash flow streams are not expected to be realized within a shorter time period.

The annual impairment test performed as of October 1, 2023 did not result in an impairment.

In connection with the implementation of the Company's new global operating model, the Company performed a reallocation of goodwill to the segments under its new operating structure and evaluated the effects of this reallocation on the recoverability of goodwill. Goodwill which was attributable to the respective group of CGUs was directly allocated. The remaining goodwill was allocated to the respective group of CGUs based on the average of the group of CGUs' budgeted profit and loss contribution of the following three years in order to capture the synergies created in Care Enablement when acquiring an entity or assets in Care Delivery. 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.

Goodwill as of December 31, 2023 was €14,650,008 (October 1, 2023: 15,407,279; January 1, 2023: €15,791,181), thereof €12,573,423 (October 1, 2023: €13,273,605; January 1, 2023: €13,642,445) in Care Delivery and €2,076,585 (October 1, 2023: €2,133,674; January 1, 2023: €2,148,736) in Care Enablement.

The market capitalization of the Company increased by 24% to €11,137,975 as of December 31, 2023, from €8,969,649 as of December 31, 2022. Total FME AG shareholders' equity decreased by 3% to €13,620,261 as of December 31, 2023, from €13,989,453 as of December 31, 2022, driven primarily by a decrease in other comprehensive income (loss), including foreign currency translation effects in the amount of €(607,873) and an actuarial loss recognized (mainly attributable to adjustments to the discount rate for pension liabilities). In the fourth quarter the Company's market capitalization decreased significantly mostly as a result of the financial market's reaction to the early termination of the FLOW trial as a result of the GLP-1 study having met certain prespecified clinical endpoints, as noted above.

Due to the carrying amount of net assets exceeding the Company's market capitalization, an increase in interest rates, the potential impact of GLP-1 and ongoing uncertainties in the macroeconomic environment, the Company performed an impairment test as of December 31, 2023, in addition to the annual impairment test as of October 1, 2023. WACC parameters were updated to reflect the difference in perception between the investor market and the Company regarding the impacts of GLP-1 on our business as well as uncertainties regarding value and risk-based care programs in the U.S. Cash flow projections were updated to reflect the impacts of divestitures and the classification of certain entities as held for sale during the fourth quarter in this additional goodwill impairment test performed as of December 31, 2023, while CGU residual value growth rates remained unchanged as compared to the annual impairment test performed as of October 1, 2023. The goodwill impairment test performed as of December 31, 2023 did not result in any impairment.

The following table shows the key assumptions of value-in-use calculations, which are presented based upon the goodwill impairment test performed as of December 31, 2023 and January 1, 2023. There are no reasonably possible changes in assumptions that would lead to an impairment in these groups of CGUs.

#### T 5.10 KEY ASSUMPTIONS IN %

	Care Delivery		Care Enablement	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023
Average revenue growth in ten year projection period <sup>1</sup>	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit
Average operating income growth in ten year projection period <sup>1</sup>	high-single-digit	high-single-digit	low-double-digit	low-double-digit
Residual value growth <sup>1</sup>	1.00	1.00	1.00	1.00
Pre-tax WACC <sup>2</sup>	10.53	9.49	8.41	8.15
After-tax WACC <sup>2</sup>	8.09	7.35	6.54	6.14

<sup>1</sup> The key assumptions as of December 31, 2023 match the respective assumptions as of October 1, 2023.

<sup>2</sup> As of October 1, 2023 the pre-tax WACC of Care Delivery and Care Enablement was 9.35% and 9.04%, respectively. The after-tax WACC of Care Delivery and Care Enablement was 7.21% and 7.01%, respectively.

An overview of the carrying amounts of goodwill and intangibles with indefinite useful life for each group of CGUs is shown in [NOTE 12](#).

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. Additionally, changing market conditions and new market entrants could have a negative impact on the estimated future cash flows and/or a decline in the cash-generating units economic environment, both of which are, by their nature, difficult to predict. As noted in the sensitivity analysis below, if the Company's assumptions change or actual future performance is lower than expected, the Company could record goodwill impairments in the future, and such impairments could be material to its net income.

As of December 31, 2023, the recoverable amount of the Care Delivery group of CGUs exceeded the carrying amount by €4,740,257 (October 1, 2023: €7,155,789; January 1, 2023: €3,722,250). For the Care Enablement group of CGUs, the recoverable amount exceeded the carrying amount by €3,285,391 as of December 31, 2023 (October 1, 2023: €1,733,447; January 1, 2023: €972,555). The following table 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<sup>1</sup> CHANGE IN PERCENTAGE POINTS

	Care Delivery			Care Enablement		
	December 31, 2023	October 1, 2023	January 1, 2023	December 31, 2023	October 1, 2023	January 1, 2023
Pre-tax WACC	2.10	2.57	1.41	2.27	1.31	0.77
After-tax WACC	1.60	1.97	1.09	1.66	0.97	0.60
Residual value growth	(7.26)	(8.97)	3.99	(5.57)	(3.01)	(1.74)
Operating income margin of each projection year	(2.35)	(3.08)	(1.61)	(3.02)	(1.78)	(1.03)

<sup>1</sup> The sensitivity analysis is based upon the goodwill impairment tests performed as of December 31, 2023, October 1, 2023 and January 1, 2023.

Prior to January 1, 2023, when the Company commenced reporting reflecting its new global operating model in which the Company reorganized its business, the term "North America" referred to our North America operating segment, the term "EMEA" referred to the Europe, Middle East and Africa operating segment, the term "Asia-Pacific" referred to our Asia-Pacific operating segment, and the term "Latin America" referred to our Latin America operating segment.

The following table shows the key assumptions of value in use calculations for the groups of CGUs under the Company's operating segment structure applicable as of December 31, 2022:

**T 5.12 KEY ASSUMPTIONS**  
IN %

	North America	EMEA	Asia-Pacific	Latin America
	December 31, 2022	December 31, 2022	December 31, 2022	December 31, 2022
Average revenue growth in ten year projection period <sup>1</sup>	mid-single-digit	mid-single-digit	mid-single-digit	mid-single-digit
Average operating income growth in ten year projection period <sup>1</sup>	high-single-digit	high-single-digit	mid-single-digit	low-double-digit
Residual value growth <sup>1</sup>	1.00	1.00	1.00	1.60
Pre-tax WACC <sup>2</sup>	8.05	10.44	8.76	12.37 – 26.14
After-tax WACC <sup>2</sup>	6.39	8.08	6.38	8.94 – 22.71

<sup>1</sup> The key assumptions as of December 31, 2022 match the respective assumptions as of October 1, 2022.

<sup>2</sup> As of October 1, 2022 the pre-tax WACC of North America and EMEA was 7.99% and 10.29%, respectively. The pre-tax WACC of Asia-Pacific and Latin America was 8.65% and 12.10%-25.76%, respectively. As of October 1, 2022 the after-tax WACC of North America and EMEA was 6.35% and 8.00%, respectively. The after-tax WACC of Asia-Pacific and Latin America was 6.33% and 8.79%-22.46%, respectively.

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. The following table shows the reasonable amounts by which the key assumptions would need to change individually that the recoverable amount equals the carrying amount under the Company's operating segment structure applicable as of December 31, 2022:

**T 5.13 SENSITIVITY ANALYSIS<sup>1</sup>**  
CHANGE IN PERCENTAGE POINTS

	North America		EMEA	
	December 31, 2022	October 1, 2022	December 31, 2022	October 1, 2022
Pre-tax WACC	0.71	0.06	2.11	1.94
After-tax WACC	0.56	0.05	1.56	1.45
Operating income margin of each projection year	(0.97)	(0.10)	(2.50)	(2.41)

<sup>1</sup> The sensitivity analysis is based upon the goodwill impairment test performed as of December 31, 2022 and October 1, 2022.

## 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 25](#)). 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 €3,471,213 and €3,574,270 at December 31, 2023 and 2022, respectively, net of expected credit losses of €261,854 at December 31, 2023 and €168,681 at December 31, 2022.

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 pre-determined 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-govern-





mental payors are billed at the Company's standard rates for services and, for U.S. revenue within the Company's Care Delivery 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, though these estimates do include changes for the resolution of a legal dispute related to the U.S. Department of Defense's Tricare program described in [NOTE 25](#), partially offset by a negative impact in certain countries resulting from the Company's annual review of its allowance estimates. The collectability of receivables is reviewed locally on a regular basis, generally monthly. For further information, see [NOTE 1 K](#).

In the Company's U.S. operations within its Care Delivery segment, 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 U.S.

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, refer to [NOTE 1 J](#).

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 U.S. 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, 2023 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 2023 would have been reduced by approximately 2.7%.

The following table shows the portion of major debtors or debtor groups of trade accounts and other receivables from unrelated parties as of December 31, 2023 and 2022. 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 5.14 COMPOSITION OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES**  
IN %

	December 31,	
	2023	2022
U.S. Government health care programs	30	31
U.S. commercial payors	19	18
U.S. hospitals	4	5
Self-pay of U.S. patients	3	2
Other U.S. payors	1	2
Product customers and health care payors outside U.S.	43	42
<b>TOTAL</b>	<b>100</b>	<b>100</b>

## 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 15](#) and [NOTE 18](#).

## 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 [26](#).

## 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 [5 H\)](#). Further information on the status of current tax audits or objections from taxation authorities is provided in [NOTE 25](#).

## G) Business combinations and disposal groups classified as held for sale

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](#).

A non-current asset or a disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is only met if the asset or group is available for immediate sale in its present condition and the sale transaction is considered highly probable. A transaction is assumed to be highly probable if there is no significant risk of completion of the transaction. Disposal groups are recognized at the lower of their carrying amounts or fair value less costs to sell. Any impairment loss on the disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata basis. The determination of the fair value less costs to sell requires the use of estimates and assumptions.

For further information on disposal groups classified as held for sale, see [NOTE 4](#).

## 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 in recent years, 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.

For further information on the impacts of COVID-19 related to government relief, see [NOTE 5 I\)](#).

## 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 24](#) and [26](#)), including the determination of which con-

tracts 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 specified 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 24](#)).

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 25](#).

### 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 €137,626, €745,500 and €628,411 in 2023, 2022 and 2021, respectively. In 2023, €137,565 was paid in cash and €61 were assumed obligations and non-cash consideration. In 2022, €164,774 was paid in cash and €580,726 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.

#### Acquisitions

The Company made acquisitions of €3,203, €570,200 and €389,965 in 2023, 2022 and 2021, respectively in order to expand the scope of its services and to increase its market shares in the respective countries. In 2023, €3,142 was paid in cash and €61 were assumed obligations and non-cash consideration. Due to cash acquired as a result of the InterWell Health business combination discussed below, the Company received €10,526 in cash and assumed obligations or provided non-cash consideration in the amount of €580,726 in 2022. In 2021, €324,806 was paid in cash and €65,159 were assumed obligations and non-cash consideration.

The Company's acquisition spending was driven primarily by the purchase of dialysis clinics and other health care service facilities in the normal course of its operations in 2023, 2022 and 2021 as well as the business combination of InterWell Health in 2022.

#### 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 2023.

The excess of the total acquisition costs over the fair value of the net assets acquired resulted in goodwill of €3,493 and €705,524 at December 31, 2023 and 2022, respectively.

The purchase price allocations for all collectively and individually non-material acquisitions for 2023 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 2023, based on preliminary purchase price allocations, the Company recorded €3,493 of goodwill and €277 of intangible assets, which represent the share of both controlling and noncontrolling interests. Goodwill is mainly attributable to anticipated synergies and future cash flows expected to be generated for these acquisitions.

Business combinations during 2023 decreased the Company's net income attributable to shareholders of FME AG (Net Income) by €23, excluding the costs of the acquisitions, and revenue increased by €68. Total assets increased €3,770 mainly due to business combinations.

#### Business combination of InterWell Health

On August 24, 2022 (Acquisition Date), the Company completed a business combination among Fresenius Health Partners, Inc. (FHP), the value-based care division of the Company's wholly-owned subsidiary Fresenius Medical Care Holdings, Inc., 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 new company, InterWell Topco L.P. (NewCo), operates under the InterWell Health brand (InterWell Health).

This business combination was conducted as a non-cash transaction. The contributions of the net assets of InterWell Health LLC and Cricket were accounted for as a business combination in accordance with IFRS 3. The Company's contribution of the net assets of FHP was recorded under common control at their respective carrying values at the Acquisition Date and the reduction of the Company's interest in FHP, in exchange for net assets received of InterWell Health LLC and Cricket, was accounted for as an equity transaction. Upon consummation of the business combination described above, the Company holds approximately 75% of NewCo. The former owners of Cricket and InterWell Health LLC hold approximately 17% and 8%, respectively, as noncontrolling interests in NewCo.

During the third quarter of 2023, the Company completed the purchase price allocation. The final measurement period adjustments mainly resulted from the finalization of the allocation of capital interests and fair value estimates related to certain intangible assets.

The final capital interest allocation was approved by all parties. As a result, the ownership interests held by the partners were revised, which resulted primarily in the decrease of the fair value of the consideration transferred by the Company, including its interest in FHP and the fair value of the previously held equity method investment in InterWell Health LLC as well as a decrease in noncontrolling interests.

The finalization of the estimated fair value of certain acquired intangible assets made due to adjustments in the underlying assumptions used to value the intangible assets decreased the fair value of these assets. These adjustments, net of related income tax effects, are recorded with a corresponding adjustment to goodwill. Goodwill initially recorded in connection with the transaction was \$703,070 (€707,742 as of the Acquisition Date), which has subsequently been reduced by \$43,519 (€43,809 as of the Acquisition Date) during the fourth quarter of 2022 and further reduced by \$639 (€643 as of the Acquisition Date) during the third quarter of 2023 to account for measurement period adjustments to the purchase price allocation.

The following allocation of the purchase price is based upon the changes noted above. Based on the final purchase price 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 5.15 RECONCILIATION OF GOODWILL RECOGNIZED

	in \$ THOUS	in € THOUS
Fair value of consideration transferred of the Company's interest in FHP	397,937	400,581
Fair value of previously held equity method investment in InterWell Health LLC	175,421	176,587
	<b>573,358</b>	<b>577,168</b>
Fair Values of Assets Acquired and Liabilities Assumed		
Less: Cash and cash equivalents	(57,383)	(57,764)
Less: Other assets	(2,819)	(2,838)
Less: Intangible assets	(53,609)	(53,965)
Other liabilities	13,029	13,116
Noncontrolling interests	186,336	187,573
<b>GOODWILL</b>	<b>658,912</b>	<b>663,290</b>

## Investments (including debt securities) and purchases of intangible assets

Investments (including debt securities) and purchases of intangible assets were €134,423, €175,300 and €238,446 in 2023, 2022 and 2021, respectively. These amounts were primarily driven by investments in debt securities in 2023, 2022 and 2021. Of these amounts, €134,423, €175,300 and €238,446 were paid in cash in 2023, 2022 and 2021, respectively.

## Divestitures and sale of debt securities and equity investments

Proceeds from divestitures and sale of debt securities were €326,696, €126,454 and €201,203 in 2023, 2022 and 2021, respectively. These amounts mainly related to the divestment of debt securities and equity investments in 2023 (including the December 2023 divestiture of National Cardiovascular Partners (NCP), comprising 21 facilities providing outpatient cardiac catheterization and vascular laboratory services, which are included in the U.S. health care service business in the Care Delivery segment, in connection with the Legacy Portfolio Optimization program), the divestment of equity investments and debt securities in 2022 and the divestment of debt securities in 2021. In 2023, €261,796 was received in cash and €64,900 were non-cash components. 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.

## 4. Disposal groups classified as held for sale

During 2023, the Company's management committed to a plan to sell the following in connection with its Legacy Portfolio Optimization program (as defined below):

- > the Company signed an agreement to sell 51 of its renal dialysis clinics in Sub-Saharan Africa currently included in its Care Delivery segment, to a South African hospital group.
- > the Company signed an agreement to sell its Cura Day Hospitals Group (Cura) in Australia currently included in its Care Delivery segment to a global alternative asset manager and a consortium of healthcare professionals.
- > the Company committed to sell 10 of its renal dialysis facilities in Guatemala, Curacao and Peru, currently included in its Care Delivery segment.

Transactions which remain open as of the date of this report are subject to regulatory approvals or certain other closing conditions, but are expected to be completed within a year from the date of classification as assets held for sale. Immediately before the classification of these dis-

posals as held for sale, an impairment loss was recognized for the agreed-upon divestitures and is included in other operating expenses in the consolidated statements of income (see [NOTE 5 F](#)) for further details). The carrying amounts of the assets in the disposal group for the proposed divestiture of facilities in Guatemala, Curacao and Peru are recognized at their fair value less costs to sell. The portion of the non-recurring fair value measurement attributable to the Company and its shareholders of €7,824 for these transaction is categorized as level 3 of the fair value hierarchy using the preliminary purchase price. The proposed divestiture of the Company's clinic network in Sub-Saharan Africa and Cura did not result in an impairment loss and the assets are recorded at their carrying amount. As of December 31, 2023 and December 31, 2022, the following assets and liabilities were classified as held for sale:

**T 5.16 ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE  
IN € THOUS**

	2023	2022
Cash and cash equivalents	23,733	–
Trade accounts and other receivables from unrelated parties	27,535	–
Property, plant and equipment	42,710	–
Right-of-use assets	114,602	–
Goodwill <sup>1</sup>	274,543	–
Other	24,477	–
<b>ASSETS HELD FOR SALE</b>	<b>507,600</b>	<b>–</b>
Accounts payable to unrelated parties	12,880	–
Lease liabilities	128,653	–
Provisions and other liabilities	39,091	–
<b>LIABILITY DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE</b>	<b>180,624</b>	<b>–</b>

<sup>1</sup> Goodwill was allocated to the disposal groups on a relative fair value basis.

As of December 31, 2023, the accumulated foreign currency translation loss recognized in other comprehensive income related to the disposal groups amounted to €4,230.

For information regarding disposal groups previously held for sale and subsequently divested, including the gains and losses recorded as a result of these divestitures, see [NOTES 3](#) and [5 F](#).

## 5. Notes to the consolidated statements of income

### A) Revenue

Due to the change in the Company's operating structure, the Company has adjusted the prior year financial information below in order to conform to the current year's presentation. Revenues associated with the Company's insurance and reinsurance contract portfolios in 2023 are presented within the column "Revenue from insurance contracts" as a result of the first-time adoption of IFRS 17. Prior year revenues previously accounted for under IFRS 4 and other revenues that are now identified as within the scope of IFRS 17 as a result of the first-time adoption are also presented within the column "Revenue from insurance contracts" to align to the current year's presentation.

The Company recognized the following revenue in the consolidated statements of income for the years ended December 31, 2023, 2022 and 2021:

**T 5.17 REVENUE  
IN € THOUS**

	Revenue from contracts with customers	Revenue from insurance contracts	Revenue from lease contracts	Total
<b>For the year ended December 31, 2023</b>				
Health care services	14,166,796	1,227,140	–	15,393,936
Health care products	3,979,122	–	80,559	4,059,681
<b>TOTAL</b>	<b>18,145,918</b>	<b>1,227,140</b>	<b>80,559</b>	<b>19,453,617</b>
<b>For the year ended December 31, 2022</b>				
Health care services	14,566,485	851,584	–	15,418,069
Health care products	3,876,321	–	103,627	3,979,948
<b>TOTAL</b>	<b>18,442,806</b>	<b>851,584</b>	<b>103,627</b>	<b>19,398,017</b>
<b>For the year ended December 31, 2021</b>				
Health care services	13,175,762	700,520	–	13,876,282
Health care products	3,623,951	–	118,452	3,742,403
<b>TOTAL</b>	<b>16,799,713</b>	<b>700,520</b>	<b>118,452</b>	<b>17,618,685</b>

The following table contains a disaggregation of revenue by categories for the years ended December 31, 2023, 2022 and 2021:

**T 5.18 DISAGGREGATION OF REVENUE BY CATEGORIES  
IN € THOUS**

	For the year ended December 31,		
	2023	2022	2021
<b>Care Delivery</b>			
U.S.	12,665,411	12,574,492	11,209,657
International	2,912,546	3,018,480	2,821,544
<b>TOTAL<sup>1</sup></b>	<b>15,577,957</b>	<b>15,592,972</b>	<b>14,031,201</b>
<b>Care Enablement</b>			
Total (including inter-segment revenues) <sup>1</sup>	5,345,428	5,353,136	5,085,755
Inter-segment eliminations	(1,469,768)	(1,548,091)	(1,498,271)
<b>TOTAL CARE ENABLEMENT REVENUE EXTERNAL CUSTOMERS</b>	<b>3,875,660</b>	<b>3,805,045</b>	<b>3,587,484</b>
<b>TOTAL</b>	<b>19,453,617</b>	<b>19,398,017</b>	<b>17,618,685</b>

<sup>1</sup> For further information on the revenue attributable to the Company's operating segments, see [NOTE 29](#).

The Company recognized the following amounts as receivables and contract liabilities relating to contracts with customers for the years ended December 31, 2023 and 2022:

**T 5.19 TRADE ACCOUNTS RECEIVABLES FROM UNRELATED PARTIES AND CONTRACT LIABILITIES  
IN € THOUS**

	2023	2022
Trade accounts receivables from unrelated parties	3,223,760	3,381,006
Contract liabilities	56,566	63,273

Impairment loss in the amount of €111,193, €43,285 and €43,968 for the years ended December 31, 2023, 2022 and 2021, respectively, related to receivables arising from contracts with customers.

The change in contract liabilities during the period results from the ordinary course of business.

Contract liabilities primarily 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.

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, 2023, revenue recognized that was included in contract liabilities at the beginning of the period was €43,322 (2022: €429,583).

At December 31, 2023, performance obligations of €858,079 (2022: €966,308) 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 5.20 UNSATISFIED PERFORMANCE OBLIGATIONS  
IN € THOUS**

	2023	2022
1 year	195,800	283,208
1 – 3 years	255,759	342,274
3 – 5 years	297,805	266,302
5 – 10 years	108,715	74,524
<b>TOTAL</b>	<b>858,079</b>	<b>966,308</b>

## B) Selling, general and administrative expenses

Selling, general and administrative expense recorded in the consolidated statements of income is comprised of both distribution costs as well as general and administrative expense. Distribution costs are generated in the selling, marketing and warehousing functions of the Company which are not attributable to production or R&D. General and administrative expense is generated in the administrative function of the Company's business and is not attributable to selling, production or R&D.

The following table discloses the distribution costs as well as general and administrative expense recorded by the Company for the years ended December 31, 2023, 2022 and 2021:

**T 5.21 SELLING, GENERAL AND ADMINISTRATIVE EXPENSE  
IN € THOUS**

	2023	2022	2021
Distribution costs	807,961	800,876	770,722
General and administrative expense	2,388,375	2,369,494	2,002,109
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSE</b>	<b>3,196,336</b>	<b>3,170,370</b>	<b>2,772,831</b>

## C) Research and development expenses

R&D expenses of €231,970 (2022: €228,624 and 2021: €220,782) included research and non-capitalizable development costs.

## D) Cost of materials

The cost of materials for the year ended December 31, 2023, 2022 and 2021 consisted of the following:

**T 5.22 COST OF MATERIALS  
IN € THOUS**

	2023	2022	2021
Cost of raw materials, supplies and purchased components	4,170,690	3,939,649	3,622,169
Cost of purchased services	316,945	280,913	240,699
<b>COST OF MATERIALS</b>	<b>4,487,635</b>	<b>4,220,562</b>	<b>3,862,868</b>

## 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 €7,768,210, €7,939,398

and €6,962,119 for the years ended December 31, 2023, 2022 and 2021, respectively. Personnel expenses consisted of the following:

**T 5.23 PERSONNEL EXPENSES  
IN € THOUS**

	2023	2022	2021
Wages and salaries <sup>1</sup>	5,987,876	6,128,185	5,389,087
Social security contributions and cost of retirement benefits and social assistance <sup>1</sup>	1,780,334	1,811,213	1,573,032
thereof retirement benefits	209,547	217,165	189,176
<b>PERSONNEL EXPENSES</b>	<b>7,768,210</b>	<b>7,939,398</b>	<b>6,962,119</b>

<sup>1</sup> Social security contributions and cost of retirement benefits and social assistance in the amounts of €262,137 and €229,149 for the year ended December 31, 2022 and 2021, respectively, were reclassified from wages and salaries in order to correct for an error in presentation.

The Company employed the following personnel on a total headcount basis, on average, for the following years:

**T 5.24 EMPLOYEES BY FUNCTION**

	2023	2022	2021
Production and services	105,894	111,472	112,201
Administration	7,933	9,088	10,014
Sales and marketing	7,993	7,955	7,850
Research and development	1,300	1,226	1,245
<b>TOTAL EMPLOYEES</b>	<b>123,120</b>	<b>129,741</b>	<b>131,310</b>



## F) Other operating income and expenses

The following table contains reconciliations of the amounts included in other operating income and expense for the years ended December 31, 2023, 2022 and 2021:

### T 5.25 OTHER OPERATING INCOMES IN € THOUS

	For the year ended December 31,		
	2023	2022	2021
Foreign exchange gains	280,323	306,621	381,302
Gains on or from right-of-use assets, the sale of fixed assets, the sale of clinics and investments	33,921	74,418	8,728
Revaluation of certain investments	14,671	–	–
Income from strategic transactions and programs	60,843	–	–
Income attributable to a consent agreement on foregone profits from the sale of certain pharmaceuticals to non-associated companies	46,919	83,212	44,300
Other	78,570	85,602	133,457
<b>OTHER OPERATING INCOME</b>	<b>515,247</b>	<b>549,853</b>	<b>567,787</b>

### T 5.26 OTHER OPERATING EXPENSE IN € THOUS

	For the year ended December 31,		
	2023	2022	2021
Foreign exchange losses	315,821	343,447	391,200
Losses on right-of-use assets, from the sale of fixed assets, clinics and investments	29,082	27,245	17,356
Revaluation of certain investments	–	103,353	87,631
Expenses from strategic transactions and programs	320,765	147,946	37,554
Other	98,625	125,563	53,347
<b>OTHER OPERATING EXPENSE</b>	<b>764,293</b>	<b>747,554</b>	<b>587,088</b>

“Income from strategic transactions and programs” within other operating income related to a gain on the divestiture of NCP. Included within the “expenses from strategic transactions and programs” line item in other operating expense are the completed and proposed divestitures

(including associated impairment losses) of certain businesses in connection with strategic programs such as Legacy Portfolio Optimization, defined below, and the FME25 Program and, in 2022, costs related to the InterWell Health business combination. For further information on the proposed divestitures and associated impairment losses, see [NOTE 4](#). Consistent with the Company’s decision to present impairment losses within other operating expense, as described in [NOTE 1](#) above, such costs related to cost of revenues, selling, general and administrative expense or R&D expenses are now included within other operating expense. “Expenses from strategic transactions and programs” primarily consist of:

- > strategic divestiture program expenses identified during the review of our business portfolio, mainly due to exiting unsustainable markets and non-core businesses, as well as the cessation of certain R&D programs to enable more focused capital allocation towards areas in our core business that are expected to have higher profitable growth, which included the divestiture of its Argentina operations in both Care Delivery and Care Enablement which took place in December 2023, the cessation of a dialysis cyclor development program, impairment losses resulting from the measurement of asset held for sale for NCP, Guatemala, Peru and Curacao (see [NOTE 4](#)) and the proposed divestiture of the Company’s clinic network in Sub-Saharan Africa in 2023 (Legacy Portfolio Optimization);
- > certain impairment losses in connection with the FME25 Program;
- > certain costs associated with the Conversion, primarily related to the requisite relabeling of the Company’s products, transaction costs (such as costs for external advisors and conducting an extraordinary general meeting) and costs related to the establishment of dedicated administrative functions required to manage certain services which have historically been administered at the Fresenius SE group level and paid by the Company through corporate charges (Legal Form Conversion Costs); and
- > expenses and impairment loss related to the InterWell Health business combination. As contemplated in the agreement, the Company transferred Acumen Physician Solutions, LLC (Acumen) to NewCo shortly after the Acquisition Date 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 are 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 Care Delivery segment in the amount of \$71,025 before the transfer (€67,447 for the year ended December 31, 2022). The expenses, along with the impairment charges were previously recognized in “Selling, general and administrative expense and have been reclassified to “Other operating expense” on the consolidated statements of income in order to conform to the current year’s presentation.

Expenses from strategic transactions and programs comprised the following for the years ended December 31, 2023, 2022 and 2021:

**T 5.27 EXPENSES FROM STRATEGIC TRANSACTIONS AND PROGRAMS  
IN € THOUS**

	For the year ended December 31,		
	2023	2022	2021
<b>Derecognition of capitalized development costs and termination costs<sup>1</sup></b>	<b>58,818</b>	–	–
Legacy Portfolio Optimization	58,818	–	–
<b>Impairment of intangible and tangible assets<sup>2</sup></b>	<b>48,768</b>	<b>123,579</b>	<b>37,554</b>
Legacy Portfolio Optimization	34,894	–	–
FME25 Program	13,874	27,183	37,554
InterWell Health	–	67,447	–
Other	–	28,949	–
<b>Impairment resulting from the measurement of assets held for sale</b>	<b>74,616</b>	–	–
Legacy Portfolio Optimization	62,724	–	–
FME25 Program	11,892	–	–
<b>Loss from divestitures</b>	<b>93,859</b>	–	–
Legacy Portfolio Optimization	93,859	–	–
<b>Other<sup>3</sup></b>	<b>44,704</b>	<b>24,367</b>	–
Legacy Portfolio Optimization	14,744	–	–
Legal Form Conversion Costs	29,960	–	–
InterWell Health transaction-related costs	–	24,367	–
<b>EXPENSES FROM STRATEGIC TRANSACTIONS AND PROGRAMS</b>	<b>320,765</b>	<b>147,946</b>	<b>37,554</b>

<sup>1</sup> Primarily research and development expense.

<sup>2</sup> Relates primarily to research and development expense for the year ended December 31, 2023 and to cost of revenues for the years ended December 31, 2022 and 2021.

<sup>3</sup> Primarily selling, general and administrative expense.

## G) Net interest

Net interest in the amount of €336,423 (2022: €292,476 and 2021: €280,429) included interest expense of €424,640 (2022: €360,139 and 2021: €353,599) and interest income of €88,217 (2022: €67,663 and 2021: €73,170). Interest expense resulted mainly from the Company's financial liabilities including outstanding bonds, loans and credit facilities (see [NOTE 16](#) and [NOTE 17](#)) as well as lease liabilities and lease liabilities from related parties (see [NOTE 6 B](#)) and [NOTE 24](#)). In 2023, interest income primarily resulted from investments, debt securities and royalty receivables, interest on lease receivables, interest on bank deposits. 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.

## H) Income taxes

Income before income taxes is attributable to the following geographic locations:

**T 5.28 INCOME BEFORE INCOME TAXES  
IN € THOUS**

	2023	2022	2021
Germany	(91,082)	(30,186)	81,246
U.S.	725,848	829,699	1,090,797
Other	398,249	419,766	399,818
<b>TOTAL</b>	<b>1,033,015</b>	<b>1,219,279</b>	<b>1,571,861</b>

For more information on the disposal groups classified as held for sale, see [NOTE 4](#).

Income tax expense (benefit) for the years ended December 31, 2023, 2022 and 2021 consisted of the following:

**T 5.29 INCOME TAX EXPENSE (BENEFIT)  
IN € THOUS**

	2023	2022	2021
<b>Current</b>			
Germany	20,947	(5,423)	(11,675)
U.S.	290,787	190,058	181,714
Other	110,972	181,790	115,535
	<b>422,706</b>	<b>366,425</b>	<b>285,574</b>
<b>Deferred</b>			
Germany	34,018	16,963	18,404
U.S.	(150,225)	(13,767)	47,018
Other	(5,942)	(44,667)	1,837
	<b>(122,149)</b>	<b>(41,471)</b>	<b>67,259</b>
<b>TOTAL</b>	<b>300,557</b>	<b>324,954</b>	<b>352,833</b>

A reconciliation between the expected and actual income tax expense is shown below. 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 30.32%, 30.14% and 30.14% for the fiscal years ended December 31, 2023, 2022 and 2021, respectively.

**T 5.30 RECONCILIATION OF INCOME TAXES  
IN € THOUS**

	2023	2022	2021
Expected corporate income tax expense	313,158	367,491	473,759
Tax free income	(39,550)	(53,282)	(41,566)
Income from equity method investees	(25,570)	(24,909)	(26,722)
Tax rate differentials	(47,586)	(39,064)	(40,604)
<b>Non-deductible expenses</b>	<b>114,182</b>	<b>77,465</b>	<b>50,682</b>
Taxes for prior years	(16,867)	(848)	(38,502)
Noncontrolling partnership interests	(58,345)	(54,636)	(65,489)
Tax rate changes	442	(359)	3,543
Change in realizability of deferred tax assets and tax credits	44,287	33,683	20,736
Withholding taxes	15,124	9,160	5,912
Other	1,282	10,253	11,084
<b>INCOME TAX EXPENSE</b>	<b>300,557</b>	<b>324,954</b>	<b>352,833</b>
Effective tax rate	29.1%	26.7%	22.4%

The tax effects of the temporary differences and net operating losses that give rise to deferred tax assets and liabilities at December 31, 2023 and 2022, are presented below:

**T 5.31 DEFERRED INCOME TAX ASSETS AND LIABILITIES  
IN € THOUS**

	2023	2022
<b>Deferred tax assets</b>		
Trade accounts receivable	31,430	23,448
Inventories	70,663	62,663
Intangible assets	7,198	6,875
Property, plant and equipment and other non-current assets	74,318	86,182
Lease liabilities	776,120	894,451
Provisions and other liabilities	261,218	212,167
Pension liabilities	113,819	93,431
Net operating loss carryforwards, tax credit carryforwards and interest carryforwards	99,060	113,713
Derivatives	1,273	1,893
Compensation expense related to stock options	–	1,190
Other	42,940	73,882
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>1,478,039</b>	<b>1,569,895</b>
<b>Deferred tax liabilities</b>		
Trade accounts receivable	20,526	27,311
Inventories	3,983	5,875
Intangible assets	867,453	886,696
Property, plant and equipment and other non-current assets	215,124	267,064
Right-of-use assets	683,738	793,855
Provisions and other liabilities	8,267	6,533
Pension liabilities	119	65
Derivatives	4,547	4,204
Other	140,615	202,088
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>1,944,372</b>	<b>2,193,691</b>
<b>NET DEFERRED TAX LIABILITIES</b>	<b>(466,333)</b>	<b>(623,796)</b>

In the consolidated balance sheets, the accumulated amounts of deferred tax assets and liabilities are shown as follows

**T 5.32 NET DEFERRED INCOME TAX ASSETS AND LIABILITIES  
IN € THOUS**

	2023	2022
Deferred tax assets	283,953	312,679
Deferred tax liabilities	750,286	936,475
<b>NET DEFERRED TAX LIABILITIES</b>	<b>(466,333)</b>	<b>(623,796)</b>

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 the table below 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 5.33 NET OPERATING LOSS CARRYFORWARDS  
IN € THOUS**

For the year ended December 31, 2023		For the year ended December 31, 2022	
2024	13,926	2023	19,274
2025	32,348	2024	14,979
2026	42,129	2025	27,238
2027	46,337	2026	50,856
2028	48,447	2027	75,953
2029	57,160	2028	28,295
2030	24,281	2029	53,910
2031	4,311	2030	2,999
2032	2,547	2031	1,672
2033 and thereafter	174,267	2032 and thereafter	131,039
Without expiration date	458,165	Without expiration date	420,026
<b>TOTAL</b>	<b>903,918</b>	<b>TOTAL</b>	<b>826,241</b>

Included in the balance of net operating loss carryforwards at December 31, 2023 are €618,315 (2022: €531,231) 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, 2023.

At December 31, 2023, the Company had an unrecognized net deferred tax asset arising from unutilized notional interest deduction of \$254,390 (€230,218). 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, 2023, the Company provided for €8,363 (2022: €11,972) 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 €8,631,647 (2022: €8,945,633) 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.

## I) 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 oper-

ates have provided economic assistance programs to address the consequences of the pandemic on companies and support health care providers and patients.

The Company recorded €3,986 and €284,742 for the year ended December 31, 2023 and December 31, 2022, 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, the Company received \$235,394 (€223,536) 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 2023, the Company did not receive additional funding from HHS. During 2023 and 2022, the Company recognized operating income of \$1,158 (€1,071) and \$291,446 (€276,783), 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 \$36 (€33) and \$6,104 (€5,723) at December 31, 2023 and December 31, 2022, respectively.

For further information regarding government grants, see [NOTE 1 Y](#)).

## 6. Related party transactions

Fresenius SE is the Company's largest shareholder and owns 32.2% of the Company's outstanding shares at December 31, 2023. 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.

### A) Service agreements and products

Prior to the Conversion, the Company was 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 had a duration of 1 to 5 years and were renegotiated on an as needed basis when the agreement expired.

In connection and subsequent to the Conversion, the Company entered into service agreements with Fresenius SE and certain of its affiliates (collectively Fresenius SE Companies) to receive services, including, but not limited to: administrative and facility management services, employee benefit administration, insurance brokerage, information technology, intellectual property and certain treasury services. These related party agreements have generally been entered into for transitional periods of several months up to 2 years (in some cases with extension options). Additionally, the Company also entered into various service agreements with Fresenius SE Companies to provide services, including, but not limited to, fixed asset accounting services and IT and communications-related services for up to a year.

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 €756,792 of pharmaceuticals, of which €265,932 is committed at December 31, 2023 for 2024. The terms of these agreements run up to three years. For further information regarding the Company's interest in associates, including this equity method investment, see [NOTE 13](#).

Under the U.S. Centers for Medicare & Medicaid Services' (CMS) Comprehensive 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 ESRD patients while lowering CMS's costs. The Company entered into participation/service agreements with these ESCOs, which are accounted for as equity method investees. Currently, these ESCOs are in their final phase and do not have a material impact on the financial results of the Company.

Below is a summary, including the Company's receivables from and payables to the indicated parties, resulting from the above-described transactions with related parties.

**T 5.34 SERVICE AGREEMENTS AND PRODUCTS WITH RELATED PARTIES**  
**IN € THOUS**

	2023		2022		2021		31. Dezember 2023		31. Dezember 2022	
	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
<b>Service agreements<sup>1</sup></b>										
Fresenius SE	136	40,478	361	38,010	123	38,292	10	1,778	26	2,820
Fresenius SE affiliates	3,324	87,984	5,164	83,087	5,657	100,541	589	14,299	1,168	8,585
Equity method investees	8,573	154	36,089	–	42,391	–	51,442	–	120,507	–
<b>TOTAL</b>	<b>12,033</b>	<b>128,616</b>	<b>41,614</b>	<b>121,097</b>	<b>48,171</b>	<b>138,833</b>	<b>52,041</b>	<b>16,077</b>	<b>121,701</b>	<b>11,405</b>
<b>Products</b>										
Fresenius SE	–	–	–	–	5	–	–	–	–	–
Fresenius SE affiliates	72,500	44,521	66,800	39,405	50,081	31,719	23,535	9,585	16,078	5,826
Equity method investees	–	437,288	–	463,073	–	445,714	–	67,403	–	73,563
<b>TOTAL</b>	<b>72,500</b>	<b>481,809</b>	<b>66,800</b>	<b>502,478</b>	<b>50,086</b>	<b>477,433</b>	<b>23,535</b>	<b>76,988</b>	<b>16,078</b>	<b>79,389</b>

<sup>1</sup> In addition to the above shown accounts payable, accrued expenses for service agreements with related parties amounted to €5,172 and €6,520 at December 31, 2023 and 2022, respectively.

## 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 such Fresenius SE Company beginning in December 2022.

Below is a summary resulting from the above described lease agreements with related parties.

### T 5.35 LEASE AGREEMENTS WITH RELATED PARTIES IN € THOUS

	2023			2022			2021			December 31, 2023		December 31, 2022	
	De- preciation	Interest expense	Lease expense <sup>1</sup>	De- preciation	Interest expense	Lease expense <sup>1</sup>	De- preciation	Interest expense	Lease expense <sup>1</sup>	Right-of-use asset	Lease liability	Right-of-use asset	Lease liability
Fresenius SE	7,738	1,148	291	8,395	524	259	7,876	661	1,654	29,214	29,017	38,688	39,626
Fresenius SE affiliates	17,817	1,438	–	13,956	1,048	–	13,709	1,092	38	102,029	104,558	112,684	114,077
<b>TOTAL</b>	<b>25,555</b>	<b>2,586</b>	<b>291</b>	<b>22,351</b>	<b>1,572</b>	<b>259</b>	<b>21,585</b>	<b>1,753</b>	<b>1,692</b>	<b>131,243</b>	<b>133,575</b>	<b>151,372</b>	<b>153,703</b>

<sup>1</sup> Short-term leases and expenses relating to variable lease payments as well as low value leases are exempted from balance sheet recognition.

## C) Financing

The Company received short-term financing from and provided short-term financing to Fresenius SE in previous periods. In February 2023, the Company ended its participation in Fresenius SE's cash management system, which was previously utilized for the settlement of certain intercompany receivables and payables with its subsidiaries and other related parties. As of December 31, 2023 the Company did not have accounts receivable from Fresenius SE related to short-term financing, while at December 31, 2022, the Company had such accounts receivable from Fresenius SE in the amount of €1,477. Additionally, the Company had outstanding accounts payable related to a cash pooling program with certain equity-method investments. As of December 31, 2023 and December 31, 2022, the Company had €26,875 and €20,246, respectively, of accounts payable related to this program. The interest rates for these cash management arrangements were set on a daily basis and were 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 with an interest rate of 1.3348% until the effectiveness of the Conversion on November 30, 2023, at which time the loan was repaid.

The Company and Fresenius SE terminated the uncommitted revolving credit facility upon the Conversion. For further information on this loan agreement, see [NOTE 16](#).

At December 31, 2022, the Company borrowed from Fresenius SE in the amount of €1,000 at an interest rate of 2.468%. For further information on this loan agreement, see [NOTE 16](#).



## D) Key management personnel

Due to the Company's legal form of a German partnership limited by shares until the effectiveness of the Conversion, the General Partner held a key management position within the Company. In addition, as key management personnel, members of the management board of Management AG and the Supervisory Board, as well as their close relatives, were considered related parties. Upon effectiveness of the Conversion, the General Partner exited the Company and is no longer entitled to reimbursement of the remuneration of its board members (other than outstanding amounts, if any, for service prior to the effective date of the Conversion). The members of the Supervisory Board and the newly established Management Board, as key management personnel, as well as their close relatives, will be considered related parties of the Company. Also upon effectiveness of the Conversion, the existing service agreements between the General Partner and the members of the management board of Management AG were transferred to FME AG. The Company's unfunded pension plan in Germany also comprises the benefit obligations of former board members of Management AG as well as of active board members which were appointed to the Management Board before January 1, 2019 in the amount of €62,426. The plan, which is funded by insurance contracts, comprises the benefit obligations of active board members which were appointed to the Management Board after January 1, 2019 in the amount of €3,053. The long-term incentive plans of Management AG applying to members of the management board of Management AG (including former members) established before the Conversion were accordingly adopted by the Supervisory Board of FME AG as compensation plans of the Company. For further information regarding the Conversion, see [NOTE 1](#).

Prior to the Conversion, the Company's Articles of Association provided 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 of Management AG. The aggregate amount reimbursed to the General Partner was €31,361, €23,632 and €30,212, respectively, for its management services during 2023, 2022 and 2021 and included an annual fee of €110, €120 and €120, respectively, as compensation for assuming liability as general partner. The annual fee was set at 4% of the amount of the General Partner's share capital (€3,000 as of the date of the Conversion). As of December 31, 2023 and December 31, 2022, the Company had accounts receivable from the General Partner in the amount of €89,723 and €816, respectively. As of December 31, 2023 and December 31, 2022, the Company had accounts payable to the General Partner in the amount of €3,141 and €27,289, respectively.

For information regarding compensation of the Management Board and the Supervisory Board of the Company see [NOTE 31](#).

## 7. Cash and cash equivalents

As of December 31, 2023 and 2022, cash and cash equivalents are as follows:

<b>T 5.36 CASH AND CASH EQUIVALENTS</b>		
<b>IN € THOUS</b>		
	<b>2023</b>	<b>2022</b>
Cash	1,079,063	911,015
Securities and time deposits	324,429	362,772
<b>CASH AND CASH EQUIVALENTS</b>	<b>1,403,492</b>	<b>1,273,787</b>

The cash and cash equivalents disclosed in the table above, and respectively in the consolidated statement of cash flows, include at December 31, 2023 an amount of €26,467 (2022: €22,835) from collateral requirements towards an insurance company in the U.S. 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 16](#).

## 8. Trade accounts and other receivables from unrelated parties

As of December 31, 2023 and December 31, 2022, trade accounts and other receivables from unrelated parties are as follows:

**T 5.37 TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES  
IN € THOUS**

	December 31, 2023		December 31, 2022	
		thereof credit-impaired <sup>1</sup>		thereof credit-impaired <sup>1</sup>
Trade accounts and other receivables, gross	3,733,067	439,379	3,742,951	378,831
thereof finance lease receivables	69,291	–	72,853	–
less expected credit losses	(261,854)	(179,636)	(168,681)	(124,081)
<b>TRADE ACCOUNTS AND OTHER RECEIVABLES</b>	<b>3,471,213</b>	<b>259,743</b>	<b>3,574,270</b>	<b>254,750</b>

<sup>1</sup> 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 €232,844 at December 31, 2023 include receivables from finance leases, operating leases and insurance contracts (December 31, 2022: €198,548). 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 €122,573 at December 31, 2023 (December 31, 2022: €141,763) are included in the balance sheet item “Other non-current financial 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 \$1,508,312 (€1,364,988) for the year ended December 31, 2023 (December 31, 2022: \$1,429,071 (€1,339,838)). For further information, see [NOTE 17](#).

The following table shows the development of expected credit losses in the fiscal years 2023, 2022 and 2021:

**T 5.38 DEVELOPMENT OF EXPECTED CREDIT LOSSES FOR DOUBTFUL ACCOUNTS FROM UNRELATED PARTIES  
IN THOUS €**

	2023	2022	2021
<b>EXPECTED CREDIT LOSSES AS OF JANUARY 1</b>	<b>168,681</b>	<b>163,929</b>	<b>142,372</b>
Change in valuation allowances as recorded in the consolidated statements of income	112,242	42,470	44,374
Write-offs and recoveries of amounts previously written-off	(13,413)	(36,180)	(21,622)
Foreign currency translation	(5,656)	(1,538)	(1,195)
<b>EXPECTED CREDIT LOSSES AS OF DECEMBER 31</b>	<b>261,854</b>	<b>168,681</b>	<b>163,929</b>

The following tables show the aging analysis of trade accounts and other receivables from unrelated parties and expected credit losses as of December 31, 2023 and as of December 31, 2022:

**T 5.39 AGING ANALYSIS OF TRADE ACCOUNTS AND OTHER RECEIVABLES FROM UNRELATED PARTIES 2023  
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	2,116,259	775,684	251,580	265,946	323,598	3,733,067
less expected credit losses	(35,706)	(10,738)	(19,049)	(9,006)	(187,355)	(261,854)
<b>TRADE ACCOUNTS AND OTHER RECEIVABLES, NET</b>	<b>2,080,553</b>	<b>764,946</b>	<b>232,531</b>	<b>256,940</b>	<b>136,243</b>	<b>3,471,213</b>

**T 5.40 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)
<b>TRADE ACCOUNTS AND OTHER RECEIVABLES, NET</b>	<b>2,120,276</b>	<b>822,718</b>	<b>249,256</b>	<b>235,088</b>	<b>146,932</b>	<b>3,574,270</b>

The following table provides a reconciliation of the Company's portfolios of insurance and reinsurance contracts, showing the change in insurance and reinsurance contract receivables (liabilities) for 2023 in accordance with IFRS 17. These receivables are recognized in the consolidated balance sheet within Trade accounts and other receivables from unrelated parties.

**T 5.41 REINSURANCE CONTRACT RECEIVABLES AND LIABILITIES  
IN € THOUS**

	2023		Total
	Present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract receivables (liabilities) as at January 1,	23,925	(1,801)	22,124
Incurred claims and other directly attributable expenses	(166,161)	825	(165,336)
Changes that relate to past service – changes in the fulfillment cash-flows relating to LIC <sup>1</sup>	(1,544)	–	(1,544)
Claims and other directly attributable expenses paid	(387,949)	–	(387,949)
Premium revenue	583,269	–	583,269
Foreign currency translation and other changes	(1,491)	45	(1,446)
<b>REINSURANCE CONTRACT RECEIVABLES (LIABILITIES) AS AT DECEMBER 31,</b>	<b>53,137</b>	<b>(931)</b>	<b>52,206</b>

<sup>1</sup> Changes that relate to past service include premium revenue for past performance years of €9,038.

**T 5.42 INSURANCE CONTRACT RECEIVABLES AND LIABILITIES  
IN € THOUS**

	2023		Total
	Present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract receivables (liabilities) as at January 1,	20,669	(254)	20,415
Incurred claims and other directly attributable expenses	(208,884)	(314)	(209,198)
Changes that relate to past service – changes in the fulfillment cash-flows relating to LIC <sup>1</sup>	(2,666)	–	(2,666)
Claims and other directly attributable expenses paid	(423,377)	–	(423,377)
Premium revenue	642,529	–	642,529
Foreign currency translation and other changes	(882)	15	(867)
<b>INSURANCE CONTRACT RECEIVABLES (LIABILITIES) AS AT DECEMBER 31,</b>	<b>27,389</b>	<b>(553)</b>	<b>(26,836)</b>

<sup>1</sup> Changes that relate to past service include a reduction in premium revenue for past performance years of €7,696.

## 9. Inventories

At December 31, 2023 and December 31, 2022, inventories consisted of the following:

### T 5.43 INVENTORIES IN € THOUS

	2023	2022
Finished goods	1,232,702	1,310,995
Health care supplies	451,316	553,821
Raw materials and purchased components	361,804	306,994
Work in process	133,353	124,404
<b>INVENTORIES</b>	<b>2,179,175</b>	<b>2,296,214</b>

Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately €584,499 of materials, of which €423,751 is committed at December 31, 2023 for 2024. The terms of these agreements run 1 to 4 years. Further unconditional purchase agreements exist with an equity method investee of the Company. For further information on these agreements, see [NOTE 6](#).

Write-downs of inventories amounted to €110,614 and €71,593 for the years ended December 31, 2023 and 2022, respectively

## 10. Other current financial and non-financial assets

At December 31, 2023 and 2022, other current financial assets consisted of the following:

### T 5.44 OTHER CURRENT FINANCIAL ASSETS IN € THOUS

	2023	2022
Debt securities	137,117	169,983
Third party receivables from the sale of investments	34,672	7,675
Receivables for supplier rebates	23,239	23,920
Derivatives	18,593	19,777
Deposit / guarantee / security	17,252	17,843
Notes receivable	12,657	18,304
Loans to customers or suppliers	1,473	5,494
Other	(831)	(15,107)
<b>TOTAL</b>	<b>244,172</b>	<b>247,889</b>

The item “Other” in the table above includes allowances related to financial assets in the amount of €2,415 and €18,324 as of December 31, 2023 and 2022, respectively.

At December 31, 2023 and 2022, other current assets consisted of the following:

### T 5.45 OTHER CURRENT ASSETS IN € THOUS

	2023	2022
Income tax receivable	197,404	143,782
Payments on account	180,680	199,736
Other tax receivable	140,686	125,762
Prepaid insurance	32,695	27,652
Interest receivables related to income tax	14,000	450
Prepaid rent	13,063	15,543
Other	151,932	158,298
<b>TOTAL</b>	<b>730,460</b>	<b>671,223</b>

The item “Other” in the table above includes various prepaid expenses relating to, amongst others, utility costs, freight expense and receivables related to consent agreement on certain pharmaceuticals.

## 11. Property, plant and equipment

At December 31, 2023 and 2022, the acquisition or manufacturing costs and the accumulated depreciation and impairment of property, plant and equipment consisted of the following:

### T 5.46 ACQUISITION OR MANUFACTURING COSTS IN € THOUS

	January 1, 2023	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2023
Land	70,311	(3,569)	(1,634)	1,352	(249)	(562)	65,649
Buildings and improvements	4,424,685	(164,461)	(19,307)	22,896	127,230	(84,820)	4,306,223
Machinery and equipment	6,400,316	(179,190)	(34,115)	341,204	(20,967)	(279,553)	6,227,695
Construction in progress	362,838	(3,043)	(5,375)	281,784	(249,354)	(2,798)	384,052
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>11,258,150</b>	<b>(350,263)</b>	<b>(60,431)</b>	<b>647,236</b>	<b>(143,340)</b>	<b>(367,733)</b>	<b>10,983,619</b>

	January 1, 2022 <sup>1</sup>	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2022
Land	71,778	(2,936)	(65)	1,842	(261)	(47)	70,311
Buildings and improvements	4,179,267	195,605	(15,357)	30,248	192,974	(158,052)	4,424,685
Machinery and equipment	5,903,177	222,197	(3,153)	363,609	127,282	(212,796)	6,400,316
Construction in progress	403,689	12,759	5,017	224,867	(279,396)	(4,098)	362,838
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>10,557,911</b>	<b>427,625</b>	<b>(13,558)</b>	<b>620,566</b>	<b>40,599</b>	<b>(374,993)</b>	<b>11,258,150</b>

<sup>1</sup> The amounts presented for Land, Buildings and improvements, Machinery and equipment and Construction in progress as of January 1, 2022 have been adjusted by €1,087, €50,087, €223,515 and €9,356 respectively, to adjust acquisition or manufacturing costs as well as accumulated depreciation and impairment allocations from prior periods. These adjustments are reflected in the "Book value" table on page 247.

**T 5.47 ACCUMULATED DEPRECIATION AND IMPAIRMENT  
IN € THOUS**

	January 1, 2023	Foreign currency translation	Changes in consolidation group	Additions	Impairment	Reclassifications	Disposals	December 31, 2023
Land	531	(53)	(2)	–	37	118	(119)	512
Buildings and improvements	2,860,577	(103,931)	(15,847)	267,053	11,616	(39,197)	(75,699)	2,904,572
Machinery and equipment	4,244,360	(124,684)	(25,764)	492,679	19,946	(81,120)	(229,713)	4,295,704
Construction in progress	–	–	36	–	15	–	–	51
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>7,105,468</b>	<b>(228,668)</b>	<b>(41,577)</b>	<b>759,732</b>	<b>31,614</b>	<b>(120,199)</b>	<b>(305,531)</b>	<b>7,200,839</b>

	January 1, 2022 <sup>1</sup>	Foreign currency translation	Changes in consolidation group	Additions	Impairment <sup>2</sup>	Reclassifications	Disposals	December 31, 2022
Land	586	(41)	–	–	–	(41)	–	531
Buildings and improvements	2,555,255	123,607	(7,709)	287,845	18,840	(799)	(116,462)	2,860,577
Machinery and equipment	3,767,043	129,221	(2,962)	516,802	12,687	1,400	(179,831)	4,244,360
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>6,322,884</b>	<b>252,787</b>	<b>(10,671)</b>	<b>804,647</b>	<b>31,527</b>	<b>587</b>	<b>(296,293)</b>	<b>7,105,468</b>

<sup>1</sup> The amounts presented for Buildings and improvements as well as Machinery and equipment as of January 1, 2022 have been adjusted by €83,100 and €200,945, respectively, to adjust acquisition or manufacturing costs as well as accumulated depreciation and impairment allocations from prior periods. These adjustments are reflected in the "Book value" table on the next page.

<sup>2</sup> 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 Care Enablement (see [NOTE 29](#)).

T 5.48 BOOK VALUE  
IN € THOUS

	December 31, 2023	December 31, 2022
Land	65,137	69,780
Buildings and improvements	1,401,651	1,564,108
Machinery and equipment	1,931,991	2,155,956
Construction in progress	384,001	362,838
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>3,782,780</b>	<b>4,152,682</b>

Depreciation expense for property, plant and equipment amounted to €759,732, €804,647 and €742,566 for the years ended December 31, 2023, 2022, and 2021, respectively. These expenses are allocated within costs of revenue, selling, general and administrative and R&D 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 €27,148 of property, plant and equipment, of which €20,067 is committed at December 31, 2023 for 2024. The terms of these agreements run 1 to 4 years.

Included in machinery and equipment at December 31, 2023 and 2022 were €873,055 and €811,991, respectively, of peritoneal dialysis cyclers machines which the Company leases to customers with ESRD on a month-to-month basis and hemodialysis machines which the Company leases to physicians under operating leases.

At December 31, 2023 and 2022, the effects of hyperinflation on property, plant and equipment consisted of the following:

T 5.49 EFFECT OF HYPERINFLATION  
IN € THOUS

	Acquisition or manufacturing costs	Accumulated depreciation and impairment	December 31, 2023
Land	5,940	–	5,940
Buildings and improvements	62,528	24,834	37,694
Machinery and equipment	136,341	84,160	52,181
Construction in progress	3,886	18	3,868
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>208,695</b>	<b>109,012</b>	<b>99,683</b>

	Acquisition or manufacturing costs	Accumulated depreciation and impairment	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
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>169,705</b>	<b>87,504</b>	<b>82,201</b>

## 12. Intangible assets and goodwill

At December 31, 2023 and 2022, the acquisition or manufacturing costs and the accumulated amortization and impairment of intangible assets and goodwill consisted of the following:

**T 5.50 ACQUISITION OR MANUFACTURING COSTS (CONTINUATION SEE NEXT PAGE)**  
IN € THOUS

	January 1, 2023	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2023
<b>Amortizable intangible assets</b>							
Non-compete agreements	351,773	(11,615)	(216)	–	(9,369)	(1,885)	328,688
Technology	686,129	(21,525)	–	10	9	(3)	664,620
Licenses and distribution agreements	168,721	(5,762)	(25)	–	(8)	(239)	162,687
Customer relationships	75,017	(3,123)	(410)	–	–	–	71,484
Construction in progress	359,572	(6,991)	831	77,414	(31,699)	(48,136)	350,991
Internally developed intangibles	506,346	(7,486)	(484)	6,078	24,762	(1,934)	527,282
Other	414,184	(10,738)	(6,681)	6,690	16,828	(8,480)	411,803
	<b>2,561,742</b>	<b>(67,240)</b>	<b>(6,985)</b>	<b>90,192</b>	<b>523</b>	<b>(60,677)</b>	<b>2,517,555</b>
<b>Non-amortizable intangible assets</b>							
Trade names	282,435	(8,844)	1,300	–	(21,071)	(28,156)	225,664
Management contracts	2,621	(87)	–	–	–	–	2,534
Emission certificates	21,759	–	–	18,115	–	–	39,874
	<b>306,815</b>	<b>(8,931)</b>	<b>1,300</b>	<b>18,115</b>	<b>(21,071)</b>	<b>(28,156)</b>	<b>268,072</b>
<b>INTANGIBLE ASSETS</b>	<b>2,868,557</b>	<b>(76,171)</b>	<b>(5,685)</b>	<b>108,307</b>	<b>(20,548)</b>	<b>(88,833)</b>	<b>2,785,627</b>
<b>GOODWILL</b>	<b>16,405,013</b>	<b>(557,044)</b>	<b>(41,750)</b>	<b>–</b>	<b>(558,419)</b>	<b>–</b>	<b>15,247,800</b>



**ACQUISITION OR MANUFACTURING COSTS (CONTINUATION OF THE PREVIOUS PAGE)  
IN € THOUS**

	January 1, 2022	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2022
<b>Amortizable intangible assets</b>							
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	120	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
	<b>2,482,994</b>	<b>106,495</b>	<b>40,703</b>	<b>145,241</b>	<b>5,373</b>	<b>(219,064)</b>	<b>2,561,742</b>
<b>Non-amortizable intangible assets</b>							
Trade names	252,911	15,470	14,054	–	–	–	282,435
Management contracts	2,637	(16)	–	–	–	–	2,621
Emission certificates	661	–	–	21,098	–	–	21,759
	<b>256,209</b>	<b>15,454</b>	<b>14,054</b>	<b>21,098</b>	<b>–</b>	<b>–</b>	<b>306,815</b>
<b>INTANGIBLE ASSETS</b>	<b>2,739,203</b>	<b>121,949</b>	<b>54,757</b>	<b>166,339</b>	<b>5,373</b>	<b>(219,064)</b>	<b>2,868,557</b>
<b>GOODWILL</b>	<b>14,944,458</b>	<b>765,366</b>	<b>695,189</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>16,405,013</b>

**T 5.51 ACCUMULATED AMORTIZATION AND IMPAIRMENT (CONTINUATION SEE NEXT PAGE)**  
IN € THOUS

	January 1, 2023	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2023
<b>Amortizable intangible assets</b>								
Non-compete agreements	329,837	(11,103)	(414)	7,255	184	(8,553)	(1,557)	315,649
Technology	262,399	(8,030)	–	51,198	–	–	–	305,567
Licenses and distribution agreements	133,424	(5,232)	(20)	2,423	22,363	2	(254)	152,706
Customer relationships	23,486	(1,233)	(224)	4,684	–	–	–	26,713
Construction in progress	–	(8)	–	–	347	–	–	339
Internally developed intangibles	285,358	(5,983)	(256)	56,487	82	421	(1,705)	334,404
Other	284,022	(6,453)	(5,645)	30,286	1,670	(11,697)	(7,538)	284,645
	<b>1,318,526</b>	<b>(38,042)</b>	<b>(6,559)</b>	<b>152,333</b>	<b>24,646</b>	<b>(19,827)</b>	<b>(11,054)</b>	<b>1,420,023</b>
<b>Non-amortizable intangible assets</b>								
Trade names	29,794	(503)	1,300	–	–	(666)	(28,156)	1,769
Management contracts	1,560	(52)	–	–	–	–	–	1,508
	<b>31,354</b>	<b>(555)</b>	<b>1,300</b>	<b>–</b>	<b>–</b>	<b>(666)</b>	<b>(28,156)</b>	<b>3,277</b>
<b>INTANGIBLE ASSETS</b>	<b>1,349,880</b>	<b>(38,597)</b>	<b>(5,259)</b>	<b>152,333</b>	<b>24,646</b>	<b>(20,493)</b>	<b>(39,210)</b>	<b>1,423,300</b>
<b>GOODWILL</b>	<b>613,832</b>	<b>(20,953)</b>	<b>(52,505)</b>	<b>–</b>	<b>57,488</b>	<b>(70)</b>	<b>–</b>	<b>597,792</b>



T 5.52 **BOOK VALUE  
IN € THOUS**

	December 31, 2023	December 31, 2022
<b>Amortizable intangible assets</b>		
Non-compete agreements	13,039	21,936
Technology	359,053	423,730
Licenses and distribution agreements	9,981	35,297
Customer relationships	44,771	51,531
Construction in progress	350,652	359,572
Internally developed intangibles	192,878	220,988
Other	127,158	130,162
	<b>1,097,532</b>	<b>1,243,216</b>
<b>Non-amortizable intangible assets</b>		
Trade names	223,895	252,641
Management contracts	1,026	1,061
Emission certificates	39,874	21,759
	<b>264,795</b>	<b>275,461</b>
<b>INTANGIBLE ASSETS</b>	<b>1,362,327</b>	<b>1,518,677</b>
<b>GOODWILL</b>	<b>14,650,008</b>	<b>15,791,181</b>

The amortization of intangible assets amounted to €152,333, €169,017 and €152,325 for the years ended December 31, 2023, 2022, and 2021, respectively. These expenses are allocated within costs of revenue, selling, general and administrative and R&D expenses depending upon the area in which the asset is used.

The Company capitalized development costs of €74,840 in 2023 (€108,478 in 2022), which is included in the line items Internally developed intangibles and Construction in progress in the schedule above.

At December 31, 2023 and 2022, the effects of hyperinflation on intangible assets and goodwill consisted of the following:

T 5.53 **EFFECT OF HYPERINFLATION  
IN € THOUS**

	Acquisition or manufacturing costs	Accumulated amortization and impairment	December 31, 2023
Non-compete agreements	783	674	109
Licenses and distribution rights	533	416	117
Construction in progress	649	–	649
Internally developed intangibles	3,214	1,843	1,371
Other	18,359	6,832	11,527
<b>Amortizable intangible assets</b>	<b>23,538</b>	<b>9,765</b>	<b>13,773</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>23,538</b>	<b>9,765</b>	<b>13,773</b>
<b>GOODWILL</b>	<b>60,797</b>	<b>33,999</b>	<b>26,798</b>
	Acquisition or manufacturing costs	Accumulated amortization and impairment	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
<b>Amortizable intangible assets</b>	<b>11,774</b>	<b>7,368</b>	<b>4,406</b>
Management Contracts	2,228	355	1,873
<b>Non-amortizable intangible assets</b>	<b>2,228</b>	<b>355</b>	<b>1,873</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>14,002</b>	<b>7,723</b>	<b>6,279</b>
<b>GOODWILL</b>	<b>60,765</b>	<b>33,810</b>	<b>26,955</b>

## Goodwill and intangible assets with indefinite useful lives

The decrease in the carrying amount of goodwill during 2023 is mainly a result of the impact of foreign currency translations and the impact of divestitures (for further information on divestitures, see [NOTE 3](#)).

The carrying amount of goodwill and intangibles with indefinite useful lives is allocated to the groups of CGUs at December 31, 2023, which reflects the Company's current operating segment structure:

**T 5.54 ALLOCATION OF THE CARRYING AMOUNT TO THE GROUPS OF CGUS  
IN € THOUS**

	Care Delivery	Care Enablement
	2023	2023
Goodwill	12,573,423	2,076,585
Management contracts with indefinite useful life	1,026	–
Trade names with indefinite useful life	182,357	41,538
Emission certificates	–	39,874

The following table presents the carrying amount of goodwill and intangibles with indefinite useful lives allocated to the groups of CGUs under the Company's operating segment structure applicable as of December 31, 2022:

**T 5.55 ALLOCATION OF THE CARRYING AMOUNT TO THE GROUPS OF CGUS  
IN € THOUS**

	North America	EMEA	Asia-Pacific	Latin America
	2022	2022	2022	2022
Goodwill	13,607,465	1,414,332	764,009	5,375
Management contracts with indefinite useful life	–	–	1,061	–
Trade names with indefinite useful life	252,641	–	–	–
Emission certificates	–	21,759	–	–

The Company did not record any impairment losses related to goodwill in 2023 after comparing each group of CGU's value in use to its carrying amount. The Company did not record any impairment losses related to goodwill in 2022 after comparing each group of CGU's value in use to its carrying amount.

## 13. Interests in associates

The following table shows the Company's interests in associates of the Company which management considered to be material to the Company as of December 31, 2023 and 2022:

**T 5.56 INTERESTS IN ASSOCIATES  
IN € THOUS, EXCEPT WHERE OTHERWISE SPECIFIED**

Name of the entity	Country of incorporation	Ownership interest in %	Method of measurement	Carrying value	
				2023	2022
Vifor Fresenius Medical Care Renal Pharma Ltd.	Switzerland	45	Equity method	601,333	717,267
Other associates				41,595	56,457
<b>EQUITY METHOD INVESTEES</b>				<b>642,928</b>	<b>773,724</b>

In December 2010, the Company and CSL Vifor formed a new renal pharmaceutical company, Vifor Fresenius Medical Care Renal Pharma Ltd., recognized as an equity method investee of which the Company owns 45%. Vifor Fresenius Medical Care Renal Pharma Ltd. develops and distributes products focused on addressing distinct complications and areas of chronic kidney disease, renal anemia management, mineral and bone management, kidney function preservation and improvement, conditions associated with kidney impairment and its treatment and cardio-renal management.

The following table contains the summarized financial information for Vifor Fresenius Medical Care Renal Pharma Ltd as of and for the year ended December 31, 2023 and 2022:

**T 5.57 SUMMARIZED FINANCIAL INFORMATION  
IN € THOUS**

	2023	2022
<b>Receivable credit balances</b>		
Current assets	465,450	892,910
Non-current assets	627,391	566,640
Current liabilities	166,262	230,222
Non-current liabilities	33,074	28,803
<b>NET ASSETS</b>	<b>893,505</b>	<b>1,200,525</b>
<b>Reconciliation to carrying amounts (net assets)</b>	<b>2023</b>	<b>2022</b>
Opening balance net assets January 1,	1,200,525	1,086,109
Profit for the period	235,186	236,269
Other comprehensive income	(26,489)	50,651
Dividends paid	(467,500)	(199,062)
Foreign currency translation	(48,217)	26,558
<b>CLOSING BALANCE NET ASSETS DECEMBER 31,</b>	<b>893,505</b>	<b>1,200,525</b>
Company's share in net assets	402,077	540,236
Other reconciling items	268,240	273,559
Eliminations	(68,984)	(96,528)
<b>CARRYING AMOUNT</b>	<b>601,333</b>	<b>717,267</b>
<b>Summarized statement of comprehensive income</b>	<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>
Revenue	734,678	717,995
Profit from continuing operations	235,186	236,269
<b>PROFIT FOR THE PERIOD</b>	<b>235,186</b>	<b>236,269</b>
Other comprehensive income	(26,489)	50,651
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>208,697</b>	<b>286,920</b>
Dividends received	213,521	89,578

## 14. Other non-current financial assets

At December 31, 2023 and 2022, other non-current financial assets consisted of the following:

**T 5.58 OTHER NON-CURRENT FINANCIAL ASSETS  
IN € THOUS**

	2023	2022
Debt securities	284,102	274,821
Debt securities	284,102	274,821
Other financial assets	174,300	190,982
<b>TOTAL</b>	<b>611,584</b>	<b>615,796</b>

## 15. Current provisions and other current liabilities and non-financial liabilities

### Current provisions

The following table shows a reconciliation of the current provisions for 2023:

T 5.59 DEVELOPMENT OF CURRENT PROVISIONS  
IN € THOUS

	January 1, 2023	Foreign currency translation	Changes in consolidation group	Utilized	Reversed	Additions	Reclassifications	December 31, 2023
Personnel expenses	135,001	(4,365)	(1,331)	(61,622)	(5,170)	117,068	7,749	187,330
Self-insurance programs	106,796	(4,078)	–	(36,279)	(16,501)	57,093	12,771	119,802
Risk of lawsuit	82,665	(3,229)	(1,007)	(53,020)	(1,100)	31,558	235	56,102
Other current provisions	46,334	(2,212)	(132)	(7,179)	(2,484)	27,674	(625)	61,376
<b>CURRENT PROVISIONS</b>	<b>370,796</b>	<b>(13,884)</b>	<b>(2,470)</b>	<b>(158,100)</b>	<b>(25,255)</b>	<b>233,393</b>	<b>20,130</b>	<b>424,610</b>

### Self-insurance programs

See [NOTE 2 D\)](#).

### Personnel expenses

Personnel expenses mainly refer to provisions for the Company's global performance-based compensation plan for managerial staff, the current portion of the provisions for accrued severance payments, provisions for share-based plans and jubilee payments. As of December 31, 2023, provisions for the Company's global performance-based compensation plan for managerial staff amounted to €130,925 (December 31, 2022: 69,967), provisions for accrued severance payments amounted to €31,395 (December 31, 2022: €34,379) and provisions for share-based plans amounted to €8,597 (December 31, 2022: €12,165). See [NOTE 23](#).

### Risk of lawsuit

Legal matters that the Company currently deems to be material or noteworthy are described in [NOTE 25](#).

### Other current provisions

The item "Other current provisions" in the table above includes provisions for warranties, physician compensation and return of goods.

## Other current financial liabilities

As of December 31, 2023 and 2022 other current financial liabilities consisted of the following:

### T 5.60 OTHER CURRENT FINANCIAL LIABILITIES IN € THOUS

	2023	2022
Put option liabilities	681,442	667,371
Unapplied cash and receivable credit balances	623,492	720,585
Invoices outstanding	250,822	262,568
Legal matters, advisory and audit fees	40,262	39,093
Bonuses, commissions	30,228	24,010
Variable payments outstanding for acquisitions	11,085	4,794
Derivatives	9,205	7,109
Other	29,020	61,144
<b>OTHER CURRENT FINANCIAL LIABILITIES</b>	<b>1,675,556</b>	<b>1,786,674</b>

## Other current financial liabilities

As of December 31, 2023 and 2022 other current liabilities consisted of the following:

### T 5.61 OTHER CURRENT LIABILITIES IN € THOUS

	2023	2022
Personnel liabilities	713,409	707,398
VAT and other (non-income) tax liabilities	140,596	123,935
Contract liabilities	56,566	63,273
Deferred Income	29,253	42,448
Other liabilities	253,000	260,620
<b>OTHER CURRENT LIABILITIES</b>	<b>1,192,824</b>	<b>1,197,674</b>

## 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.

## Other liabilities

The item "Other liabilities" in the table above includes liabilities for the current portion of pension liabilities and interest payables related to income taxes.

## 16. Short-term debt

At December 31, 2023 and December 31, 2022, short-term debt consisted of the following:

### T 5.62 SHORT-TERM DEBT IN € THOUS

	2023	2022
Commercial paper program	399,078	495,424
Borrowings under lines of credit	57,754	149,265
Other	72	78
Short-term debt from unrelated parties	456,904	644,767
Short-term debt from related parties (see <a href="#">NOTE 6 C)</a> )	–	4,000
<b>SHORT-TERM DEBT</b>	<b>456,904</b>	<b>648,767</b>



## 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, 2023 and 2022, the outstanding commercial paper amounted to €400,000 and €496,500, respectively.

## Borrowings under lines of credit and further availabilities

Borrowings under lines of credit in the amount of €57,754 and €149,265 at December 31, 2023 and 2022, 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, 2023 and 2022 were 8.55% and 6.23%, respectively.

Excluding amounts available under the Syndicated Credit Facility (see [NOTE 17](#)), at December 31, 2023 and 2022, the Company had €1,321,417 and €1,107,050 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, 2023 and 2022, cash and borrowings under lines of credit in the amount of €126,836 and €80,603, respectively, were offset under this cash pooling management system. Before this offset, cash and cash equivalents as of December 31, 2023 was €1,530,328 (December 31, 2022: €1,354,390) and short-term debt from unrelated parties was €583,740 (December 31, 2022: €725,370).

## Short-term debt from related parties

The Company was party to an uncommitted revolving facility, as borrower, under which it could request and receive one or more short-term advances up to an aggregate amount of €600,000 with Fresenius SE, as lender. The Company and Fresenius SE terminated the uncommitted revolving credit facility upon the Conversion. For further information on short-term debt from related parties, see [NOTE 6 C](#)).

## 17. Long-term debt

As of December 31, 2023 and 2022, long-term debt consisted of the following:

### T 5.63 LONG-TERM DEBT IN € THOUS

	2023	2022
Schuldschein loans	228,759	224,612
Bonds	6,676,465	7,389,365
Accounts Receivable Facility	22,857	93,725
Other	519,481	157,094
<b>Long-term debt</b>	<b>7,447,562</b>	<b>7,864,796</b>
Less current portion	(487,699)	(694,062)
<b>LONG-TERM DEBT, LESS CURRENT PORTION</b>	<b>6,959,863</b>	<b>7,170,734</b>

The Company's long-term debt as of December 31, 2023, 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, 2023 and 2022, the Company's bonds consisted of the following:

### T 5.64 BONDS IN THOUS

Issuer/Transaction	Face amount	Maturity	Coupon	Book value in €	
				2023	2022
				Fresenius Medical Care AG, 2019	€650.000
FMC US Finance II, Inc. 2014	\$400.000	October 15, 2024	4.750%	365,344	374,354
Fresenius Medical Care AG, 2018	€500.000	July 11, 2025	1.500%	502,492	498,245
Fresenius Medical Care AG, 2020	€500.000	May 29, 2026	1.000%	500,953	497,175
Fresenius Medical Care AG, 2019	€600.000	November 30, 2026	0.625%	597,457	596,158
FMC US Finance III, Inc. 2021	\$850.000	December 1, 2026	1.875%	766,121	790,926
Fresenius Medical Care AG, 2022	€750.000	September 20, 2027	3.875%	753,755	744,497
FMC US Finance III, Inc. 2019	\$500.000	June 15, 2029	3.750%	447,719	462,005
Fresenius Medical Care AG, 2019	€500.000	November 29, 2029	1.250%	498,648	497,781
Fresenius Medical Care AG, 2020	€750.000	May 29, 2030	1.500%	753,466	746,332
FMC US Finance III, Inc. 2020	\$1.000.000	February 16, 2031	2.375%	907,015	930,443
FMC US Finance III, Inc. 2021	\$650.000	December 1, 2031	3.000%	583,495	602,166
				<b>6,676,465</b>	<b>7,389,365</b>

All bonds issued by entities other than Fresenius Medical Care AG are guaranteed by the Company and by FMCH, while bonds issued by Fresenius Medical Care AG 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, 2023, 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 AG in the amount of \$650,000 (€590,426 as of the date of issuance on November 27, 2019) were redeemed at maturity on November 29, 2023.

## Accounts Receivable Facility

The Company has an accounts receivable securitization program (Accounts Receivable Facility) with a maximum capacity of \$900,000 (€768,049 at the date of execution) and an ending term date of August 11, 2024.s

The following table shows the available and outstanding amounts under the Accounts Receivable Facility at December 31, 2023 and December 31, 2022:

### T 5.65 ACCOUNTS RECEIVABLE FACILITY – MAXIMUM AMOUNT AVAILABLE AND BALANCE OUTSTANDING IN THOUS

Accounts Receivable Facility	Maximum amount available <sup>1</sup> 2023		Balance outstanding <sup>2</sup> 2023	
		\$900,000	€814,482	\$25,000
Accounts Receivable Facility	Maximum amount available <sup>1</sup> 2022		Balance outstanding <sup>2</sup> 2022	
	\$900,000	€843,804	\$100,000	€93,756

<sup>1</sup> Subject to availability of sufficient accounts receivable meeting funding criteria.

<sup>2</sup> Amounts shown are excluding debt issuance costs.

The Company also had letters of credit outstanding under the Accounts Receivable Facility in the amount of \$28,332 at December 31, 2023 and \$12,532 at December 31, 2022 (€25,640 and €11,750, respectively). These letters of credit are not included above as part of the balance outstanding at December 31, 2023 and 2022. 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

The Company entered into a €2,000,000 sustainability-linked syndicated revolving credit facility (Syndicated Credit Facility) in July 2021, which serves as a back-up line for general corporate purposes and was undrawn as of December 31, 2023 (2022: undrawn). On June 2, 2023, the Syndicated Credit Facility was extended an additional year until July 1, 2028, with a maximum available borrowing amount of €1,918,367 in the last year.

### Other

At December 31, 2023 and 2022, in conjunction with certain acquisitions and investments, the Company had fixed payments outstanding for acquisitions totaling approximately €6,584 and €14,510, respectively, of which €1,656 and €8,255, respectively, were classified as the current portion of long-term debt.

## 18. Non-current provisions and other non-current financial and non-financial liabilities

Of the total amount of non-current provisions and other non-current financial and non-financial liabilities amounting to €1,048,473 at December 31, 2023 (2022: €1,183,910), €330,376 (2022: €988,624) are due in between more than one and three years, €627,201 (2022: €86,464) are due in between three to five years and €90,896 (2022: €108,822) are due after five years.

The following table shows the development of non-current provisions in the fiscal year:

### T 5.66 DEVELOPMENT OF NON-CURRENT PROVISIONS IN € THOUS

	January 1, 2023	Foreign currency translation	Changes in consolidation group	Utilized	Reversed	Additions	Reclassifications	December 31, 2023
Self-insurance programs	142,562	(4,429)	–	(11,745)	–	–	(12,771)	113,617
Personnel expenses	30,369	(580)	(5,409)	(1,656)	(2,075)	25,594	(7,710)	38,533
Asset retirement obligations	12,792	(792)	(1,910)	(93)	–	2,314	–	12,311
Interest payable related to income taxes	3,710	(34)	–	–	–	313	–	3,989
Other non-current provisions	6,037	(111)	–	(159)	(1,346)	2,076	350	6,847
<b>NON-CURRENT PROVISIONS</b>	<b>195,470</b>	<b>(5,946)</b>	<b>(7,319)</b>	<b>(13,653)</b>	<b>(3,421)</b>	<b>30,297</b>	<b>(20,131)</b>	<b>175,297</b>

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, 2023, provisions for severance payments amounted to €6,831 (2022: €15,923) and provisions for share-based plans amounted to €24,820 (2022: €7,089). See [NOTE 23](#).

The item “Other non-current provisions” in the table above includes provisions for litigation and warranties. The increase during the period that arises from the passage of time and the effect of any change in the discount rate are not material.

## Other non-current financial liabilities

As of December 31, 2023 and 2022 other non-current financial liabilities consisted of the following:

### T 5.67 OTHER NON-CURRENT FINANCIAL LIABILITIES IN € THOUS

	2023	2022
Put option liabilities	690,567	801,147
Variable payments outstanding for acquisitions	24,666	33,052
Other	427	1,307
<b>OTHER NON-CURRENT FINANCIAL LIABILITIES</b>	<b>715,660</b>	<b>835,506</b>

## Other non-current financial

As of December 31, 2023 and 2022 other non-current financial liabilities consisted of the following:

### T 5.68 OTHER NON-CURRENT LIABILITIES IN € THOUS

	2023	2022
Labor Expense non current	105,186	105,909
Deferred Income	13,872	9,474
Other	38,458	37,551
<b>OTHER NON-CURRENT LIABILITIES</b>	<b>157,516</b>	<b>152,934</b>

## 19. 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 six major defined benefit plans, one funded plan in the U.S. and one in France, one unfunded plan in Germany and two in France as well as one plan in Germany which is covered by insurance contracts. Due to the Conversion, the unfunded plan in Germany also comprises the benefit obligations of former board members of Management AG as well as of active board members which were appointed to the Management Board before January 1, 2019 in the amount of €62,426 as of December 31, 2023. The plan which is funded by insurance contracts comprises the benefit obligations of active board members which were appointed to the Management Board after January 1, 2019 in the amount of €3,053 as of December 31, 2023.

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 2023, FMCH did not have a minimum funding requirement. The Company voluntarily provided €1,144 to the defined benefit plan. Expected funding for 2024 is €11,345.

The Company paid contributions to the plan in Germany which is funded by insurance contracts as defined in the pension plan of €1,003 in 2023. Expected funding for 2024 is €1,003.

The benefit obligation for all defined benefit plans at December 31, 2023 and 2022, including funded and unfunded obligations, are presented in the following table:

**T 5.69 BENEFIT OBLIGATION FOR DEFINED BENEFIT PLANS**  
IN € THOUS

	2023	2022
<b>Partially funded obligations</b>		
U.S. plan	328,499	331,158
French plan	5,573	5,926
<b>Funded obligations by insurance contracts</b>		
German plan	3,053	-
<b>Unfunded obligations</b>		
German plan	542,136	394,432
French plans	10,764	10,700
<b>TOTAL BENEFIT OBLIGATIONS</b>	<b>890,025</b>	<b>742,216</b>

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.

The following table 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 5.70 NET PENSION LIABILITY  
IN € THOUS**

	2023	2022
<b>Change in benefit obligation:</b>		
Benefit obligation at beginning of year	742,216	1,084,546
Foreign currency translation (gains) losses	(11,702)	27,307
Current service cost	32,399	42,367
Past service cost	(538)	(512)
Interest cost	37,438	22,466
Transfer of plan participants <sup>1</sup>	60,368	219
Actuarial (gains) losses arising from changes in financial assumptions	81,841	(405,106)
Actuarial (gains) losses arising from changes in demographic assumptions	(33)	756
Actuarial (gains) losses arising from experience adjustments	(9,706)	3,298
Remeasurements	72,102	(401,052)
Benefits paid	(42,258)	(33,125)
<b>BENEFIT OBLIGATION AT END OF YEAR</b>	<b>890,025</b>	<b>742,216</b>
<b>Change in plan assets:</b>		
Fair value of plan assets at beginning of year	259,461	335,170
Foreign currency translation gains (losses)	(9,063)	21,974
Transfer of plan participants <sup>1</sup>	2,116	-
Interest income from plan assets	13,717	10,539
Actuarial gains (losses) arising from experience adjustments	18,782	(82,457)
Actual return on plan assets	32,499	(71,918)
Employer contributions	2,147	1,127
Benefits paid	(31,388)	(26,892)
<b>FAIR VALUE OF PLAN ASSETS AT END OF YEAR</b>	<b>255,772</b>	<b>259,461</b>
<b>NET FUNDED POSITION AT END OF YEAR</b>	<b>634,253</b>	<b>482,755</b>
Benefit plans offered by other subsidiaries	43,985	45,467
<b>NET PENSION LIABILITY AT END OF YEAR</b>	<b>678,238</b>	<b>528,222</b>

<sup>1</sup> Includes pension liabilities related to Management Board members which were attributable to Management AG prior to the Conversion and are included in the Company's balance sheet subsequent to the Conversion.

For the years 2023 and 2022, there were no effects from the asset ceiling.

At December 31, 2023, the weighted average duration of the defined benefit obligation was 15 years (2022: 15 years).

Pension assets and liabilities related to benefit plans offered by the Company and its subsidiaries as of December 31, 2023 and 2022 are presented in the following table:

**T 5.71 PENSION PLAN ASSETS AND LIABILITIES  
IN € THOUS**

	2023	2022
<b>Pension plan liabilities</b>		
U.S. plan	75,876	71,790
German plan	542,136	394,432
French plans	16,241	16,533
<b>TOTAL</b>	<b>634,253</b>	<b>482,755</b>
Thereof current <sup>1</sup>	11,943	9,193
Thereof non-current <sup>2</sup>	622,310	473,562
<b>Benefit plans offered by other subsidiaries</b>		
Current pension liabilities <sup>1</sup>	1,968	4,810
Non-current pension liabilities <sup>2</sup>	42,017	40,657
<b>TOTAL OTHER PENSION LIABILITIES, NET</b>	<b>43,985</b>	<b>45,467</b>

<sup>1</sup> Recorded in the line item "Current provisions and other current liabilities" in the consolidated balance sheets.

<sup>2</sup> Recorded in non-current liabilities as "Pension liabilities" in the consolidated balance sheets.

Non-current pension liabilities were €664,327 and €514,219 at December 31, 2023 and 2022, respectively. The increase of €150,108 from 2022 to 2023 was mainly attributable to adjustments to the discount rate, which resulted in an actuarial loss 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 3.60% was applied as of December 31, 2023 (December 31, 2022: 4.30%).

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, 2023 and 2022 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, 2023 and 2022:

**T 5.72 WEIGHTED AVERAGE ASSUMPTIONS**  
IN %

	2023	2022
Discount rate	4.22	4.86
Rate of compensation increase	3.18	3.22
Rate of pension increase	2.00	2.00

## Sensitivity analysis

Increases and decreases in principal actuarial assumptions by 0.5 percentage points would affect the pension liability at December 31, 2023 as follows:

**T 5.73 SENSITIVITY ANALYSIS**  
IN € THOUS

	0.5% increase	0.5% decrease
Discount rate	(64,369)	73,142
Rate of compensation increase	10,028	(9,844)
Rate of pension increase	35,881	(32,633)

An increase of the mortality rate of 10% would reduce the pension liability by €22,207, while a decrease of 10% would increase the pension liability by €24,529 as of December 31, 2023.

The sensitivity analysis was calculated based on the average duration of the pension obligations determined at December 31, 2023. 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, 2023, 2022 and 2021:

**T 5.74 COMPONENTS OF NET PERIODIC BENEFIT COST**  
IN € THOUS

	2023	2022	2021
Service cost	32,399	42,367	37,409
Net interest cost	23,721	11,927	10,794
Prior service cost	(538)	(512)	988
(Gains) losses from settlements	–	–	(374)
<b>NET PERIODIC BENEFIT COSTS</b>	<b>55,582</b>	<b>53,782</b>	<b>48,817</b>



Service cost and net interest cost are allocated as personnel expense within costs of revenues; selling, general and administrative expense; or R&D 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, 2023, 2022 and 2021:

**T 5.75 WEIGHTED AVERAGE ASSUMPTIONS**  
IN %

	2023	2022	2021
Discount rate	4.86	2.02	2.02
Rate of compensation increase	3.22	3.17	3.17
Rate of pension increase	2.00	1.75	1.46

Expected benefit payments are as follows:

**T 5.76 DEFINED BENEFIT PENSION PLANS: CASH OUTFLOWS**  
IN € THOUS

	2023	2022
1 year	34,030	30,996
1 – 3 years	75,702	67,545
3 – 5 years	85,967	75,674
5 – 10 years	244,042	216,216
<b>TOTAL</b>	<b>439,741</b>	<b>390,431</b>

## Plan Assets

The following table presents the fair values of the Company's pension plan assets at December 31, 2023 and 2022:

**T 5.77 FAIR VALUES OF PLAN ASSETS  
IN € THOUS**

Asset category	2023				2022			
	Total	Quoted prices in active markets for identical assets	Significant observable inputs	Significant unobserv- able inputs	Total	Quoted prices in active markets for identical assets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)		(Level 1)	(Level 2)	(Level 3)
<b>Equity investments</b>								
Index funds <sup>1</sup>	71,971	8,893	63,078	–	73,252	8,588	64,664	–
<b>Fixed income investments</b>								
Government securities <sup>2</sup>	3,519	3,339	180	–	3,996	3,789	207	–
Corporate bonds <sup>3</sup>	167,935	–	167,935	–	169,634	–	169,634	–
Other bonds <sup>4</sup>	6,909	–	860	6,049	9,995	–	3,897	6,098
U.S. treasury money market funds <sup>5</sup>	2,289	2,289	–	–	2,491	2,491	–	–
<b>Other types of investments</b>								
Cash, money market and mutual funds <sup>6</sup>	3,149	96	3,053	–	93	93	–	–
<b>TOTAL</b>	<b>255,772</b>	<b>14,617</b>	<b>235,106</b>	<b>6,049</b>	<b>259,461</b>	<b>14,961</b>	<b>238,402</b>	<b>6,098</b>

<sup>1</sup> 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 MSCI EAFE Index.

<sup>2</sup> This Category comprises fixed income investments by the U.S. government and government sponsored entities.

<sup>3</sup> This Category primarily represents investment grade bonds of U.S. issuers from diverse industries.

<sup>4</sup> This Category comprises private placement bonds as well as collateralized mortgage obligations.

<sup>5</sup> This Category represents funds that invest in U.S. treasury obligations directly or in U.S. treasury backed obligations.

<sup>6</sup> 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, Bloomberg U.S. Long-Corporate Bond Index, Bloomberg 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 (€20.4) if under 50 years old (\$30.0 (€27.1) 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, 2023, 2022, and 2021, was €71,750, €77,329 and €67,612 respectively.

Additionally, the Company contributed for the years ended December 31, 2023, 2022, and 2021 €29,787, €30,272 and €30,370 to state pension plans.

## 20. Shareholders' equity

### Capital stock

At December 31, 2023, 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.

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.

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 the Company. At December 31, 2023, Fresenius SE held 32.2% of the Company's voting rights.

On October 30, 2023, Harris Associates L.P., Wilmington, Delaware, U.S., with respect to attributed voting rights, disclosed pursuant to Sections 33, 34 of the WpHG that 5.02% of the voting rights of the Company were held as of October 26, 2023.

On September 8, 2023, Harris Associates Investment Trust, Boston, Massachusetts, U.S., disclosed pursuant to Section 33 of the WpHG that 3.05% of the voting rights of the Company were held as of September 6, 2023.

On April 28, 2023, BlackRock, Inc., Wilmington, Delaware, U.S., with respect to attributed voting rights, disclosed pursuant to Sections 33, 34 of the WpHG that 3.19% of the voting rights of the Company and pursuant to Section 38 of the WpHG that instruments relating to 0.99% of the voting rights of the Company were held as of April 25, 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 the Company were held as of January 3, 2023.

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 the Company were held as of December 13, 2022. According to an amended Schedule 13G filed with the SEC on February 13, 2024, Dodge & Cox, an Investment Adviser registered under the U.S. Investment Advisers Act of 1940, is the beneficial owner of 7.4% of the Company's shares. The Schedule 13G states that Dodge & Cox has sole voting power and sole dispositive power over such shares, and that clients of Dodge & Cox, including investment companies registered under the U.S. Investment Company Act of 1940 and other managed accounts, have the right to receive or power to direct the receipt of dividends from, and the proceeds from the sale of, such shares.

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 the Company 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 the Company were held as of July 12, 2022.

The general meeting of the Company 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 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 the Company 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. Following a change in the German law, the nominal value for any Conditional Capital may not exceed 60% of the Company's issued capital at the time of the resolution. The nominal value for any Conditional Capital created for the purpose of issuing new shares to holders of convertible bonds or other securities which grant a right to shares may not exceed 50% of the

Company's issued capital at the time of the resolution. The nominal value for any Conditional Capital created for the purpose of issuing shares to management and employees may not exceed 20% of the Company's issued capital at the time of the resolution.

## Authorized capital

By resolution of the Company's Annual General Meeting (AGM) on August 27, 2020, having become effective upon registration with the commercial register of the local court (Amtsgericht) of Hof (Saale) on September 23, 2020, amended by resolution of the Company's EGM on July 14, 2023 in its wording with respect to the Company's change of legal form, registered with the local court (Amtsgericht) of Hof (Saale) on November 30, 2023, the Management Board is authorized until August 26, 2025, to increase the share capital of the Company with the approval of the Supervisory Board by up to a total of €35,000 for cash by issuing new bearer shares with no-par value on one or more occasions (Authorized Capital 2020/I). The number of shares must be increased in the same proportion as the share capital. In principle, the shareholders have subscription rights. The new shares can also be underwritten by a credit institution or a company operating in accordance with section 53 (1) sent. 1 or section 53b (1) sent. 1 or (7) of the German Banking Act (Kreditwesengesetz – KWG) (financial institution) or a consortium of such credit institutions and/or financial institutions retained by the Management Board with the obligation to offer the shares to the Company's shareholders for subscription.

However, the Management Board is authorized with the approval of the Supervisory Board to exclude the shareholders' subscription rights in order to eliminate fractional amounts from the subscription right. The Management Board may only exercise the aforementioned authorization to exclude subscription rights to the extent that the proportional amount of the total shares issued subject to an 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 exercise of this authorization. If, during the period of validity of the Authorized Capital 2020/I until its utilization, other authorizations on the issuance or on the sale of shares of the Company or the issuance of rights which authorize or bind to the subscription of shares of the Company are exercised and the subscription rights are excluded, such subscription rights will be taken into account with regard to the aforementioned limit.

No Authorized Capital 2020/I has been issued at December 31, 2023.

In addition, by resolution of the AGM on August 27, 2020, having become effective upon registration with the commercial register of the local court (Amtsgericht) of Hof (Saale) on September 23, 2020, amended by resolution of the Company's EGM on July 14, 2023 in its wording with

respect to the Company's change of legal form, registered with the local court (Amtsgericht) of Hof (Saale) on November 30, 2023, the Management Board is authorized until August 26, 2025 to increase the share capital of the Company with the approval of the Supervisory Board by up to a total of €25,000 for cash and/or contributions in kind by issuing new bearer shares with no-par value on one or more occasions (Authorized Capital 2020/II). The number of shares must be increased in the same proportion as the share capital. In principle, the shareholders have subscription rights. The new shares can also be underwritten by a credit institution or a company operating in accordance with section 53 (1) sent. 1 or section 53b (1) sent. 1 or (7) KWG (financial institution) or a consortium of such credit institutions and/or financial institutions retained by the Management Board with the obligation to offer the shares to the Company's shareholders for subscription. However, the Management Board is authorized with the approval of the Supervisory Board to exclude the shareholders' subscription rights in the following cases:

- > in the case of one or more capital increases for contributions in kind for the purpose of acquiring companies, parts of companies, interests in companies or other assets, or
- > in the case of one or more capital increases for cash if the issue price for the shares does not significantly fall below the stock exchange price of the shares already listed and 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 exercise of this authorization. To be set off against this limitation is the proportionate amount of share capital attributable to new shares or treasury shares previously acquired by the Company which are issued or sold during the period of validity of this authorization with exclusion of subscription rights in direct, analogous or corresponding application of section 186 (3) sent. 4 AktG and the proportionate amount of the share capital attributable to shares issued or to be issued to satisfy option or conversion rights or discharge option or conversion obligations from bonds, if the bonds are issued during the period of validity of this authorization with exclusion of subscription rights in analogous application of section 186 (3) sent. 4 AktG.

The Management Board may only exercise the aforementioned authorizations to exclude subscription rights to the extent that the proportional amount of the total shares issued subject to an exclusion of subscription rights exceeds 10% of the share capital neither at the time of these authorizations coming into effect nor at the time of the exercise of these authorizations. If, during the period of validity of the Authorized Capital 2020/II until its utilization, other authorizations on the issuance or on the sale of shares of the Company or the issuance of rights which authorize or bind to the subscription of shares of the Company are exercised and the subscription rights are excluded, such subscription rights will be taken into account with regard to the aforementioned limit.

No Authorized Capital 2020/II has been issued at December 31, 2023.

## 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 23](#)). The Company's EGM on July 14, 2023, resolved to change the wording of the Conditional Capital 2011/I with respect to the Company's change of legal form.

The conditional capital increase was executed only to the extent subscription rights were awarded under the 2011 SOP, the holders of the subscription rights exercised their right and the Company did not use treasury shares to fulfill the subscription rights, with each stock option awarded exercisable for one ordinary share (see [NOTE 23](#)). The Company had the right to deliver ordinary shares that it owned or purchased in the market in lieu of increasing capital by issuing new shares.

At December 31, 2023, no options remained outstanding and no options were exercised during the year in connection with the 2011 SOP (see [NOTE 23](#)).

Conditional capital at December 31, 2023 was €8,957 in total, all relating to the 2011 SOP (see [NOTE 23](#)).

No shares were issued out of Conditional Capital 2011/I during 2023. During 2022, 409,110 shares were issued out of Conditional Capital 2011/I, increasing the Company's capital stock by €409. Because no options remain outstanding under the 2011 SOP, no further shares are issuable out of Conditional Capital 2011/I.

## Treasury stock

By resolution of the Company's AGM on May 20, 2021, amended by the Company's EGM on July 14, 2023 in its wording with respect to the Company's change of legal form, the Management Board is authorized until May 19, 2026 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 reg-

istered 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 Management Board 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. As of December 31, 2023 and 2022, the Company did not hold treasury shares and 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.

## 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 transactions with noncontrolling interests 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 €328,623 for 2022 in the amount of €1.12 per share were paid on May 22, 2023.

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.

At the Company's AGM scheduled to be held on May 16, 2024, the Company's Management Board and Supervisory Board will propose to the shareholders a dividend of €1.19 per share for 2023, payable in 2024. The total expected dividend payment is approximately €349,162.

## 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 deconsolidation of the NCP business within the Care Delivery segment in the U.S. (see [NOTE 3](#)).

## 21. 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, 2023 and December 31, 2022, total equity and debt were as follows:

**T 5.78 TOTAL EQUITY, DEBT AND TOTAL ASSETS**  
IN € THOUS

	2023	2022
Total equity including noncontrolling interests	14,826,535	15,449,179
Debt and lease liabilities (including amounts directly associated with assets held for sale)	12,186,790	13,192,326
Total assets	33,929,808	35,754,114
Debt and lease liabilities in % of total assets	35.9	36.9
Total equity in % of total assets (equity ratio)	43.7	43.2

The Company is not subject to any capital requirements provided for in its Articles of Association. The Company had 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 until December 2023 (see [NOTE 23](#)).

The Company's financing strategy aims at ensuring financial flexibility, managing financial risks and optimizing financing costs. Financial flexibility is ensured through maintaining sufficient liquidity. Refinancing risks are limited due to the Company's balanced 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 17](#)).

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 last twelve months with a purchase price above a €50,000 thresh-

old 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 initial application of hyperinflationary accounting under IAS 29, Financial Reporting in Hyperinflationary Economies (IAS 29), in Türkiye,
- > the impact from the remeasurement of our investment in Humacyte, Inc.,
- > 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 intangible assets belonging to Acumen Physician Solutions, LLC which was transferred to InterWell Health as part of the transaction and certain transaction-related costs,
- > 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 between Russia and Ukraine,
- > certain costs associated with the conversion of our legal form, primarily related to the requisite relabeling of our products, transaction costs (such as costs for external advisors and conducting an extraordinary general meeting) and costs related to the establishment of dedicated administrative functions required to manage certain services which have historically been administered at the Fresenius SE group level and paid by the Company through corporate charges, and
- > the impacts from Legacy Portfolio Optimization.

At December 31, 2023, the net leverage ratio was 3.2 (December 31, 2022: 3.4) Therefore, the net leverage ratio was in line with the self-set target of 3.0 to 3.5x, which management considers appropriate for the Company. The net leverage ratio decreased due to a decrease of net debt.

The Company's financing structure and business model are reflected in the credit ratings. The Company is rated investment grade by Standard & Poor's, Moody's and Fitch. On February 24, 2023, Standard & Poor's downgraded the Company's corporate credit rating from BBB to BBB- and revised the outlook from stable to negative. On February 27, 2023, Moody's confirmed the Company's corporate credit rating and revised the outlook from stable to negative. On August 25, 2023, Fitch affirmed the Company's corporate credit rating, removed the rating watch negative and assigned a negative outlook.

The Company's current corporate credit ratings and outlooks from the credit rating agencies are provided in the table following:

#### T 5.79 RATING<sup>1</sup>

	Standard & Poor's	Moody's	Fitch
Corporate credit rating	BBB-	Baa3	BBB-
Outlook	negative	negative	negative

<sup>1</sup> 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.

## 22. Earnings per share

The following table contains reconciliations of the numerators and denominators of the basic and diluted earnings per share computations for 2023, 2022 and 2021:

#### T 5.80 RECONCILIATION OF BASIC AND DILUTED EARNINGS PER SHARE IN € THOUS, EXCEPT SHARE AND PER SHARE DATA

	2023	2022	2021
<b>Numerator:</b>			
<b>NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FME AG</b>	<b>498,997</b>	<b>673,405</b>	<b>969,308</b>
<b>Denominators:</b>			
Weighted average number of shares outstanding	293,413,449	293,246,430	292,944,732
Potentially dilutive shares	–	–	120,442
<b>BASIC EARNINGS PER SHARE</b>	<b>1.70</b>	<b>2.30</b>	<b>3.31</b>
<b>DILUTED EARNINGS PER SHARE</b>	<b>1.70</b>	<b>2.30</b>	<b>3.31</b>

## 23. Share-based plans

### General information on the Company's 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, 2023, 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 Long Term Incentive Plan 2016 (LTIP 2016), the Fresenius Medical Care 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 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 Long Term Incentive Plan 2022+ (LTIP 2022+) are or were 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 throughout the respective vesting period. The final cash payments under the LTIP 2016 and under the NxStage LTIP took place in 2022. The final cash payments under the MB LTIP 2019 took place in 2023.

The following table provides an overview of these plans:

#### T 5.81 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	2022–2023	2020–2023	2019–2021	2019	2019	2016–2018
Months in which an allocation occurred	July, December	November (2020), March (2021–2023), October (2022, 2023)	July, December	July, December	February	July, December

Under the current Management Board Compensation System 2020+, which was introduced as of fiscal year 2020, the Supervisory Board (or the supervisory board of Management AG before the Conversion) defines an initial value for each Management Board member's allocation by applying a multiplier to the relevant base salary. Based on the Management Board Compensation System 2020+, allocation values equal 135% (multiplier of 1.35) of the respective Management Board member's 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 2023, the Company allocated 283,624 Performance Shares under the MB LTIP 2020 at a measurement date weighted average fair value of €35.84 each and a total fair value of €10,165, which will be revalued if the fair value changes. The total fair value will be amortized over the vesting period.

During 2023, the Company allocated 1,460,049 Performance Shares under the LTIP 2022+ at a measurement date weighted average fair value of €34.64 each and a total fair value of €50,576, 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 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.

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 Accounting Standards, applying the respective plan terms. Revenue Growth, Net Income Growth, for the purpose of the relevant plan, are determined at constant currency.

## The Company's long-term incentive plans during 2023 (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 of Management AG and, as subsequently agreed, certain members of the Executive Committee. Against the background of the Conversion, the Supervisory Board has adopted the MB LTIP 2020 as a plan of the Company for the long-term variable compensation of the Management Board. 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 2023, 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 2022. 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 2023, 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 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.

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 generally transferred to a settlement institution which uses it for the purchase of shares of the Company on the stock exchange on behalf of the participants. 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.

## The Company's long-term incentive plans during 2016–2022 (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 and allocations under the LTIP 2022+ since January 1, 2022.

For Performance Shares allocated throughout 2020 to 2021, for each individual year of the three-year performance period an annual target achievement level of 100% was reached for the



Revenue Growth performance target if Revenue Growth was 6%; Revenue Growth of 1% led to a target achievement level of 0% and the maximum target achievement level of 200% was reached in case of Revenue Growth of at least 11%. If Revenue Growth ranged between these values, the degree of target achievement was linearly interpolated between these values.

For Performance Shares allocated throughout 2020 to 2021, for each individual year of the three-year performance period an annual target achievement level of 100% for the Net Income Growth performance target was reached if Net Income Growth was 5%. In case of Net Income Growth of 0%, the target achievement level was 0%; the maximum target achievement of 200% was 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 was linearly interpolated between these values.

For Performance Shares allocated throughout 2020 to 2021, for each individual year of the three-year performance period an annual target achievement level of 100% for the ROIC performance target was reached if ROIC was 6.0%. In case of a ROIC of 5.5%, the target achievement level will be 0%; the maximum target achievement of 200% was reached in the case of a ROIC of at least 6.5%. Between these values, the degree of target achievement was 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% was reached for the Revenue Growth performance target if Revenue Growth was 7%; Revenue Growth of 0% led to a target achievement level of 0% and the maximum target achievement level of 200% was reached in case of Revenue Growth of at least 16%. If Revenue Growth ranged between these values, the degree of target achievement was 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 was reached if Net Income Growth is 7%. In case of Net Income Growth of 0%, the target achievement level was also 0%; the maximum target achievement of 200% was reached in the case of Net Income Growth of at least 14%. Between these values, the degree of target achievement was determined by means of linear interpolation.

For Performance Shares allocated throughout 2016 to 2019, an annual target achievement level of 100% for ROIC was reached if the target ROIC as defined for the applicable year was reached. For Performance Shares allocated throughout 2016 to 2019, the target ROIC was 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% was reached if the ROIC fell below the target ROIC for the applicable year by

0.2 percentage points or more, whereas the maximum target achievement level of 200% was reached if the target ROIC for the respective year was exceeded by 0.2 percentage points or more. The degree of target achievement was determined by means of linear interpolation if the ROIC ranged 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 was 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 was 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 is 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 is then 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 was subject to an increase if certain targets in relation to the second phase of the Company's Global Efficiency Program (GEP-II targets), which were measured at constant currency, and in relation to the Free Cash Flow (Free Cash Flow target) were achieved. For these Performance Shares, the overall target achievement was increased by 20 percentage points if the GEP-II targets achievement was 100%. Furthermore, the overall target achievement for these Performance Shares was increased by 20 percentage points if the Free Cash Flow target achievement was 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 was calculated by means of linear interpolation. The overall target achievement could not exceed 200%.

The number of Performance Shares allocated to the plan participants at the beginning of the performance period is multiplied by the level of overall target achievement in order to determine the final number of Performance 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.

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 generally transferred to a settlement institution which uses it for the purchase of shares of the Company on the stock exchange on behalf of the participants. 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 was generally deemed earned four years after the day of a respective allocation. The number of such vested Performance Shares was 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 was then paid to the plan participants as cash compensation.

For the NxStage LTIP, the final number of Performance Shares allocated in February 2019 was generally deemed earned in December 2022. The number of such vested Performance Shares was 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 was then paid to the plan participants as cash compensation.

For the LTIP 2016, the final number of Performance Shares was generally deemed earned four years after the day of an allocation. The number of such vested Performance Shares was 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 was then paid to the plan participants as cash compensation.

## **The Company's 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 board and supervisory board and the Company's Supervisory Board, formed 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 had an eight-year term and could be exercised for the first time after a four-year vesting period. The exercise price of stock options granted under the LTIP 2011 was 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 were non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Stock options under the LTIP 2011 were not transferable by a participant or a participant's heirs, and could not be transferred, pledged, assigned, or disposed of otherwise. Stock options under the LTIP 2011 could be exercised for the last time in 2023.

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, 2023 and 2022, 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 5.82 OUTSTANDING PERFORMANCE SHARES

	2023			2022		
	Members of the Management Board	Other plan participants	Total	Members of the Management Board	Other plan participants	Total
LTIP 2022+	–	2,885,898	2,885,898	–	1,676,091	1,676,091
MB LTIP 2020	427,871	268,688	696,559	409,511	163,031	572,542
LTIP 2019	–	712,398	712,398	–	1,525,120	1,525,120
MB LTIP 2019	–	–	–	24,326	19,372	43,698

As the 2011 SOP expired in 2023, no stock options were outstanding at December 31, 2023 (December 31, 2022: 209,400 stock options held by the members of the Management Board and 2,261,716 by plan participants other than the members of the Management Board).

## Additional information on share-based plans

The table below provides reconciliations for stock options outstanding at December 31, 2023 and 2022.

### T 5.83 TRANSACTIONS

	Options in thousands	Weighted average exercise price in €
<b>Stock options for shares</b>		
<b>BALANCE AT DECEMBER 31, 2021</b>	<b>3,013</b>	<b>72.44</b>
Granted	–	–
Exercised <sup>1</sup>	409	49.93
Expired	133	56.55
<b>BALANCE AT DECEMBER 31, 2022</b>	<b>2,471</b>	<b>77.02</b>
Granted	–	–
Exercised	–	–
Expired	2,471	77.02
<b>BALANCE AT DECEMBER 31, 2023</b>	<b>–</b>	<b>–</b>

<sup>1</sup> The average share price at the date of exercise of the options was €54.00.

At December 31, 2023, no stock options were outstanding. The following table provides a summary of fully vested options outstanding and exercisable at December 31, 2022:

### T 5.84 OUTSTANDING AND EXERCISABLE STOCK OPTIONS 2022

Range of exercise prices in €	Outstanding			Exercisable	
	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	–	–	–	–	–
50.01–55.00	–	–	–	–	–
55.01–60.00	–	–	–	–	–
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
	<b>2,471,116</b>	<b>0.58</b>	<b>77.02</b>	<b>2,471,116</b>	<b>77.02</b>

During the fiscal year ended December 31, 2023, no stock options were exercised. During the fiscal years ended December 31, 2022, and 2021, the Company received cash of €20,427 and €6,367, respectively, from the exercise of stock options (see [NOTE 20](#)). The intrinsic value of stock options exercised for the twelve-month periods ended December 31, 2022, and 2021 was €1,665 and €2,056, 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 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, 2023, 2022 and 2021, respectively, is presented in the table below.

**T 5.85 COMPENSATION EXPENSE RELATED TO CASH-SETTLED PLANS  
IN € THOUS**

	2023	2022	2021
LTIP 2022+	17,181	3,765	–
MB LTIP 2020	5,417	(629)	2,112
LTIP 2019	9,138	(4,416)	21,761
MB LTIP 2019	779	(358)	299
NxStage LTIP	–	(758)	296
LTIP 2016	–	(3,475)	3,826

## 24. 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

The following table shows the effects from lease agreements on the consolidated statements of income for the year ended December 31, 2023, 2022 and 2021:

**T 5.86 LEASING IN THE CONSOLIDATED STATEMENTS OF INCOME  
IN € THOUS**

	2023	2022	2021
Depreciation on right-of-use assets	700,671	746,471	690,476
Impairments on right-of-use assets	25,486	27,646	18,696
Expenses relating to short-term leases	59,327	52,420	44,923
Expenses relating to leases of low-value assets	22,188	17,421	23,177
Expenses relating to variable lease payments	10,465	13,803	12,158
Income from subleasing right-of-use assets	3,655	3,340	3,119
Interest expense on lease liabilities	148,789	151,317	143,160

For information regarding leases with related parties, see [NOTE 6 B](#)).

### Leases in the consolidated balance sheets

At December 31, 2023 and 2022, the acquisition costs and the accumulated depreciation of right-of-use assets consisted of the following:

**T 5.87 ACQUISITION COSTS  
IN € THOUS**

	January 1, 2023	Foreign currency translation	Changes in consolidation group	Additions	Reclassifications	Disposals	December 31, 2023
Right-of-use assets: Land	38,880	(2)	(78)	3,853	(106)	(1,345)	41,202
Right-of-use assets: Buildings and improvements	6,610,406	(224,345)	(5,946)	482,714	(192,024)	(113,627)	6,557,178
Right-of-use assets: Machinery and equipment	330,900	(11,471)	15	74,628	(38,713)	(31,192)	324,167
<b>RIGHT-OF-USE ASSETS</b>	<b>6,980,186</b>	<b>(235,818)</b>	<b>(6,009)</b>	<b>561,195</b>	<b>(230,843)</b>	<b>(146,164)</b>	<b>6,922,547</b>

	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
<b>RIGHT-OF-USE ASSETS</b>	<b>6,380,464</b>	<b>283,232</b>	<b>(15,928)</b>	<b>531,516</b>	<b>(47,869)</b>	<b>(151,229)</b>	<b>6,980,186</b>

**T 5.88 ACCUMULATED DEPRECIATION AND IMPAIRMENT  
IN € THOUS**

	January 1, 2023	Foreign currency translation	Changes in consolidation group	Additions	Impairment loss	Reclassifications	Disposals	December 31, 2023
Right-of-use assets: Land	14,741	(4)	(78)	4,150	33	(43)	(1,056)	17,743
Right-of-use assets: Buildings and improvements	2,533,636	(93,661)	(1,121)	663,148	25,370	(50,221)	(79,972)	2,997,179
Right-of-use assets: Machinery and equipment	244,683	(7,946)	15	33,374	83	(5,312)	(28,513)	236,384
<b>RIGHT-OF-USE ASSETS</b>	<b>2,793,060</b>	<b>(101,611)</b>	<b>(1,184)</b>	<b>700,672</b>	<b>25,486</b>	<b>(55,576)</b>	<b>(109,541)</b>	<b>3,251,306</b>

	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
<b>RIGHT-OF-USE ASSETS</b>	<b>2,064,024</b>	<b>84,966</b>	<b>(6,300)</b>	<b>746,471</b>	<b>27,646</b>	<b>(3,214)</b>	<b>(120,533)</b>	<b>2,793,060</b>

**T 5.89 BOOK VALUE  
IN € THOUS**

	December 31, 2023	December 31, 2022
Right-of-use assets: Land	23,459	24,139
Right-of-use assets: Buildings and improvements	3,559,999	4,076,770
Right-of-use assets: Machinery and equipment	87,783	86,217
<b>RIGHT-OF-USE ASSETS</b>	<b>3,671,241</b>	<b>4,187,126</b>

Depreciation expense is allocated within costs of revenue, selling, general and administrative and R&D expenses, depending upon the area in which the asset is used.

Impairment losses are allocated within costs of revenue, selling, general and administrative and R&D expenses, depending upon the area in which the asset is used, or are included within other operating expense in certain instances when the corresponding assets have been identified as strategic transactions and/or programs.

For a maturity analysis of lease liabilities see [NOTE 26](#).

## Leasing in the consolidated statements of cash flows

Total cash outflows from leases were €965,486 for the year ended December 31, 2023 (December 31, 2022 and 2021: €1,013,913 and €921,988, respectively).

Leases that the Company entered into as a lessee that have not yet begun as of December 31, 2023 will result in future cash outflows of €109,012 (December 31, 2022 and 2021: €133,367 and €118,929, respectively).

Potential future cash outflows resulting from purchase options of €16,548 and €30,309 were not reflected in the measurement of the lease liabilities as of December 31, 2022 and 2021, respectively, as the exercise of the respective options was not reasonably certain. In 2023, there were no potential future cash outflows resulting from purchase options.

Potential future cash outflows resulting from extension options of €7,213,730 were not reflected in the measurement of the lease liabilities as of December 31, 2023, as the exercise of the respective options is not reasonably certain (December 31, 2022 and 2021: €7,547,505 and

€7,229,433, 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 Care Delivery 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 €2,956 were not reflected in the measurement of the lease liabilities as of December 31, 2023, as the exercise of the respective options is not reasonably certain (December 31, 2022 and 2021: €3,338 and €3,095, respectively).

For additional information regarding residual value guarantees in certain lease contracts, see [NOTE 25](#).

## 25. 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. The Company's remedial actions included separation of those employees responsible for the above-mentioned conduct.

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. 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. The DOJ and SEC have accepted the Monitor's certification and the NPA and SEC Order expired on March 1, 2023 and March 29, 2023, respectively.

In 2015, the Company self-reported certain legacy conduct with a potential nexus to Germany to the German prosecutor in the state of Hessen 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. In September 2023, the Hessen prosecutor opened independent disgorgement proceedings against a German subsidiary of the Company relating to the aforementioned conduct in West Africa.

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 and is continuing to further implement its compliance program in connection with the resolution with the DOJ and SEC. The Company continues to react to post-FCPA review matters on various levels. The Company also 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 cross 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. Trial on this remaining issue is scheduled to begin March 18, 2024. Both parties have preserved appeals from the court's summary judgment rulings.

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 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 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 (Flanagan). On December 5, 2022, the Massachusetts District Court granted FMCH's motion and dismissed the case with prejudice. Relator has filed an appeal.

On October 19, 2023, a subsidiary of the Company was served with a complaint alleging that an employee was terminated in retaliation for raising concerns similar to those raised in the Flanagan litigation. *Rowe v. Fresenius Medical Care Holdings, Inc., et al*, 3:23-cv-00331, United States District Court for the Eastern District of Tennessee. FMCH will defend itself in the litigation.

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. On October 3, 2023, the states of New York, New Jersey and Georgia filed a consolidated complaint-in-intervention. The United States', New York, New Jersey and Georgia's, and relators' complaints allege that the defendants billed and received government payment for surgery that was not medically necessary. FMCH will 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 relator complaints that underlay the investigation. The relators 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 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 "cross-walking" 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). Subsequently, the parties engaged in mediation and the court stayed the case pending resolution of the mediation. 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 November 21, 2023, we entered into a settlement agreement with the U.S. government which resolved the dispute underlying the complaint and concluded the litigation. As a consequence of the settlement agreement, both revenue and operating income were positively impacted in the amount of €190,517 and €181,317 for the year ended December 31, 2023.

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 in good faith and cooperate with them, and it is working to provide the relevant information. Additionally, the Company is fully committed to safeguarding and protecting patients' privacy as per applicable laws and privacy-by-design standards, as well as improving the devices continuously, considering technical, regulatory and privacy requirements.

On March 20 and April 12, 2022, respectively, an attorney employed as general counsel for the Company's North American operations from 2013 to 2016 filed a complaint with the Occupational Safety and Health Administration (OSHA) under the Sarbanes-Oxley Act of 2002 (SOX) 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.). On August 30, 2023, the OSHA investigator issued a finding that there is no reasonable cause to believe that the defendants/respondents violated SOX. The plaintiff/complainant has appealed this finding. In February 2024, the Company reached an agreement in principle to settle both the Massachusetts state court and OSHA proceedings, subject to the completion of definitive settlement documents.

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 a previously reported and resolved investigation by agencies of the United States and litigation against United Healthcare. FMCH is cooperating in the District of Columbia investigation.

On August 10, 2023, 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 Aurobindo Pharma Ltd. and Aurobindo Pharma USA, Inc. (collectively, Aurobindo) in the U.S. District Court for the District of Delaware (Case 1:23-cv-00877-MN). The patent infringement action is in response to Aurobindo's filing of an 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 Drug Price Competition and Patent Term Restoration Act (Public Law 98-417), informally known as the Hatch-Waxman Act, and triggered a stay of FDA approval of the ANDA for 30 months. The case was settled among the parties, thus terminating the court action on January 3, 2024.

Four plaintiffs have filed two actions for contestation and annulment (Anfechtungs- und Nichtigkeitsklage) against the resolution adopted at the EGM of the Company on July 14, 2023 approving the Conversion. Based on the motions filed by the plaintiffs, it is unclear whether one of these actions is also directed against the resolution of the EGM on the election of the members of the supervisory board of Fresenius Medical Care AG. Due to these actions for contestation and annulment, the Conversion could not immediately be registered with the commercial register and become effective. This block on registration was overcome by clearance rulings (Freigabe) of the competent court of appeal on October 25, 2023 and on November 28, 2023 which decided, in all points, in favor of the Company. Therefore, the Conversion could be regis-

tered with the commercial register and thereby became effective as of November 30, 2023. Irrespective of the clearance rulings and the effectiveness of the Conversion, the proceedings regarding the actions for contestation and annulment will continue. The proceedings regarding the actions for contestation and annulment may take one to several years until a ruling is rendered in the first instance, and another one to several years in the second instance for the court of appeal and in the third instance for the German Federal Supreme Court, if such further appeal to the German Federal Supreme Court is permitted. The actions for contestation and annulment may also be settled at any time by reaching an agreement with the plaintiffs. However, the Conversion will not be reversed under these proceedings, even if one or more of such actions were to be successful. Instead, the plaintiff's remedies would be limited to damages which, in the Company's view, would likely have no meaningful value.

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 a pending FDA warning letter issued in 2011 and is awaiting confirmation as to whether the letter is now closed. FMCH has responded to a second warning letter issued in December 2023 and continues to update the FDA about continuing remediation efforts under that letter. 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 may be difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies and its business associates. The Company recognizes that the laws, regulations and interpretative guidance on data privacy are evolving along with potential litigation and enforcement risks, and it continues to review its processes to adapt to those changes. 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 is committed to compliance with applicable incident notification and/or information requirements and to take appropriate remedial and corrective action. Included within the Company's notification requirements are new SEC rules that, commencing in December 2023, require the Company to report the occurrence of material cybersecurity incidents in a report on Form 6-K. Any such report could trigger litigation arising out of the incident. In 2023, the Company recorded one information security breach. On September 29, 2023, Cardiovascular Consultants, Ltd. (CCL), a former subsidiary of the Company located in the U.S., became aware that some of its computer systems in the U.S. were affected by a security incident. In connection with this incident, five cases have been filed, as purported class actions, against CCL. Four of the five cases were filed in the United States District Court for the District of Arizona and one case was filed in the Arizona State Superior Court for the County of Maricopa. The cases allege that CCL breached

various duties relating to the safeguarding of confidential patient information and seek injunctive relief requiring that CCL implement various data protection processes and unspecified monetary damages. None of the actions has received class certification. The Company retains responsibility for defending against these cases.

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 and, in such instances, the Company will take appropriate corrective and/or disciplinary action. 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 suc-

cessful 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 very low end of triple-digit millions. 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 \$846,895 (€766,423). As of December 31, 2023, 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 9](#) and [NOTE 11](#).

## 26. Financial instruments

The following tables show the carrying amounts and fair values of the Company's financial instruments at December 31, 2023 and December 31, 2022:

T 5.90 CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUATION SEE NEXT PAGE)  
IN € THOUS

December 31, 2023	Carrying amount					Fair value		
	Amortized cost	FVPL	FVOCI	Not classified	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	1,205,030	198,462	–	–	1,403,492	198,462	–	–
Trade accounts and other receivables from unrelated parties	3,389,314	–	–	81,899	3,471,213	–	–	–
Accounts receivable from related parties	165,299	–	–	–	165,299	–	–	–
Derivatives - cash flow hedging instruments	–	–	–	1,990	1,990	–	1,990	–
Derivatives - not designated as hedging instruments	–	20,295	–	–	20,295	–	20,295	–
Equity investments	–	82,072	71,110	–	153,182	48,888	72,292	32,002
Debt securities	–	80,145	341,074	–	421,219	421,219	–	–
Other financial assets <sup>1</sup>	146,748	–	–	112,322	259,070	–	–	–
Other current and non-current assets	146,748	182,512	412,184	114,312	855,756	–	–	–
<b>FINANCIAL ASSETS</b>	<b>4,906,391</b>	<b>380,974</b>	<b>412,184</b>	<b>196,211</b>	<b>5,895,760</b>	<b>–</b>	<b>–</b>	<b>–</b>
Accounts payable to unrelated parties	762,068	–	–	–	762,068	–	–	–
Accounts payable to related parties	123,081	–	–	–	123,081	–	–	–
Short-term debt	456,904	–	–	–	456,904	–	–	–
Long-term debt	7,447,562	–	–	–	7,447,562	5,972,767	767,328	–
Lease liabilities	–	–	–	4,145,946	4,145,946	–	–	–
Derivatives – cash flow hedging instruments	–	–	–	4,315	4,315	–	4,315	–
Derivatives – not designated as hedging instruments	–	4,890	–	–	4,890	–	4,890	–
Variable payments outstanding for acquisitions	–	35,751	–	–	35,751	–	–	35,751
Put option liabilities	–	–	–	1,372,008	1,372,008	–	–	1,372,008
Other financial liabilities <sup>2</sup>	974,252	–	–	–	974,252	–	–	–
Other current and non-current liabilities	974,252	40,641	–	1,376,323	2,391,216	–	–	–
<b>FINANCIAL LIABILITIES</b>	<b>9,763,867</b>	<b>40,641</b>	<b>–</b>	<b>5,522,269</b>	<b>15,326,777</b>	<b>–</b>	<b>–</b>	<b>–</b>

**CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUATION OF THE PREVIOUS PAGE)**  
**IN € THOUS**

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 <sup>1</sup>	121,095	–	–	128,015	249,110	–	–	–
Other current and non-current assets	121,095	197,043	408,381	137,166	863,685	–	–	–
<b>FINANCIAL ASSETS</b>	<b>4,869,350</b>	<b>352,327</b>	<b>408,381</b>	<b>221,756</b>	<b>5,851,814</b>	<b>–</b>	<b>–</b>	<b>–</b>
Accounts payable to unrelated parties	813,255	–	–	–	813,255	–	–	–
Accounts payable to related parties	138,329	–	–	–	138,329	–	–	–
Short-term debt	648,767	–	–	–	648,767	–	–	–
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 <sup>2</sup>	1,107,827	–	–	–	1,107,827	–	–	–
Other current and non-current liabilities	1,107,827	45,268	–	1,469,085	2,622,180	–	–	–
<b>FINANCIAL LIABILITIES</b>	<b>10,572,974</b>	<b>45,268</b>	<b>–</b>	<b>6,147,848</b>	<b>16,766,090</b>	<b>–</b>	<b>–</b>	<b>–</b>

<sup>1</sup> As of December 31, 2023, other financial assets primarily include lease receivables, deposits, guarantees, securities, receivables from sale of investments, vendor and supplier rebates as well as notes receivable. As of December 31, 2022, other financial assets primarily include lease receivables, deposits, guarantees, securities, vendor and supplier rebates as well as notes receivable.

<sup>2</sup> As of December 31, 2023 and 2022, 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 lit-

tle 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 par-

ties, short-term debt and other financial liabilities. Transfers between levels of the fair value hierarchy have not occurred as of December 31, 2023 or December 31, 2022. 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 17](#), 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, 2023, the Company held 11 non-listed equity investments (December 31, 2022: 12) and no listed equity investments (December 31, 2022: 0). During 2023, gains of €129 (December 31, 2022: €66,534) were transferred from OCI to retained earnings due to the disposal of an investment. There were no dividends recognized during 2023 and 2022 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 Com-

pany's listed and non-listed equity investments measured at FVOCI had the following fair values at December 31, 2023 and 2022:

### T 5.91 EQUITY INVESTMENTS MEASURED AT FVOCI IN € THOUS

	2023	2022
Non-listed equity investments	71,110	69,792
<b>Equity investments FVOCI</b>	<b>71,110</b>	<b>69,792</b>

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 principal 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 €102,709 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, 2023, 2022 and 2021 the Company's potential obligations under these put option liabilities, which are recorded in other current liabilities and other non-current liabilities, were €1,372,008, €1,468,517 and €992,423, respectively. At December 31, 2023, 2022 and 2021, put option liabilities with an aggregate purchase obligation of €563,692, €533,969 and €561,872, respectively, were exercisable. In the last three fiscal years ending December 31, 2023, 21 such put options have been exercised for a total consideration of €56,132.

The following table provides a reconciliation of Level 3 financial instruments at December 31, 2023, 2022 and 2021:

**T 5.92 RECONCILIATION FROM BEGINNING TO ENDING BALANCE OF LEVEL 3 FINANCIAL INSTRUMENTS**  
IN € THOUS

	2023			2022			2021		
	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,	42,793	37,846	1,468,517	50,679	47,690	992,423	188,518	66,359	882,422
Transfer to level 1	–	–	–	–	–	–	(158,551)	–	–
Increase	4,833	5,232	31,050	2,804	46	646,271	21,137	9,488	112,194
Decrease	–	(3,603)	(42,490)	–	(6,499)	(7,026)	–	(22,499)	(18,495)
Gain/loss recognized in profit or loss <sup>1</sup>	(14,340)	(3,366)	–	(13,968)	(3,904)	–	(12,975)	(6,716)	–
Gain/loss recognized in equity	–	–	(28,034)	–	–	(180,431)	–	–	(54,019)
Foreign currency translation and other changes	(1,284)	(358)	(57,035)	3,278	513	17,280	12,550	1,058	70,321
<b>ENDING BALANCE AT DECEMBER 31,</b>	<b>32,002</b>	<b>35,751</b>	<b>1,372,008</b>	<b>42,793</b>	<b>37,846</b>	<b>1,468,517</b>	<b>50,679</b>	<b>47,690</b>	<b>992,423</b>

<sup>1</sup> Includes realized and unrealized gains/losses.

## 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 Management. 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.

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 Accounting Standards are not satisfied.

At December 31, 2023 and December 31, 2022, the Company had €22,285 and €16,049 of derivative financial assets subject to netting arrangements and €9,205 and €7,331 of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments

would have resulted in net assets of €14,762 and €12,434 as well as net liabilities of €1,683 and €3,716 at December 31, 2023 and December 31, 2022, 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 functional 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 €438,206 and €198,709 at December 31, 2023 and December 31, 2022, respectively. At December 31, 2023, 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 foreign exchange derivatives matched 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 €1,750,198 and €1,413,955 at December 31, 2023 and December 31, 2022, 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 €1,382,044, the Company's CFaR amounts to €47,108 at December 31, 2023, 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 €47,108.

The following table 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, 2023:

**T 5.93 SIGNIFICANT CURRENCY PAIRS  
IN € THOUS**

	Nominal amount	Average hedging rate
EUR/USD	1,034,601	1.1044
EUR/AUD	225,592	1.6324
EUR/CNY	181,731	7.7955

### 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, 2023 and December 31, 2022, the Company had €5,426 and €6,652, respectively, related to settlements of pre-hedges deferred in AOCI, net of tax.

### Derivative financial instruments valuation

The following table shows the carrying amounts of the Company's derivatives at December 31, 2023 and December 31, 2022:

**T 5.94 DERIVATIVE FINANCIAL INSTRUMENTS VALUATION  
IN € THOUS**

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Current				
Foreign exchange contracts	1,990	(4,315)	9,151	(568)
Non-current				
Foreign exchange contracts	–	–	–	–
<b>DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS</b>	<b>1,990</b>	<b>(4,315)</b>	<b>9,151</b>	<b>(568)</b>
Current				
Foreign exchange contracts	16,603	(4,890)	10,627	(6,541)
Non-current				
Foreign exchange contracts	3,692	–	–	(881)
<b>DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS</b>	<b>20,295</b>	<b>(4,890)</b>	<b>10,627</b>	<b>(7,422)</b>

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 €124,751 (2022: €56,409), interest expense of €420,900 (2022: €358,995) as well as expected credit losses of €112,242 (2022: €42,470).

In the fiscal year 2023, net losses from foreign currency transactions amount to €35,497 (2022: net losses €32,662).

The following table shows the effect of derivatives in cash flow hedging relationship on the consolidated financial statement:

T 5.95 THE EFFECT OF DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS ON THE CONSOLIDATED FINANCIAL STATEMENTS  
IN € THOUS

For the year ended December 31,	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	
	2023	2022	2023	2022		2023	2022	2023	2022
					Interest income/expense	1,319	1,355	–	–
Foreign exchange contracts	2,787	12,036	(3,547)	(3,379)	thereof:				
					Revenue	(500)	2,698	838	40
					Costs of revenue	(7,912)	(2,088)	1,538	2,157
					Inventories	–	(418)	–	12
<b>TOTAL</b>	<b>2,787</b>	<b>12,036</b>	<b>(3,547)</b>	<b>(3,379)</b>		<b>(7,093)</b>	<b>1,547</b>	<b>2,376</b>	<b>2,209</b>

The following table shows the effect of derivatives not designated as hedging instruments on the consolidated financial statements:

**T 5.96 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	
		2023	2022
Foreign exchange contracts	Selling, general and administrative expenses	(57,083)	8,914
Foreign exchange contracts	Interest income/expense	14,748	12,997
<b>DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS</b>		<b>(42,335)</b>	<b>21,911</b>

### 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 €22,285 at December 31, 2023 (2022: €19,778). 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, see [NOTE 8](#).

### 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 16](#)).

The following table 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 5.97 **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
<b>2023</b>				
<b>Non-Derivatives</b>				
Accounts payable to unrelated parties	762,068	427	–	–
Accounts payable to related parties	123,081	–	–	–
Other current financial liabilities	973,824	–	–	–
Short-term debt <sup>1</sup>	456,904	–	–	–
Bonds	514,786	2,632,933	930,793	3,440,274
Accounts receivable facility <sup>2</sup>	23,411	–	–	–
Other long-term debt	65,910	445,622	35,786	201,263
Lease liabilities <sup>1</sup>	751,688	1,414,781	1,081,025	1,507,220
Variable payments outstanding for acquisitions	11,085	20,630	–	4,410
Put option liabilities	681,442	481,365	285,584	117,787
Letters of credit	25,640	–	–	–
	4,389,839	4,995,758	2,333,188	5,270,954
<b>Derivatives</b>				
<b>Derivative financial instruments – in cash flow hedging relationships</b>				
(Inflow)	(284,439)	–	–	–
Outflow	288,111	–	–	–
	3,672	–	–	–
<b>Derivative financial instruments – not designated as hedging instrument</b>				
(Inflow)	(324,009)	–	–	–
Outflow	330,513	–	–	–
	6,504	–	–	–
<b>TOTAL</b>	<b>4,400,015</b>	<b>4,995,758</b>	<b>2,333,188</b>	<b>5,270,954</b>

<sup>1</sup> Includes amounts from related parties.

<sup>2</sup> Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to the end of the respective reporting period.

**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
<b>2022</b>				
<b>Non-Derivatives</b>				
Accounts payable to unrelated parties	813,255	426	–	–
Accounts payable to related parties	138,329	–	–	–
Other current financial liabilities	1,107,401	–	–	–
Short-term debt <sup>1</sup>	648,767	–	–	–
Bonds	806,805	1,167,570	2,882,965	3,557,066
Accounts receivable facility <sup>2</sup>	4,190	96,351	–	–
Other long-term debt	44,783	87,082	47,705	202,568
Lease liabilities <sup>1</sup>	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
<b>Derivatives</b>				
<b>Derivative financial instruments – in cash flow hedging relationships</b>				
(Inflow)	(10,573)	–	–	–
Outflow	11,136	–	–	–
	563	–	–	–
<b>Derivative financial instruments – not designated as hedging instrument</b>				
(Inflow)	(359,346)	(36,590)	–	–
Outflow	369,229	34,836	–	–
	9,883	(1,754)	–	–
<b>TOTAL</b>	<b>5,073,504</b>	<b>3,551,881</b>	<b>4,205,660</b>	<b>5,742,844</b>

<sup>1</sup> Includes amounts from related parties.<sup>2</sup> Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to the end of the respective reporting period.

## 27. Other comprehensive income (loss)

The changes in the components of other comprehensive income (loss) for the years ended December 31, 2023, 2022, and 2021 are as follows:

### T 5.98 OTHER COMPREHENSIVE INCOME (LOSS) IN € THOUS

	2023			2022			2021		
	Pretax	Tax effect	Net	Pretax	Tax effect	Net	Pretax	Tax effect	Net
<b>Components that will not be reclassified to profit or loss:</b>									
Equity method investees – share of OCI	–	–	–	22,705	–	22,705	(25,334)	–	(25,334)
FVOCI equity investments	18,046	(209)	17,837	2,883	(231)	2,652	37,660	(8,492)	29,168
Actuarial gain (loss) on defined benefit pension plans	(58,455)	16,405	(42,050)	318,595	(94,062)	224,533	(15,781)	4,407	(11,374)
<b>Components that may be reclassified subsequently to profit or loss:</b>									
Foreign currency translation adjustment	(607,873)	–	(607,873)	826,847	–	826,847	1,034,239	–	1,034,239
FVOCI debt securities	7,299	(1,321)	5,978	(44,996)	8,050	(36,946)	(9,892)	1,482	(8,410)
Other comprehensive income (loss) relating to cash flow hedges:									
Changes in fair value of cash flow hedging reserve during the period	2,787	(1,031)	1,756	12,036	(3,045)	8,991	(3,585)	1,013	(2,572)
Cost of hedging	(3,547)	1,132	(2,415)	(3,379)	887	(2,492)	126	(7)	119
Reclassification adjustments	(4,718)	1,474	(3,244)	3,756	(1,044)	2,712	2,277	(599)	1,678
Total other comprehensive income (loss) relating to cash flow hedges	(5,478)	1,575	(3,903)	12,413	(3,202)	9,211	(1,182)	407	(775)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>(646,461)</b>	<b>16,450</b>	<b>(630,011)</b>	<b>1,138,447</b>	<b>(89,445)</b>	<b>1,049,002</b>	<b>1,019,710</b>	<b>(2,196)</b>	<b>1,017,514</b>



## 28. 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, 2023, 2022 and 2021:

### T 5.99 DETAILS FOR NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES IN € THOUS

	2023	2022	2021
<b>Details for acquisitions</b>			
Assets acquired	(3,770)	(829,503)	(547,146)
Liabilities assumed	–	16,407	70,143
Noncontrolling interests	567	188,011	120,197
Non-cash consideration	61	577,510	12,482
Cash paid	(3,142)	(47,575)	(344,324)
Less cash acquired	–	58,101	19,518
<b>NET CASH PAID FOR ACQUISITIONS</b>	<b>(3,142)</b>	<b>10,526</b>	<b>(324,806)</b>
<b>Cash paid for investments</b>	<b>(5,694)</b>	<b>(23,311)</b>	<b>(77,010)</b>
<b>Cash paid for intangible assets</b>	<b>(26,366)</b>	<b>(46,348)</b>	<b>(32,355)</b>
<b>TOTAL CASH PAID FOR ACQUISITIONS AND INVESTMENTS, NET OF CASH ACQUIRED, AND PURCHASES OF INTANGIBLE ASSETS</b>	<b>(35,202)</b>	<b>(59,133)</b>	<b>(434,171)</b>
<b>Details for divestitures</b>			
Cash received from sale of subsidiaries or other businesses, less cash disposed	172,201	60,161	52,444
<b>PROCEEDS FROM DIVESTITURES</b>	<b>172,201</b>	<b>60,161</b>	<b>52,444</b>

The following table shows a reconciliation of debt to net cash provided by (used in) financing activities for 2023:

**T 5.100 RECONCILIATION OF DEBT TO NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES  
IN € THOUS**

	January 1, 2023	Cash Flow	Non-cash changes				December 31, 2023
			Acquisitions (net of divestitures)	Foreign currency translation	Amortization of debt issuance costs and discounts	Other <sup>1</sup>	
Short-term debt from unrelated parties	644,767	(175,638)	(7,898)	(6,411)	–	2,084	456,904
Short-term debt from related parties	4,000	(4,000)	–	–	–	–	–
Long-term debt (excluding Accounts Receivable Facility)	7,771,071	(282,786)	(1,882)	(114,447)	9,866	42,883	7,424,705
Accounts Receivable Facility	93,725	(69,363)	–	(1,773)	31	237	22,857
Lease liabilities from unrelated parties	4,525,060	(702,212)	(157,008)	(154,757)	–	501,288 <sup>2</sup>	4,012,371
Lease liabilities from related parties	153,703	(25,157)	–	4	–	5,025 <sup>2</sup>	133,575

<sup>1</sup> Included within "Other" are €44,816 related to accrued interest from prior periods previously presented in the consolidated balance sheets under Other current financial liabilities that are now included directly within the related borrowing due to a change in the Company's accounting policies as well as compound-  
ing interest on debt instruments and interest payments in the amount of €192,785 (included in Paid interest in the consolidated statements of cash flows) from the current period.

<sup>2</sup> Includes newly concluded leases, lease modifications and reassessments of leases with third parties and related parties. Furthermore, interest expense in the amount of €148,789, net of interest paid (included in Net cash provided by (used in) operating activities), are included.

The following table shows a reconciliation of debt to net cash provided by (used in) financing activities for 2022:

**T 5.101 RECONCILIATION OF DEBT TO NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES  
IN € THOUS**

	January 1, 2022	Cash Flow	Non-cash changes				December 31, 2022
			Acquisitions (net of divestitures)	Foreign currency translation	Amortization of debt issuance costs and discounts	Other	
Short-term debt from unrelated parties	1,158,688	(511,657)	(52)	(1,607)	–	(604)	644,767
Short-term debt from related parties	77,500	(73,500)	–	–	–	–	4,000
Long-term debt (excluding Accounts Receivable Facility) <sup>1</sup>	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 <sup>2</sup>	4,525,060
Lease liabilities from related parties	119,281	(22,268)	–	25	–	56,665 <sup>2</sup>	153,703

<sup>1</sup> Cash Flow excluding repayments of variable payments outstanding for acquisitions in the amount of €3,975.

<sup>2</sup> 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.

Interest payments are included in operating activities in the consolidated statements of cash flows in the amount of €393,467 and €349,537 as of December 31, 2023 and 2022.

## 29. Segment and corporate information

Effective as of January 1, 2023, the Company commenced reporting reflecting its new global operating model in which the Company reorganized its business into two global operating, and reportable, segments: the Care Enablement segment and the Care Delivery segment. The operating segments are determined based upon how the Company manages its businesses and allocates resources with responsibilities by products and services and is aligned to the financial information that is presented on a quarterly basis to the chief operating decision maker. The Care Enablement segment is primarily engaged in the distribution of products and equipment, including R&D, manufacturing, supply chain and commercial operations, as well as supporting functions, such as regulatory and quality management. The Care Delivery segment is primarily engaged in providing health care services for the treatment of CKD, ESRD and other extracorporeal therapies, including value and risk-based care programs. Care Delivery 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., which are used in the Company's clinics to provide health care services to its patients.

The Company's Global Medical Office, which seeks to optimize medical treatments and clinical processes within the Company and supports both Care Delivery and Care Enablement, 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 the corporate level. However, certain costs, which relate mainly to shareholder activities, management activities, global internal audit and the remeasurement of certain investments are not allocated to a segment but are accounted for as corporate expenses. These activities do not fulfill the definition of a segment according to IFRS 8, Operating Segments and are reported separately as Corporate (Corporate). Financing is a corporate function which is not controlled by the operating segments. Therefore, the Company does not include interest expense relating to financing as a segment measurement. In addition, the Company does not include income taxes as it believes taxes are outside the segments' control.

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 transfers products between segments at fair market value. The associated internal revenues and expenses and any remaining internally generated profit or loss for the product transfers are recorded within the operating segments initially, are eliminated upon consolidation and are included within "Inter-segment eliminations." Capital expenditures for production are based on the expected demand of the segments and consolidated profitability considerations.

Information pertaining to the Company's segment and Corporate activities for the years ended December 31, 2023, 2022 and 2021 is set forth below. Following the change in the composition of the Company's reportable segments, the information presented for the prior periods has been restated in accordance with IFRS 8:

**T 5.102 SEGMENT AND CORPORATE INFORMATION (CONTINUATION SEE NEXT PAGE)**  
**IN € THOUS**

	Care Delivery	Care Enablement	Total Segment	Inter-segment eliminations	Corporate	Total
<b>2023</b>						
Revenue from health care services <sup>1</sup>	14,166,796	–	14,166,796	–	–	14,166,796
Revenue from health care products <sup>1</sup>	184,021	3,795,101	3,979,122	–	–	3,979,122
Revenue from contracts with customers <sup>1</sup>	14,350,817	3,795,101	18,145,918	–	–	18,145,918
Revenue from insurance contracts <sup>1</sup>	1,227,140	–	1,227,140	–	–	1,227,140
Revenue from lease contracts <sup>1</sup>	–	80,559	80,559	–	–	80,559
Revenue from external customers	15,577,957	3,875,660	19,453,617	–	–	19,453,617
Inter-segment revenue	–	1,469,768	1,469,768	(1,469,768)	–	–
<b>Revenue</b>	<b>15,577,957</b>	<b>5,345,428</b>	<b>20,923,385</b>	<b>(1,469,768)</b>	<b>–</b>	<b>19,453,617</b>
<b>Operating income</b>	<b>1,515,812</b>	<b>(66,521)</b>	<b>1,449,291</b>	<b>(12,705)</b>	<b>(67,148)</b>	<b>1,369,438</b>
Interest						(336,423)
<b>Income before income taxes</b>						<b>1,033,015</b>
Depreciation and amortization	(1,125,625)	(457,497)	(1,583,122)	41,079	(70,694)	(1,612,737)
Impairment loss	(89,963)	(49,154)	(139,117)	–	(117)	(139,234)
Income (loss) from equity method investees	115,354	6,431	121,785	–	–	121,785
Total assets <sup>1</sup>	41,713,669	13,392,422	55,106,091	(31,135,993)	9,959,710	33,929,808
thereof investments in equity method investees <sup>1</sup>	642,928	–	642,928	–	–	642,928
Additions of property, plant and equipment, intangible assets and right of use assets <sup>1</sup>	776,134	528,769	1,304,903	(31,118)	42,953	1,316,738

<sup>1</sup> These line items are included to comply with requirements under IFRS 8 and IFRS 15 or are provided on a voluntary basis, but not included in the information regularly reviewed by the chief operating decision maker.

**SEGMENT AND CORPORATE INFORMATION (CONTINUATION OF THE PREVIOUS PAGE)**  
**IN € THOUS**

	Care Delivery	Care Enablement	Total Segment	Inter-segment eliminations	Corporate	Total
<b>2022</b>						
Revenue from health care services <sup>1</sup>	14,566,485	–	14,566,485	–	–	14,566,485
Revenue from health care products <sup>1</sup>	174,903	3,701,418	3,876,321	–	–	3,876,321
Revenue from contracts with customers <sup>1</sup>	14,741,388	3,701,418	18,442,806	–	–	18,442,806
Revenue from insurance contracts <sup>1</sup>	851,584	–	851,584	–	–	851,584
Revenue from lease contracts <sup>1</sup>	–	103,627	103,627	–	–	103,627
Revenue from external customers	15,592,972	3,805,045	19,398,017	–	–	19,398,017
Inter-segment revenue	–	1,548,091	1,548,091	(1,548,091)	–	–
<b>REVENUE</b>	<b>15,592,972</b>	<b>5,353,136</b>	<b>20,946,108</b>	<b>(1,548,091)</b>	<b>–</b>	<b>19,398,017</b>
<b>OPERATING INCOME</b>	<b>1,686,296</b>	<b>(29,809)</b>	<b>1,656,487</b>	<b>181</b>	<b>(144,913)</b>	<b>1,511,755</b>
Interest						(292,476)
<b>INCOME BEFORE INCOME TAXES</b>						<b>1,219,279</b>
Depreciation and amortization	(1,215,032)	(461,797)	(1,676,829)	14,743	(56,716)	(1,718,802)
Impairment loss	(85,009)	(31,381)	(116,390)	–	(3,171)	(119,561)
Income (loss) from equity method investees	72,809	(6,553)	66,256	–	303	66,559
Total assets <sup>1</sup>	40,550,380	14,114,579	54,664,959	(27,347,432)	8,436,587	35,754,114
thereof investments in equity method investees <sup>1</sup>	440,924	332,800	773,724	–	–	773,724
Additions of property, plant and equipment, intangible assets and right of use assets <sup>1</sup>	810,028	475,495	1,285,523	(19,592)	52,490	1,318,421

<sup>1</sup> These line items are included to comply with requirements under IFRS 8 and IFRS 15 or are provided on a voluntary basis, but not included in the information regularly reviewed by the chief operating decision maker.

**SEGMENT AND CORPORATE INFORMATION (CONTINUATION OF THE PREVIOUS PAGE)**  
**IN € THOUS**

	Care Delivery	Care Enablement	Total Segment	Inter-segment eliminations	Corporate	Total
<b>2021</b>						
Revenue from health care services <sup>1</sup>	13,175,762	–	13,175,762	–	–	13,175,762
Revenue from health care products <sup>1</sup>	154,919	3,469,032	3,623,951	–	–	3,623,951
Revenue from contracts with customers <sup>1</sup>	13,330,681	3,469,032	16,799,713	–	–	16,799,713
Revenue from insurance contracts <sup>1</sup>	700,520	–	700,520	–	–	700,520
Revenue from lease contracts <sup>1</sup>	–	118,452	118,452	–	–	118,452
Revenue from external customers	14,031,201	3,587,484	17,618,685	–	–	17,618,685
Inter-segment revenue	–	1,498,271	1,498,271	(1,498,271)	–	–
<b>REVENUE</b>	<b>14,031,201</b>	<b>5,085,755</b>	<b>19,116,956</b>	<b>(1,498,271)</b>	<b>–</b>	<b>17,618,685</b>
<b>OPERATING INCOME</b>	<b>1,642,874</b>	<b>314,961</b>	<b>1,957,835</b>	<b>7,153</b>	<b>(112,698)</b>	<b>1,852,290</b>
Interest						(280,429)
<b>INCOME BEFORE INCOME TAXES</b>						<b>1,571,861</b>
Depreciation and amortization	(1,129,982)	(415,154)	(1,545,136)	13,095	(53,326)	(1,585,367)
Impairment loss	(33,889)	(2,158)	(36,047)	–	(2,262)	(38,309)
Income (loss) from equity method investees	90,126	2,049	92,175	–	–	92,175
Total assets <sup>1</sup>	38,963,871	13,061,171	52,025,042	(25,882,333)	8,223,849	34,366,558
thereof investments in equity method investees <sup>1</sup>	460,018	326,887	786,905	–	–	786,905
Additions of property, plant and equipment, intangible assets and right of use assets <sup>1</sup>	1,097,429	427,710	1,525,139	(22,234)	53,959	1,556,864

<sup>1</sup> These line items are included to comply with requirements under IFRS 8 and IFRS 15 or are provided on a voluntary basis, but not included in the information regularly reviewed by the chief operating decision maker.

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 the table following:

**T 5.103 GEOGRAPHIC PRESENTATION  
IN € THOUS**

	Germany	U.S.	Rest of the world	Total
<b>2023</b>				
Revenue external customers	484,238	13,506,250	5,463,129	19,453,617
Long-lived assets	2,053,635	18,932,918	3,255,850	24,242,403
<b>2022</b>				
Revenue external customers	487,281	13,380,091	5,530,645	19,398,017
Long-lived assets	1,517,741	20,833,093	4,188,962	26,539,796
<b>2021</b>				
Revenue external customers	511,390	11,956,116	5,151,179	17,618,685
Long-lived assets	1,478,579	19,560,616	4,249,377	25,288,572

## 30. Subsequent events

No other significant activities have taken place subsequent to the balance sheet date December 31, 2023 that have a material impact on the key figures and earnings presented. In connection with the retirement of Mr. William Valle as the member of the Management Board responsible for Care Delivery, Mr. Craig Cordola was appointed to the Management Board, effective January 1, 2024. Effective January 26, 2024, the competent court in Germany approved the Company's application for the judicial appointment of the six employee representatives to the Supervisory Board. The appointed members of the Supervisory Board are Ms. Stefanie Balling, Ms. Beate Haßdenteufel, Mr. Frank Michael Prescher, Mr. Ralf Erkens, Ms. Regina Karsch, and Dr. Manuela Stauss-Grabo. The judicial appointment will remain effective until completion of the election of employee representatives by the FME AG workforce located in Germany. Currently, there are no other significant changes in the Company's structure, management, legal form or personnel.

## 31. Compensation of the Management Board and the Supervisory Board

### Compensation of the Management Board

The total compensation of the members of the Management Board for the fiscal year 2023 amounted to €19,994 (2022: €21,910) and consisted of non-performance-based compensation (including fringe benefits) in the total amount of €6,316 (2022: €8,752), short-term performance-based compensation in the total amount of €6,585 (2022: €2,845), components with long-term incentive effects (multi-year variable compensation) with a total fair value on the allocation date of €7,093 (2022: €9,013) and no other long-term benefits (2022: €1,300). The components with long-term incentive effects consist of 219,185 Performance Shares (2022: 182,192) allocated under the MB LTIP 2020.

Under IFRS Accounting Standards, pension expense (service costs) for the members of the Management Board in 2023 amounted to €2,648 (2022: €4,483), expense from long-term incentive share-based compensation plans amounted to €3,935 (2022: €646 income), expense for termination benefits amounted to €904 (2022: €1,840) and expense for other long-term benefits amounted to €81 (2022: €1,300). Total compensation expense, in accordance with IFRS Accounting Standards, for the members of the Management Board amounted to €20,469 (2022: €18,574).

As of December 31, 2023, outstanding balances with respect to the members of the Management Board amounted to €25,124 (December 31, 2022: €29,987) 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 23](#).

The total compensation of former members of the Management Board and the management board of Fresenius Medical Care Management AG amounted to €4,520 (2022: €2,705). As of

December 31, 2023, pension obligations, according to IAS 19, towards this group of persons exist in an amount of €61,175 (December 31, 2022: €51,270).

## Compensation of the supervisory board

In the fiscal year, the total compensation of the members of the Supervisory Board amounted to €1,297 (2022: €1,244).

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 the Company valid until the Conversion, charged to the Company. In the fiscal year the total compensation of the members of the supervisory board of Fresenius Medical Care Management AG amounted to €977 (2022: €1,054).

## 32. Principal accountant fees and services

In 2023, 2022 and 2021, fees for the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), and its affiliates were expensed as follows:

### T 5.104 FEES IN € THOUS

	2023		2022		2021	
	Consolidated group	thereof Germany	Consolidated group	thereof Germany	Consolidated group	thereof Germany
Audit fees	14,250	3,215	14,354	2,961	10,524	2,041
Audit-related fees	1,897	937	686	301	1,038	614
Tax fees	–	–	1,204	–	633	–
Other fees	–	–	2,940	2,940	1,817	1,813

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 FME AG 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 and 2021, other fees include amounts related to services from the Company's auditors, mainly related 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.

## 33. Corporate governance

The Management Board and the Supervisory Board of Fresenius Medical Care AG 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: <https://www.freseniusmedicalcare.com/en/investors/corporate-governance/declaration-of-compliance/>.

Hof (Saale), February 23, 2024

Fresenius Medical Care AG

Management Board

**H. GIZA**

**C. CORDOLA**

**M. FISCHER**

**F. W. MADDUX, MD**

**DR. K. MAZUR-HOFSÄSS**



# Supervisory Board and Management Board

## Supervisory Board

### Shareholder representative

#### **Michael Sen (since November 30, 2023, since then also Chair)**

Member of the Management Board of Fresenius Management SE, General Partner of Fresenius SE & Co. KGaA (Chair)

#### **Member of the Supervisory Board of:**

Fresenius Medical Care Management AG (until December 1, 2023, until then also Chair)  
Fresenius Kabi AG (since March 8, 2023, since then also Chair)

#### **Sara Hennicken (since November 30, 2023, since then also Vice Chair)**

Member of the Management Board of Fresenius Management SE, General Partner of Fresenius SE & Co. KGaA

#### **Member of the Supervisory Board of:**

Fresenius Medical Care Management AG (until December 1, 2023)  
Fresenius Kabi AG (Chair until March 8, 2023, since then Vice Chair)  
VAMED AG, Austria (since July 12, 2023, since then also Vice Chair)

#### **Shervin J. Korangy (since November 30, 2023)**

President und Chief Executive Officer (CEO) of BVI Medical, Inc., U.S.

#### **Member of the Board of Directors of:**

BVI Group Ltd., U.S. (Non-Executive Director)  
The Hain Celestial Group, Inc., U.S. (Non-Executive Director)  
Motus GI Holdings, Inc., U.S. (Non-Executive Director) (until July 14, 2023)

#### **Dr. Marcus Kuhnert (since November 30, 2023)**

Member of the Executive Board of E. Merck KG (General Partner)

#### **Member of the Board of Administration of:**

Döhler Group SE (Non-Executive Director)

#### **Gregory Sorensen, MD**

Member of the Board of Directors of RadNet, Inc., U.S.

#### **Member of the Supervisory Board of:**

Fresenius Medical Care Management AG (until December 1, 2023)  
Siemens Healthineers AG (until February 15, 2023)

#### **Member of the Board of Directors of:**

REALM IDx, Inc., U.S. (Non-Executive Director)

#### **Pascale Witz**

President of PWH Advisors, U.S.

#### **Member of the Board of Directors of:**

Horizon Therapeutics plc, Ireland (Non-Executive Director) (until October 6, 2023)  
Regulus Therapeutics, Inc., U.S. (Non-Executive Director)  
Revvity Inc., U.S. (Non-Executive Director)

#### **Dr. Dieter Schenk (until November 30, 2023, until then also 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 (until December 1, 2023, until then also Vice Chair)  
Gabor Shoes AG (Chair)  
TOPTICA Photonics AG (Chair)  
VAMED AG, Austria (Chair)

#### **Member of the Foundation Board and of the Economic Council of:**

Else Kröner-Fresenius-Stiftung (Chair)

**Rolf A. Classon (until November 30, 2023, until then also Vice Chair)**

Member of Supervisory Boards

**Member of the Supervisory Board of:**

Fresenius Medical Care Management AG (until December 1, 2023)

**Member of the Board of Directors of:**

Catalent, Inc., U.S. (Non-Executive Director)

BICO Group AB, Sweden (Non-Executive Director)

**Dr. Dorothea Wenzel (until November 30, 2023)**

Member of Supervisory Boards

**Member of the Board of Directors of:**

H. Lundbeck A/S, Denmark (Non-Executive Director)

DENTSPLY SIRONA Inc., U.S. (Non-Executive Director)

Les Laboratoires Servier, SAS, France (Non-Executive Director) (since October 1, 2023)

**Prof. Dr. Gregor Zünd (until November 30, 2023)**

Chair of the Board of Administration Chief of Hochgebirgsklinik Davos AG, Switzerland

**Employee representative (since January 26, 2024)****Stefanie Balling**

Chairwoman of the General Works Council of Fresenius Medical Care AG

Chairwoman of the Works Council Schweinfurt of Fresenius Medical Care Deutschland GmbH

**Ralf Erkens**

District Manager of the Rhine-Main district, Industrial Union for Mining, Chemicals and Energy

**Member of the Supervisory Board of:**

Abbott GmbH

**Beate Haßdenteufel**

Deputy Chairwoman of the Works Council St. Wendel of Fresenius Medical Care Deutschland GmbH

**Regina Karsch**

Executive Secretary to the Deputy Chairperson, Industrial Union for Mining, Chemicals and Energy

**Frank Michael Prescher**

Chairman of the Works Council of Nephrocare Mönchengladbach GmbH

**Dr. Manuela Stauss-Grabo**

Vice President and Head of Global Biomedical Evidence Generation at The Global Medical Office of Fresenius Medical Care, Fresenius Medical Care Deutschland GmbH

## Supervisory Board Committees

**Audit Committee (until November 30, 2023: Audit and Corporate Governance Committee)**

Dr. Marcus Kuhnert (since November 30, 2023, since then also Chair)

Gregory Sorensen, MD (since November 30, 2023)

Pascale Witz (until November 30, 2023, until then Chair, since then Vice Chair)

Dr. Dorothea Wenzel (until November 30, 2023, until then Vice Chair)

**Executive Committee (since November 30, 2023)**

Michael Sen (since then also Chair)

Dr. Marcus Kuhnert

**Remuneration Committee (since November 30, 2023)**

Pascale Witz (since then also Chair)

Shervin J. Korangy

**Nomination Committee**

Michael Sen (since November 30, 2023, since then also Chair)

Shervin J. Korangy (since November 30, 2023, since then also Vice Chair)

Sara Hennicken (since November 30, 2023)

Pascale Witz (since November 30, 2023)

Dr. Dieter Schenk (until November 30, 2023, until then Chair)

Rolf A. Classon (until November 30, 2023, until then Vice Chair)

Dr. Dorothea Wenzel (until November 30, 2023)

**Joint Committee<sup>1</sup> (until November 30, 2023)**

Dr. Dorothea Wenzel (Vice Chair)  
Rolf A. Classon

## Management Board

**Helen Giza**

Chair and Chief Executive Officer (until September 30, 2023 also Chief Financial Officer)

**Member of the Board of Directors of:**

Fresenius Medical Care Holdings, Inc., U.S.  
Resonetics, LLC, U.S. (Non-Executive Director) (since August 22, 2023)

**Member of the Board of Administration of:**

Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (since April 3, 2023, since then also Vice Chair)

**Craig Cordola (since January 1, 2024)**

Chief Executive Officer for Care Delivery

**Member of the Board of Directors of:**

Fresenius Medical Care Holdings, Inc., U.S. (since January 1, 2024)

**Member of the Board of Administration of:**

Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (since February 13, 2024)

**Martin Fischer**

Chief Financial Officer (since October 1, 2023)

**Franklin W. Maddux, MD**

Global Chief Medical 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

**Dr. Katarzyna Mazur-Hofsäß**

Chief Executive Officer for Care Enablement

**Member of the Supervisory Board of:**

Xenios AG (Chair)

**Member of the Board of Directors of:**

Smith & Nephew plc, United Kingdom (Non-Executive Director)

**William Valle (until December 31, 2023)**

Chief Executive Officer for Care Delivery

**Member of the Board of Directors of:**

Fresenius Medical Care Holdings, Inc., U.S. (until December 31, 2023)

**Member of the Board of Administration of:**

Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (until December 31, 2023)

<sup>1</sup> Joint Committee of the Supervisory Boards of the Company in the legal form of a partnership limited by shares and Fresenius Medical Care Management AG. Further members of the Joint Committee were respectively are Mr. Michael Sen (also Chair) and Ms. Sara Hennicken as representatives of Fresenius Medical Care Management AG. Mr. Sen and Ms. Hennicken were respectively are not members of the Supervisory Board of the Company in the legal form of a partnership limited by shares.

# Independent Auditor's Report

To Fresenius Medical Care AG, Hof (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, Hof (Saale), and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, 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 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Fresenius Medical Care AG for the financial year from 1 January to 31 December 2023. 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 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, 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 appro-

priately 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 2023. 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 matter of most significance in our audit was as follows:

- > Recoverability of goodwill

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

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

## Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to € 14,650 million (43.2% of total assets or 98.8% 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 therefore, also against the background of potential effects to future patient growth from treating patients suffering from chronic kidney disease with GLP-1 receptor agonists, 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, assessing management's GLP-1 impact analysis, and performing sensitivity analyses over significant assumptions used by the executive directors, including the applied pretax 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. We 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 [12](#) 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\_2023-12-31.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 pur-

poses 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 2023 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: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

## 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 rendering 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 16 May 2023. We were engaged by the supervisory board on 25 October 2023. We have been the group auditor of the Fresenius Medical Care AG, Hof (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 23, 2024

### **PRICEWATERHOUSECOOPERS GMBH**

*Wirtschaftsprüfungsgesellschaft*

**(SGD. PETER KARTSCHER)**

*Wirtschaftsprüfer*

*(German Public Auditor)*

**(SGD. DOMINIK HÖHLER)**

*Wirtschaftsprüfer*

*(German Public Auditor)*



Our vision is to create a future  
worth living. For patients.  
Worldwide. Every day.

# Further Information

- 316 Responsibility Statement
- 316 Regional Organization
- 318 Five-Year Summary
- 320 Financial Calendar, Imprint  
and Contact

# 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 (Saale), February 23, 2024

Fresenius Medical Care AG

Management Board

**H. GIZA**

**C. CORDOLA**

**M. FISCHER**

**F. W. MADDUX, MD**

**DR. K. MAZUR-HOFSÄSS**

# 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. Höhe		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.	Pozna		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.	Piešťany		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

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	Casarello 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%

Simplified chart of Fresenius Medical Care's regional organization.

\* Line of business in respective country in 2023.

We use FMC for Fresenius Medical Care.

 Production
  Sales
  Service

\* 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

	2023	2022	2021	2020	2019
<b>Statements of income</b>					
Revenue	19,454	19,398	17,619	17,859	17,477
Earnings before interest, taxes, depreciation, amortization and impairment loss (EBITDA)	3,121	3,350	3,476	4,090	3,863
Operating income	1,369	1,512	1,852	2,304	2,270
Net income (attributable to shareholders of FME AG)	499	673	969	1,164	1,200
Basic earnings per share in €	1.70	2.30	3.31	3.96	3.96
<b>Balance sheets</b>					
Non-current assets	25,229	27,551	26,400	24,414	25,770
Total assets	33,930	35,754	34,367	31,689	32,935
Equity	14,827	15,449	13,979	12,331	13,227
Total debt and lease liabilities (including amounts directly associated with assets held for sale)	12,187	13,192	13,320	12,380	13,782
<b>Cash flow</b>					
Net cash provided by (used in) operating activities	2,629	2,167	2,489	4,233	2,567
Free cash flow (net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments)	1,960	1,480	1,660	3,197	1,454
<b>Share data</b>					
Year-end share price Frankfurt, Xetra in €	37.96	30.57	57.14	68.20	65.96
Year-end share price (ADS) New York in \$	20.83	16.34	32.46	41.56	36.83
Weighted average number of shares	293,413,449	293,246,430	292,944,732	294,055,525	302,691,397
Total dividend amount <sup>1</sup> in € M	349	329	396	392	351
Dividend per share <sup>1</sup> in €	1.19	1.12	1.35	1.34	1.20

**FIVE-YEAR SUMMARY (CONTINUATION FROM PREVIOUS PAGE)**  
**IN € M, EXCEPT PER SHARE DATA**

	2023	2022	2021	2020	2019
<b>Employees</b>					
Headcount	119,845	128,044	130,251	133,129	128,300
<b>Operational ratios in %</b>					
Operating income margin	7.0	7.8	10.5	12.9	13.0
Basic earnings per share growth	(25.9)	(30.6)	(16.4)	(0.1)	(38.7)
Organic revenue growth	3.9	1.6	1.4	3.1	5.2
Return on invested capital (ROIC) <sup>2</sup>	2.8	3.3	4.9	5.8	6.1
Net leverage ratio <sup>3</sup>	3.2	3.4	3.3	2.7	3.2
Net cash provided by (used in) operating activities in % of revenue	13.5	11.2	14.1	23.7	14.7
Free cash flow in % of revenue	10.1	7.6	9.4	17.9	8.3
Equity ratio (equity/total assets)	43.7	43.2	40.7	38.9	40.2
<b>Dialysis care data</b>					
Treatments in M	51.7	52.3	52.9	53.6	52.1
Patients	332,548	344,687	345,425	346,553	345,096
Dialysis clinics	3,925	4,116	4,171	4,092	3,994

<sup>1</sup> 2023: proposal to be approved by the Annual General Meeting on May 16, 2024.

<sup>2</sup> See calculation in the Group Management Report, chapter "Overview of the group", section "Performance management system".

<sup>3</sup> See calculation in the Group Management Report, chapter "Economic Report", section "Results of operations, financial position and net assets - Financial position - Financing strategy".

## Financial Calendar 2024

Subject to change



Report on  
first quarter



Annual General Meeting



Payment of dividend  
Subject to the approval by the  
Annual General Meeting



Report on  
second quarter



Report on  
third quarter

## Imprint and Contact

### Published by

Fresenius Medical Care AG

### Editorial office

Investor Relations & Global Communications

### Concept and design

muehlhausmoers corporate communications gmbh  
www.muehlhausmoers.com

### Contact

Fresenius Medical Care AG  
61346 Bad Homburg v. d. H.  
Germany  
P + 49 6172 609 0  
www.freseniusmedicalcare.com

### Global Communications

P + 49 6172 26 88 605  
F + 49 6172 609 23 01  
fme\_corporate\_communications@freseniusmedicalcare.com

### Investor Relations

P + 49 6172 609 25 25  
F + 49 6172 609 23 01  
ir@freseniusmedicalcare.com

### Date of publication

March 22, 2024

### picture credits

Page 4: Tim Mueller  
Page 7, 9, 11: Thorsten Jansen  
Page 12: Andreas Pohlmann  
Page 91, 196: Matthias Haslauer  
Page 113: David Magnusson

### 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](http://www.freseniusmedicalcare.com).

The title, text, and illustrations are subject to copyright. They may not be copied for commercial use, nor may these objects be modified or reposted to other sites without prior written authorization of Fresenius Medical Care.



**FRESENIUS MEDICAL CARE AG**

Else-Kroener-Str. 1  
61352 Bad Homburg v. d. H.  
Germany  
P + 49 6172 609 0  
www.freseniusmedicalcare.com

**Global Communications**

P + 49 6172 26 88 605  
F + 49 6172 609 23 01  
fme\_corporate\_communications@freseniusmedicalcare.com

**Investor Relations**

P + 49 6172 609 25 25  
F + 49 6172 609 23 01  
ir@freseniusmedicalcare.com



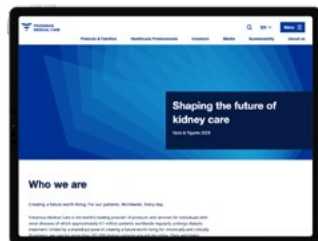
fmc\_ag



freseniusmedicalcare.corporate



freseniusmedicalcare

**Find out more:**

[www.freseniusmedicalcare.com/en/facts-and-figures](https://www.freseniusmedicalcare.com/en/facts-and-figures)

