FRESENIUS

FRESENIUS SE & CO. KGAA

2023

Annual Report

Management Report

Report of the Supervisory Board

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

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

ASSETS

€ in millions	Note	31.12.2023	31.12.2022
A. Fixed Assets	(4)		
I. Intangible assets		4	7
II. Tangible assets		117	117
III. Financial assets		11,938	12,201
		12,059	**12,325**
B. Current Assets			
I. Accounts receivable and other assets	(5)		
1. Trade accounts receivable		0	0
2. Accounts receivable from related parties		4,540	4,964
3. Accounts receivable from companies in which participations are held		5	–
4. Other assets		98	151
		4,643	5,115
II. Cash and cash equivalents	(6)	1,508	541
		6,151	**5,656**
C. Deferred expense	(7)	30	40
		18,240	**18,021**

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	31.12.2023	31.12.2022
A. Shareholders' equity			
I. Subscribed capital	(8, 9, 10, 11, 12)		
Ordinary shares		563	563
II. Capital reserves	(13)	3,487	3,487
III. Other reserves	(14)	2,304	2,611
IV. Retained earnings	(15)	–	519
		6,354	**7,180**
B. Special reserve for government investment grants	(16)	–	0
C. Accruals	(17)		
1. Pensions and similar obligations		135	130
2. Accruals for income taxes		288	222
3. Other accruals		67	33
		490	**385**
D. Liabilities	(18)		
1. Senior notes		6,584	6,250
2. Convertible bonds		500	500
3. Bank loans		2,688	1,780
4. Trade accounts payable		13	10
5. Accounts payable to related parties		1,505	1,771
6. Other liabilities		106	144
		11,396	**10,455**
E. Deferred income	(19)	0	1
		18,240	**18,021**

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

PROFIT AND LOSS STATEMENT JANUARY 1 TO DECEMBER 31, 2023

€ in millions	Note	**2023**	2022
1. Income from participations	(20)	356	665
2. Revenues	(21)	91	89
3. Other operating income	(22)	295	250
4. Cost of materials	(23)	-20	-20
5. Personnel expenses	(24)	-72	-62
6. Depreciation and amortization on intangible assets and on property, plant and equipment	(25)	-11	-13
7. Other operating expenses	(26)	-841	-418
8. Net interest	(27)	-45	-43
9. Income taxes	(28)	-61	-29
10. After tax profit		**-308**	**419**
11. Other taxes		0	-18
12. Net loss/income		**-308**	**401**
13. Retained earnings brought forward		1	0
14. Decrease of other reserves		307	118
15. Retained earnings		**–**	**519**

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

NOTES AS OF DECEMBER 31, 2023

1. GENERAL INFORMATION

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

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

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

2. STRUCTURE

The Fresenius Group is as of December 31, 2023, divided into following legally independent business segments:

- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

Fresenius announced in February 2023 its intention to initiate plans towards a conversion of the legal form of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) into a German stock corporation (Aktiengesellschaft – AG). On July 14, 2023, the Extraordinary General Meeting of FMC-AG & Co. KGaA approved the proposal of conversion of the legal form into a German stock corporation. After registration with the commercial register on November 30, 2023, the conversion of the legal form became effective. As of November 30, 2023, Fresenius Medical Care Management AG (prospective Fresenius Vermögensverwaltung AG), a wholly owned subsidiary of Fresenius SE & Co. KGaA, is no longer the general partner of FMC-AG & Co. KGaA. Therefore, Fresenius SE & Co. KGaA no longer has rights or the ability to direct the relevant activities that significantly affect the earnings of Fresenius Medical Care AG. Since November 30, 2023, Fresenius Medical Care AG has therefore no longer been reported as a related party, but as investment.

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

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

3. ACCOUNTING PRINCIPLES AND STANDARDS OF VALUATION

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

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

The following useful lives were used for calculating depreciation:

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

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

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

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

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

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

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

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

In Germany, the Minimum Tax Act (MinStG) was passed in 2023, which serves to implement Council Directive (EU) 2022/25234 to ensure global minimum taxation based on the guidelines published by the OECD in December 2021 (known as "Pillar Two"). The MinStG provides for a mandatory exemption from the recognition and measurement of deferred taxes resulting from the application of the MinStG or corresponding foreign minimum tax laws. The exception corresponds to that in the international accounting standards in IAS 12.

The company applies this exemption, according to which no deferred taxes are to be recognized in connection with temporary differences from the Pillar Two regulations. According to the current status of the company's analyses regarding the possible effects of the Pillar Two regulations on the companies of Fresenius Group, the company only expects these in a small number of foreign subsidiaries, which also only report low earnings that could be subject to minimum taxation.

Accordingly, the company assumes that the application of these regulations in the financial years from 1 January 2024 will have no material impact on both the Group tax rate of the Fresenius consolidated financial statements prepared in accordance with IFRS and the tax rate of Fresenius SE.

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

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

The **pension obligation** is determined according to actuarial principles on the basis of biometric probabilities (Richttafeln Heubeck 2018 G) using the Projected Unit Credit-Method. Future expected remuneration and pension increases are taken into account in calculating the obligation. Remuneration is currently adjusted depending on age by between 3% and 4% and pensions by 2.00%. The company specific fluctuation rate that is also taken into consideration for the calculation has been between 0% and 18% depending on age cohort. The actuarial interest rate applicable to the discounting of the pension obligation was 1.83%. This interest rate is based on the last-ten-year-average interest rate for an estimated remaining life of 15 years as determined and published by the German Federal Bank (Deutsche Bundesbank). Until December 31, 2015 the actuarial interest rate was based on the last-seven-year-average discount rate. According to Section 253 (6) HGB the difference from this legal change amounts to €2,128,315.

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

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

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

Liabilities are valued at their settlement amounts.

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

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

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

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

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

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

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

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

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

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

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4. FIXED ASSETS

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

	Acquisition costs					Write-ups/Depreciation				Carrying amount	
€ in millions	As of Jan. 1, 2023	Additions	Disposals	Reclassifications	As of Dec. 31, 2023	As of Jan. 1, 2023	Additions	Disposals	As of Dec. 31, 2023	**Dec. 31, 2023**	Dec. 31, 2022
Intangible assets											
Concessions, industrial and similar rights and assets as well as licenses acquired for consideration	24	1	0	0	25	17	4	0	21	4	7
	24	**1**	**0**	**0**	**25**	**17**	**4**	**0**	**21**	**4**	**7**
Tangible assets											
Land, leasehold and buildings including buildings on third party property	200	0	-2	0	198	93	4	0	97	101	107
Plant and machinery	2	–	–	–	2	1	0	–	1	1	1
Other fixtures and fittings, tools and equipment	26	4	-3	1	28	18	3	-3	18	10	8
Payments on account and tangible assets in course of construction	1	5	–	-1	5	–	–	–	–	5	1
	229	**9**	**-5**	**0**	**233**	**112**	**7**	**-3**	**116**	**117**	**117**
Financial assets											
Shares in related parties	10,354	1,991	-1,745	-399	10,201	0	–	–	0	10,201	10,354
Loans to related parties	1,844	16	-525	–	1,335	–	–	–	–	1,335	1,844
Investments	3	0	–	399	402	–	–	–	–	402	3
	12,201	**2,007**	**-2,270**	**–**	**11,938**	**0**	**–**	**–**	**0**	**11,938**	**12,201**
Fixed assets	**12,454**	**2,017**	**-2,275**	**0**	**12,196**	**129**	**11**	**-3**	**137**	**12,059**	**12,325**

FINANCIAL ASSETS

As of December 31, 2023, Fresenius SE & Co. KGaA owns stakes in the following domestic management companies for business segments:

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

Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2023. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds 100% in Helios Kliniken GmbH and in Helios Health GmbH (100% stakeholder of the Quirónsalud Group and the Eugin Group) as well as a 77% stake in Vamed Aktiengesellschaft.

Upon entry of the change of legal form in the commercial register on November 30, 2023, the share in Fresenius Medical Care AG's subscribed capital held by Fresenius SE & Co. KGaA is reported as investment in an amount of €399 million. As in the previous year, the percentage amounted to 32.17% as at December 31, 2023.

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

- Fresenius Immobilien-Verwaltungs-GmbH
- Fresenius Immobilien-Verwaltung Objekt Schweinfurt KG
- Fresenius Immobilien-Verwaltung Objekt St. Wendel KG
- Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG
- Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg 2 KG
- Hyginus Publisher GmbH
- Fresenius Versicherungsvermittlungs GmbH
- Fresenius Medical Care Management AG (zukünftig Fresenius Vermögensverwaltungs AG)
- Fresenius Finance Holdings Ltd.
- Fresenius Finance Ireland PLC
- Fresenius Finance Ireland II PLC
- Fresenius Vamed GmbH

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

As part of the restructuring of the Irish finance companies, Fresenius Finance Holdings Ltd. sold its wholly-owned shares in Fresenius Finance Ireland PLC and Fresenius Finance Ireland II PLC to Fresenius SE & Co. KGaA for the total amount of €1,706 million. In the course of this transaction, a capital reduction was carried out at Fresenius Finance Holdings Ltd. which led to a reduction in the shares in Fresenius Finance Holdings Ltd. by the same amount. Additionally, Fresenius SE & Co. KGaA contributed US$ 300 million to the additional paid-in capital of Fresenius Finance Ireland II PLC.

Disposals of shares in related parties of €39 million correspond to the liquidation of Fresenius US Finance II Inc. This resulted in foreign exchange gains of €7 million that are included in other operating income in the profit and loss statement.

Furthermore, in the fiscal year 2023 Fresenius SE & Co. KGaA contributed €5 million to the additional paid-in capital of Fresenius Medical Care Management AG.

Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg 2 KG was founded with contribution of a property at a carrying amount of €2 million.

Moreover, €503 thousand was invested in the Futury Regio Growth GmbH & Co. KG.

Fresenius Immobilien Verwaltung Objekt La Pura GmbH, an direct affiliated company of Fresenius Immobilien-Verwaltungs-GmbH, was granted a loan of €12 million.

Additionally, the loans granted to Vamed Gesundheit Holding Deutschland GmbH in the amount of €480 million were repaid prior to maturity.

5. ACCOUNTS RECEIVABLE AND OTHER ASSETS

€ in millions	Dec. 31, 2023	Dec. 31, 2022
Trade accounts receivable	0	0
(amount with a remaining term of more than one year)	(–)	(–)
Accounts receivable from related parties	4,540	4,964
(amount with a remaining term of more than one year)	(–)	(–)
Accounts receivable from companies in which participation is held	5	–
(amount with a remaining term of more than one year)	(–)	(–)
Other assets	98	151
(amount with a remaining term of more than one year)	(–)	(62)
	4,643	**5,115**

Accounts receivable from related parties include €4,535 million mainly consisting of loans and financing related accounts in the context of inhouse banking (cash pool) (previous year €4,957 million) as well as €5 million of trade accounts receivables (previous year €7 million).

As part of the transformation of Fresenius Vamed and related to the waiver and compensation agreement concluded, in the fiscal year 2023 Fresenius SE & Co. KGaA waived €371 million of cash pool receivables from Vamed subsidiaries.

Other assets mainly contain €9 million (previous year €13 million) VAT receivable (including foreign VAT receivable). Social security related receivables were not included.

Also included are receivables from corporation tax law (Körperschaftsteuer) and solidarity surcharge (Solidaritätszuschlag) as well as business tax (Gewerbesteuer) of €84 million (previous year €34 million). Receivables from income tax (Ertragsteuer) include expected amounts of outstanding tax assessments for previous years and for the assessment and collection year 2023.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and cash at banks of €1,508 million (previous year €541 million).

7. DEFERRED EXPENSE

The deferred expenses of €30 million (previous year €40 million) mainly consist of discounts with a net book value of €24 million as of December 31, 2023 (previous year €35 million).

The placement of a convertible bond in January 2017 resulted in a discount of €62 million that will be released on a straight-line basis over the lifetime of the convertible bond. As of December 31, 2023, it is included in deferred expenses with a value of €1 million.

The placement of bonds in 2020 resulted in a discount of €16 million that will be released on a straight-line basis over the lifetime of the bonds. As of December 31, 2023, it is included in deferred expenses with a value of €8 million.

Moreover, bonds issued in 2019 resulted in a discount of €8 million that will be released on a straight-line basis over the lifetime of the bonds. As of December 31, 2023, it is included in deferred expenses with a value of €3 million.

Discounts of €12 million, which resulted from the issue of bonds during the fiscal year 2022, will be released on a straight-line basis over the lifetime of the respective bonds. As of December 31, 2023, discounts are included in deferred expenses with a value of €9 million.

The placement of a bond in 2023 resulted in a discount of €3 million that will be released on a straight-line basis over the lifetime of the bond. As of December 31, 2023, it is included in deferred expenses with a value of €3 million.

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

8. SUBSCRIBED CAPITAL

During fiscal year 2023, no stock options were exercised. Consequently, as of December 31, 2023, the subscribed capital of Fresenius SE & Co. KGaA still consisted of 563,237,277 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.
The subscribed capital developed as follows:

€ in millions	2023	2022
As of January 1	563	558
Capital increase in kind with subscription rights in return for the contribution of dividend entitlements (share dividend)	–	5
As of December 31	**563**	**563**

9. OWN SHARES

As of December 31, 2023, no own shares were held.

10. NOTIFICATION BY SHAREHOLDERS

The following table shows the notifications disclosed in 2023 in accordance with Section 40 (1) of the German Securities Trading Act (WpHG).

Notifying party	Registered office	Date of exceeding or falling below	Reporting threshold	Percentage of voting rights	Number of voting rights	Attribution pursuant to WpHG
Harris Associates Investment Trust	Boston, Massachusetts, United States	August 10, 2023	Falling below 3%	2.95	16,634,431	section 33
Amundi S.A.	Paris, France	April 21, 2023	Falling below 3%	2.44	13,770,083	section 34

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

The Else Kröner-Fresenius-Stiftung as major shareholder informed Fresenius SE & Co. KGaA on December 30, 2023, that it holds 151,842,509 ordinary shares of Fresenius SE & Co. KGaA representing 27.0% of the subscribed capital on December 31, 2023. All WpHG-notifications by shareholders in 2023 are published on the website of the Company www.fresenius.com/shareholder-structure.

11. AUTHORIZED CAPITAL

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

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

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

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

The Authorized Capital I developed as follows:

€ in millions	2023	2022
As of January 1	125	125
Revocation of previous Authorized Capital I due to resolution of the Annual General meeting	–	-125
Creation of a new Authorized Capital I due to resolution of the Annual General meeting	–	125
As of December 31	**125**	**125**

12. CONDITIONAL CAPITAL

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

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

in €	Ordinary shares
As of January 1, 2023	4,735,083
As of December 31, 2023	**4,735,083**

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

in €	Ordinary shares
As of January 1, 2023	3,452,937
As of December 31, 2023	**3,452,937**

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

in €	Ordinary shares
As of January 1, 2023	48,971,202
As of December 31, 2023	**48,971,202**

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

in €	Ordinary shares
As of January 1, 2023	22,824,857
As of December 31, 2023	**22,824,857**

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

As of December 31, 2023, Fresenius SE & Co. KGaA had three share-based compensation plans in place: the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (LTIP 2013) which is based on stock options and phantom stocks, the Long Term Incentive Plan 2018 (LTIP 2018) which is based on performance shares and the Fresenius Performance Plan 2023 – 2026 (LTIP 2023) which is based on stock awards. Currently, solely LTIP 2018 can be used to grant performance shares.

Fresenius Performance Plan 2023 – 2026 (LTIP 2023)

On December 1, 2022 and March 16, 2023, respectively, the Management Board and Supervisory Board of the general partner, Fresenius Management SE, resolved the Fresenius Performance Plan 2023 – 2026 (LTIP 2023).

LTIP 2023 is based solely on cash-settled virtual shares in Fresenius SE & Co. KGaA (stock awards). The stock awards issued under the plan are cash-settled virtual payment instruments not backed by equity. They grant an entitlement to a cash payment by Fresenius SE & Co. KGaA or an affiliated company if the performance targets are achieved and the other conditions are met.

The members of the Management Board of Fresenius Management SE (Management Board Plan Participants) and selected executives (Executive Plan Participants) are eligible to participate. Stock awards will be granted once a year over a period of four years. For Management Board Plan Participants the grant is made by the Supervisory Board of the general partner, Fresenius Management SE, the grant to the Executive Plan Participants by the Management Board of Fresenius Management SE, in each case on the basis of a fixed grant value. The number of stock awards granted is calculated using the grant value and the average Xetra closing price of the Fresenius share on the Frankfurt Stock Exchange (or any successor system replacing the Xetra system) during the period of 30 stock exchange trading days prior to the beginning of the four-year performance period, commercially rounded to the second decimal place.

The final number of stock awards, which in addition to the absolute share price performance of the Fresenius share and the amount of dividends paid during the performance period, determines the amount payable, depends on the degree of achievement of the performance targets described in more detail below. At the end of each fiscal year, the annual target achievement for each performance target is calculated and fixed (lock-in). At the end of the performance period, the target achievement of the individual performance targets is calculated by taking the average of the four annual target achievements. The annual target achievements of a performance target are equally weighted at 25% each.

The number of stock awards resulting at the end of the four-year performance period on the basis of the respective target achievement is then multiplied by the average closing price of the Fresenius share on the Frankfurt Stock Exchange (or a successor system replacing the Xetra system) in the period of 30 stock exchange trading days prior to the end of the performance period, commercially rounded to the second decimal place, plus an amount corresponding to the sum of the dividends paid per Fresenius share (dividend equivalent) during the performance period. The resulting amount is paid out to the respective plan participant in cash. The potential payout entitlement of the plan participants is limited to a maximum of 250% of the grant value. Vesting is also conditional on the absence of a compliance breach and an active and non-terminated service or employment relationship.

In the event of a compliance breach, the Supervisory Board of Fresenius Management SE is entitled to reduce the number of stock awards granted to a member of the Management Board down to zero at its reasonable discretion. For the remaining plan participants, the Management Board of Fresenius Management SE is entitled to do so. Furthermore, within a period of three years from the date of payment, Fresenius SE & Co. KGaA has a claim for repayment in full or in part if a compliance breach has occurred which is not time-barred at the time of the reclaim.

LTIP 2023 has three differently weighted performance targets: relative Total Shareholder Return (TSR) of the Fresenius share compared to the STOXX® Europe 600 Health Care Index (weighting: 50%), Return On Invested Capital (ROIC) (weighting: 25%) and ESG targets (weighting: 25%). As part of the ESG targets, the reduction of CO2 emissions was set as an ESG target for the 2023 grant. For future grants, the Supervisory Board (for the Management Board Plan Participants) and the Management Board (for the Executive Plan Participants) may set another ESG target or several other ESG targets instead of or in addition to the ESG target reduction of CO2 emissions.

For the performance target Total Shareholder Return, 100% target achievement is given if the TSR of the Fresenius share exactly equals the TSR of the STOXX® Europe 600 Health Care Index in the relevant fiscal year of the per-formance period (TSR equal performance). If the TSR of the Fresenius share falls below the TSR of the STOXX® Europe 600 Health Care Index in the relevant fiscal year of the per-formance period by 50 percentage points or more, the degree of target achievement is 0% (TSR underperformance). If the TSR of the Fresenius share exceeds the TSR of the STOXX® Europe 600 Health Care Index in the relevant fiscal year of the performance period by 50 percentage points or more, the degree of target achievement is 250% (TSR outperformance). A TSR outperformance of more than 50 percentage points does not lead to a further increase in target achievement.

For a relative TSR in the range between -50 percentage points TSR underperformance and TSR equal performance, the target achievement for the fiscal year will be determined by linear interpolation between these two key points. For a relative TSR in the range between TSR equal performance and +50 percentage points TSR outperformance, the target achievement for the fiscal year is determined by linear interpolation between these two key points. Target achievement is commercially rounded up or down to the second decimal place.

According to the consolidated financial statements, the performance target ROIC is calculated as EBIT less taxes divided by invested capital. ROIC is calculated on the basis the Fresenius Group's approved consolidated financial statements for the relevant fiscal years, adjusted for potential acquisition or divestment activities or changes in IFRS accounting standards during the performance period.

In order to determine the target achievement, the Supervisory Board will determine the annual budgeted values for ROIC (plan ROIC) for the Management Board Plan Participants and the Management Board will determine the annual budgeted values for ROIC (plan ROIC) for the Executive Plan Participants at the beginning of the performance period on the basis of the three-year mid-term planning for the fiscal year. The plan ROIC for the fourth year will be taken from the mid-term plan for the following year.

For the ROIC performance target, 100% target achievement is given if the ROIC actually achieved (actual ROIC) is equal to the plan ROIC for the relevant fiscal year of the performance period. If the actual ROIC falls below the plan ROIC for the relevant fiscal year of the performance period by 2 percentage points, the target achievement is 50%. A ROIC target underperformance of more than 2 percentage points results in a target achievement of 0%. If the actual ROIC exceeds the plan ROIC for the relevant fiscal year of the performance period by 2 percentage points or more, the target achievement is 250%. A ROIC target outperformance of more than 2 percentage points does not lead to a further increase in target achievement.

In the event that the actual ROIC for the relevant fiscal year of the performance period falls below the weighted average cost of capital (WACC), the target achievement for the performance target ROIC for this fiscal year is always 0%, in deviation from the calculations described above.

For the performance target reduction of CO2 emissions initially defined as ESG target for the 2023 grant, 100% target achievement is given if the actual reduction of CO2 emissions in t CO2 equivalents achieved in the relevant fiscal year of the performance period compared to the previous year (actual CO2 reduction) corresponds to a reduction of CO2 emissions in the amount of the defined percent-age of CO2 emissions in the relevant base year (planned CO2 reduction). For the 2023 grant, 2020 is the base year. In addition to the planned CO2 reduction, the Supervisory Board (for the Management Board Plan Participants) and the Management Board (for the Executive Plan Participants) shall each set values that lead to a target achievement of 50% and 250%. If the actual CO2 reduction is less than the value of the CO2 emissions in the base year specified for the target achievement of 50%, the target achievement is 0%.

An actual CO2 reduction that exceeds the value of the CO2 emissions of the base year determined for the target achievement of 250% does not lead to a further increase in the target achievement. If, according to this system, in a performance period, a target achievement of 0% has been determined for at least one fiscal year of the performance period with regard to the ESG target CO2 reduction, the target achievement for this ESG target can alternatively be determined uniformly for all fiscal years of the performance period on the basis of the average annual actual CO2 reduction compared to the average annual planned CO2 reduction for the entire performance period. In such a case, the target achievement for this performance period corresponds uniformly to 25% of the total target achievement thus calculated for the performance period.

LTIP 2018

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

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

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

The number of performance shares may change over a period of four years, depending on the level of achievement of the performance targets described in more detail below. This could entail the entire loss of all performance shares or also – at maximum – the doubling of their number. The resulting number of performance shares, which is determined after a performance period of four years and based on the respective level of target achievement, is deemed finally earned four years after the date of the respective grant. The number of vested performance shares is then multiplied by the average stock exchange price of Fresenius SE & Co. KGaA's share over a period of 60 stock exchange trading days prior to the lapse of this vesting period plus the total of the dividends per share of Fresenius SE & Co. KGaA paid by Fresenius SE & Co. KGaA between the grant date and the vesting date. The resulting amount will be paid to the respective plan participant in cash. The potential disbursement entitlement of each member of the Management Board is limited to a maximum value of 250% of the grant value, the entitlement of all other plan participants is limited to a maximum value of 400%.
The LTIP 2018 has two equally weighted performance targets: firstly, the growth rate of the adjusted consolidated net income (adjusted for currency effects) and, secondly, the relative Total Shareholder Return based on the STOXX Europe 600 Health Care Index. Disbursement entitlement requires that at least one of the two performance targets must be reached or surpassed over the four-year performance period.

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

For the "Total Shareholder Return" performance target, a target achievement of 100% is met when the Total Shareholder Return of Fresenius SE & Co. KGaA in comparison with the Total Shareholder Return of the other companies of the STOXX Europe 600 Health Care Index achieves an average ranking within the benchmark companies, i. e. exactly in the middle (50th percentile), over the four-year performance period. If the ranking corresponds to the 25th percentile or less, the level of target achievement is 0%. Where the ranking is between the 25th percentile and the 50th percentile, the level of target achievement is between 0% and 100%; and, for a ranking between the 50th percentile and the 75th percentile, between 100% and 200%.

Intermediate values will also be calculated through linear interpolation. Total Shareholder Return denotes the percentage change in the stock market price within the performance period including reinvested dividends and all capital measures, whereby capital measures are to be calculated through rounding down to the fourth decimal place. The ranking values are determined using the composition of STOXX Europe 600 Health Care on the grant date. For equalization purposes, the relevant market price is the average market price in the period of 60 stock exchange trading days prior to the beginning and end of a performance period; the relevant currency is that of the main stock exchange of a company, which was listed in STOXX Europe 600 Health Care on the grant date.

A level of target achievement in excess of 200% is not possible for both performance targets.

To calculate the level of overall target achievement, the level of target achievement of the two performance targets are given equal weighting. The total number of performance shares vested on each plan participant is calculated through multiplying the number of performance shares granted by the overall target achievement.

The performance targets for the 2018, the 2019 and the 2020 grant were not achieved. Therefore, the performance shares granted in 2018, 2019 and 2020 forfeited.

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

Due to the government financing and support received by the Fresenius Group, the Company is subject to restrictions under the so-called "Energy Price Brake Acts", according to which the members of the Management Board of Fresenius Management SE may not be awarded any variable compensation components for fiscal year 2023 in particular. This means that the short-term variable compensation for fiscal year 2023 will not be paid out to the members of the Management Board. This also affects the long-term variable compensation of the members of the Management Board in such a way that the so-called annual slice 2023 – i.e. the part relating to the year 2023 – must be disregarded in the future payment of the grants under the LTIP 2018 and the LTIP 2023, the respective measurement period of which also includes fiscal year 2023. This therefore affects the 2023 annual slice of the grants 2020 to 2022 under the LTIP 2018 and the grant 2023 under the LTIP 2023. As the overall target achievement for the grant 2020 is 0% and the grant 2020 will therefore not be paid out in total, the statutory restrictions do not have any effect in this respect.

LTIP 2013

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

SOP 2013

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

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

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

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

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

Options granted have an eight-year term but can be exercised only after a four-year vesting period. The exercise of options is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the options to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the options issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i. e. by one quarter, two quarters, three quarters, or completely. In the years 2013 to 2019, the performance targets for stock options granted in 2013 to 2016 were met. For stock options granted in 2017, only one quarter of the performance target was achieved. Therefore, in 2020, three quarters of the stock options granted in 2017 were forfeited.
The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA according to IFRS (currency adjusted) and changes thereto compared to the adjusted net income according to IFRS (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares in lieu of increasing capital by the issuance of new shares.
After the expiration of the waiting period, all options in respect of which the success target has been achieved may be exercised at any time outside the designated blackout periods.

The last options were granted in 2017.

PSP 2013

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

The holders of phantom stocks, that had been issued before the stock split 2014 came into effect, were granted an economic compensation through retroactively tripling the number of phantom stocks granted before the stock split 2014 came into effect.
As under the SOP 2013, the Supervisory Board of Fresenius Management SE determined the phantom stocks granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determined the other participants in the PSP 2013 and the phantom stocks granted to them.

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

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

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

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

TRANSACTIONS DURING 2023 AND 2022

On January 1, 2023, Fresenius SE & Co. KGaA awarded 1,437,322 stock awards under the LTIP 2023, the total fair value at the grant date being €37 million, including 246,336 stock awards valued at €6 million to the members of the Management Board of Fresenius Management SE. The fair value per stock award at the grant date was €25.98.

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

During fiscal years 2023 and 2022, no stock options were exercised.

At December 31, 2023, 1,957,336 stock options issued under the LTIP 2013 were outstanding and exercisable. The members of the Fresenius Management SE Management Board held 303,750 stock options. At December 31, 2023, the Management Board members of Fresenius Management SE held 133,750 performance shares and employees of Fresenius SE & Co. KGaA held 2,318,606 performance shares under the LTIP 2018. 1,433,394 stock awards issued under the LTIP 2023 were outstanding on December 31, 2023, of which 217,146 were held by the members of the Fresenius Management SE Management Board and 207,495 were held by the employees of Fresenius SE & Co. KGaA.

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

Stock option transactions are summarized as follows:

	stock options
Number as of December 31, 2022	3,583,234
less forfeited options	-1,625,898
less exercises	–
Number as of December 31, 2023	**1,957,336**

13. CAPITAL RESERVES

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

In the first half of 2022, the capital reserves increased by €142 million in connection with the capital increase of the subscribed capital.

The capital reserves have developed during the fiscal year as follows:

€ in millions	2023	2022
As of January 1	3,487	3,345
Capital increase (share dividend)	–	142
As of December 31	**3,487**	**3,487**

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

14. OTHER RESERVES

Other reserves developed as follows:

€ in millions	2023	2022
As of January 1	2,611	2,729
Withdrawals from other reserves	-307	-118
As of December 31	**2,304**	**2,611**

According to the restrictions in Section 253 (6) HGB, an amount of €2 million of other reserves shall not be distributed.

15. RETAINED EARNINGS

Accumulated profits from the prior year of €443 thousand are included in retained earnings in an amount of €0,00 in accordance with the decision taken at the Annual General Meeting on May 13, 2022. Furthermore, an amount of €307 million was withdrawn from other reserves in the fiscal year 2023.

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

16. SPECIAL RESERVE FOR GOVERNMENT INVESTMENT GRANTS

In previous year special reserves primarily comprise government investment grants and subsidies according to sections 1, 4 and 4b of the German Investment Subsidy Code (InvZulG). Dissolution of grants and subsidies is spread over the useful life of the subsidized assets.

17. ACCRUED EXPENSES

The **pension obligation** has been determined according to the method described under Note (3) "Accounting principles and standards of valuation". Included in accrued expenses is an obligation of €43 million in favor of Fresenius Management SE for pension obligations related to its Management Board members.

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

€ in thousands	31.12.2023
Amount to be paid for partial retirement agreements	988
Fair value of matching securities	564
Funded status (surplus of obligations over assets)	424
Acquisition cost of securities	548

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

€ in thousands	31.12.2023
Amount to be paid for obligations from the demography fund	6,510
Fair value of matching insurance	6,510
Funded status (surplus of assets over obligations)	–
Acquisition cost of insurance	5,829

The statement of income includes €111 thousand of netted expense and income, from the valuation of the insurance product and the corresponding provision.

Accruals for income taxes mainly include income tax accruals of €216 million (previous year €167 million). Accruals for income taxes refer to estimated amounts of outstanding tax payments from fiscal year as well as prior years expected to be received.

Other accruals mainly include accruals for invoices outstanding of €37 million (previous year €14 million), accruals to cover personnel expenses of €23 million (previous year €11 million), and foreign currency risks of €315 million (previous year €1 million).

18. LIABILITIES

€ in millions	December 31, 2023 Total	thereof with a remaining term of up to 1 year	1 year to 5 years	over 5 years	December 31, 2022 Total	thereof with a remaining term of up to 1 year	1 year to 5 years	over 5 years
Senior notes	6,584	–	4,034	2,550	6,250	–	3,450	2,800
Convertible bonds	500	500	–	–	500	–	500	–
Bank loans	2,688	594	1,873	221	1,780	585	1,111	84
Trade accounts payable	13	13	–	–	10	10	–	–
Accounts payable to related parties	1,505	1,246	34	225	1,771	1,535	83	153
Other liabilities	168	168	–	–	130	68	62	–
	11,458	**2,521**	**5,942**	**2,995**	**10,441**	**2,198**	**5,206**	**3,037**

BONDS

The following table shows the liabilities from bonds as of December 31, 2023.

Issuer	Notional amount	Maturity date	Interest rate
Fresenius SE & Co. KGaA 2019/2025	€500 million	Feb. 15, 2025	1.875%
Fresenius SE & Co. KGaA 2022/2025	€750 million	May 24, 2025	1.875%
Fresenius SE & Co. KGaA 2022/2026	€500 million	May 28, 2026	4.250%
Fresenius SE & Co. KGaA 2020/2026	€500 million	Sep. 28, 2026	0.375%
Fresenius SE & Co. KGaA 2020/2027	€750 million	Oct. 8, 2027	1.625%
Fresenius SE & Co. KGaA 2020/2028	€750 million	Jan. 15, 2028	0.750%
Fresenius SE & Co. KGaA 2023/2028	CHF275 million	Oct. 18, 2028	2.960%
Fresenius SE & Co. KGaA 2019/2029	€500 million	Feb. 15, 2029	2.875%
Fresenius SE & Co. KGaA 2022/2029	€500 million	Nov. 28, 2029	5.000%
Fresenius SE & Co. KGaA 2022/2030	€550 million	May 24, 2030	2.875%
Fresenius SE & Co. KGaA 2023/2030	€500 million	Oct. 5, 2030	5.125%
Fresenius SE & Co. KGaA 2020/2033	€500 million	Jan. 28, 2033	1.125%

Fresenius SE & Co. KGaA maintains a debt issuance program which enables the company to issue bonds up to a total volume of €15 billion in various currencies and maturities. In the previous fiscal year, the proceeds of the financing activities were mainly used for general corporate purposes, including refinancing of existing financial liabilities.

On October 18, 2023, Fresenius SE & Co. KGaA placed a bond of CHF275 million with a five year maturity.

On October 5, 2023, Fresenius SE & Co. KGaA placed a bond of €500 million with a seven year maturity.

On December 4, 2023, Fresenius SE & Co. KGaA repaid the bond in the amount of €450 million, which was originally due on February 1, 2024 prior to maturity.

As of December 31, 2023, the Fresenius Group was in compliance with all of its covenants.

CONVERTIBLE BONDS, EQUITY-NEUTRAL

On January 31, 2017, Fresenius SE & Co. KGaA issued €500 million of equity-neutral convertible bonds due 2024. The convertible bonds will not bear any interest. The issue price was fixed at 101% of the nominal value. The proceeds were used to fund the acquisition of IDCSalud Holding S.L.U. (Quirónsalud) and for general corporate purposes. The coupon was fixed at 0%. On December 31, 2023 the conversion price was €103.0631.

The convertible bonds were repaid at par on January 31, 2024. In November 2023, the conversion rights of the convertible bonds expired. The stock options on treasury shares which Fresenius SE & Co. KGaA purchased in 2017 to protect against risks from conversion rights also expired in November 2023.

BANK LOANS

Schuldschein Loans

At December 31, 2023 Fresenius SE & Co. KGaA had €1,625 million (previous year €1,328 million) liabilities from Schuldschein Loans.

On May 30, 2023, Fresenius SE & Co. KGaA issued €850 million of sustainability-linked Schuldschein Loans in six tranches with fixed and variable interest rates with maturities of three, five and seven years. The proceeds were used for general corporate purposes including refinancing of existing financial liabilities. The margin is linked to the achievement of sustainability targets in the areas of treatment quality and product safety.

The variable tranche of €175 million of Fresenius SE & Co. KGaA's Schuldschein Loans in the total amount of €421 million originally due on January 31, 2024 was repaid prior to maturity on January 31, 2023.

The variable tranche of €264 million of Fresenius SE & Co. KGaA's Schuldschein Loans in the total amount of €378 million originally due on September 25, 2023 was also repaid prior to maturity on March 23, 2023.

Loan from the European Investment Bank

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

Commercial-Paper-Program

Fresenius SE & Co. KGaA has a commercial paper program in the amount of €1,500 million under which Fresenius SE & Co. KGaA and Fresenius Finance Ireland PLC can issue short-term notes. As of December 31, 2023 the commercial paper program was utilized in the amount of €330 million by Fresenius SE & Co. KGaA (previous year €5 million).

ACCOUNTS PAYABLE TO RELATED PARTIES

Accounts payable to related parties comprise loans and financing accounts with affiliated companies in the context of inhouse banking (cash pool) in an amount of €1,502 million (previous year €1,771 million).

Included in this item are liabilities of €3 million (previous year €19 million) in favor of the general partner Fresenius Management SE. Moreover, liabilities of €53 million (previous year €48 million) in favor of Fresenius Management SE are included in pension liability and other liabilities.

OTHER LIABILITIES

Other liabilities primarily include interest liabilities and liabilities from tax on wages.

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

19. DEFFERRED INCOME

Deferred income of €291 thousand (previous year €1 million) relates mainly to premiums.

The placement of the convertible bond in January 2017 resulted in a premium of €5 million that will be released on a straight-line basis over the lifetime of the convertible bond. As of December 31, 2023, it is included in deferred income with a value of €59 thousand.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

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

20. INCOME FROM PARTICIPATIONS

€ in millions	2023	2022
Income from profit transfer agreements	360	573
Income from participations	135	142
(thereof amount from affiliated companies)	(135)	(142)
Expenses from loss transfer agreements	-139	-50
	356	**665**

In fiscal year 2023, extraordinary expenses in relation to the transformation of Fresenius Vamed, the disposal of the Eugin group and the discontinuation of business activities of Curalie group in an total amount of €417 million.

21. REVENUE

€ in millions	2023	2022
Revenue from personnel services	74	71
Revenue from rental services	17	18
	91	**89**

22. OTHER OPERATING INCOME

Other operating income of €295 million in total (previous year €250 million) is comprised primarily of foreign currency gains of €251 million (previous year €211 million), cost transfers to group companies of €37 million (previous year €34 million), as well as other income from other accounting periods mainly income from the dissolution of short-term accruals of €3 million (previous year €4 million). The total income from other accounting periods was €4 million in the fiscal year (previous year €5 million).

The main reason for the increase in other operating income is an increase in foreign currency gains, that is levelled by foreign currency losses of €249 million included in operating expense.

23. COST OF MATERIALS

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

24. PERSONNEL EXPENSES

€ in millions	2023	2022
Wages and salaries	59	44
Social security contributions, cost of retirement pensions and social assistance	13	18
(thereof retirement pensions)	(6)	(12)
	72	**62**

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

	2023	2022
Wage earners	9	10
Salaried employees	426	383
Apprentices	188	194
	623	**587**

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

Depreciation of intangible assets and property plant and equipment of €11 million (previous year €13 million) is regular depreciation.

26. OTHER OPERATING EXPENSES

Other operating expenses of €841 million in total (previous year €418 million) were primarily extraordinary expenses for waiver of receivables related to the transformation of Fresenius Vamed in an amount of €371 million.

Also included are foreign currency losses of €249 million (previous year €208 million), IT-related expenses, insurance premiums and consulting expenses, as well as the costs of Fresenius Management SE for business management activities of €12 million (previous year €27 million) that are passed on. Total expenses from other accounting periods were €2 million in the fiscal year (previous year €2 million).

27. NET INTEREST

€ in millions	2023	2022
Interest income from long-term loans	45	40
(thereof amount from affiliated companies)	(45)	(40)
Other interest and similar income	238	80
(thereof amount from affiliated companies)	(211)	(53)
Interest and similar expenses	-328	-163
(thereof amount from affiliated companies)	(-52)	(-20)
(thereof expense from interest accrued)	(-2)	(-2)
	-45	**-43**

28. INCOME TAXES

Income taxes in the amount of €61 million (previous year €29 million) resulted from current income tax gains of €188 thousand for the year 2023 (previous year income tax expenses €23 million) as well as tax expense from other accounting periods in the amount of €61 million (net) (previous year €5,792 thousand). Tax expenses relating to other accounting periods amounting to €61 million mainly relate to expenses from accruals for tax audits that have not yet been completed and expenses from expected assessments for outstanding tax assessments.

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

OTHER NOTES

29. CONTINGENT LIABILITIES

€ in millions	31.12.2023	31.12.2022
Contingencies from indemnity agreements and guarantees	3,794	3,746
(thereof amount in favor of and from affiliated companies)	(3,752)	(3,741)
Commitments from retirement provisions	14	17
(thereof amount to affiliated companies)	(12)	(17)
	3,808	**3,763**

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

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

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

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

COMMERCIAL-PAPER-PROGRAM

Fresenius SE & Co. KGaA guarantees the commercial paper issued by Fresenius Finance Ireland PLC under the Commercial-Paper-Program. As of December 31, 2023, the commercial paper program was utilized by Fresenius Finance Ireland PLC in the amount of €140 million.

BONDS

Fresenius SE & Co. KGaA guarantees the bonds of Fresenius Finance Ireland PLC, an directly wholly-owned subsidiary of Fresenius SE & Co. KGaA. Some of the bonds issued of Fresenius Finance Ireland PLC may be redeemed prior to their maturity at the option of the issuer at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods.

The holders have the right to request that the issuer repurchase the bonds at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective bonds.

The following table shows these liabilities of Fresenius Finance Ireland PLC as of December 31, 2023:

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

SYNDICATED CREDIT FACILITY

The syndicated credit facility of Fresenius SE & Co. KGaA in the amount of €2.0 billion which was entered into in July 2021 serves as backup line. As an expression of the company's commitment to integrating sustainability into all aspects of its business, a sustainability component has been embedded in the credit line. In June 2023, the syndicated credit facility was extended by a further year until July 1, 2028. Fresenius SE & Co. KGaA is the sole guarantor.

As of December 31, 2023, the Syndicated Credit Facility was undrawn.

30. OTHER FINANCIAL COMMITMENTS

€ in millions	**31.12.2023**	31.12.2022
Commitments from building leases, and leasing commitments		
due 2024 (prior year 2023)	6	11
due 2025-2028 (prior year 2024-2027)	12	19
due after 2028 (prior year after 2027)	–	–
	18	30
Commitments from ongoing capital expenditures	18	18
	36	**48**

Other financial commitments in their entirety are against third parties.

31. DERIVATIVES

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

FOREIGN EXCHANGE RISK

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

Fresenius SE & Co. KGaA entered into foreign exchange forward contracts with external partners to hedge foreign currency risks from accounts receivable and liabilities as well as highly probable forecasted transactions from the Company and its affiliates. On the balance sheet date, the Company had only currency derivatives in relation with €-currency risks hedging with a nominal value of €2,056 million and a positive fair value of €9 million with a maximum remaining term to maturity of 58 months.

For foreign exchange forward contracts contracted with banks that were closed to hedge the foreign exchange risk of Fresenius SE & Co. KGaA Group companies' and that were passed down with the same conditions to the affected Group companies via Group internal transactions, hedges were built for the forward contracts and the underlying transactions with an offsetting fair value. The Company does not revaluate these hedges for financial reporting purposes until maturity ('Einfrierungsmethode'). The net fair value of internal and external hedges was €0 thousand. As of December 31, 2023, the notional amount of these transactions totaled €628 million. The offsetting cash flows will level after 37 months the latest.

Related to the issuance of the CHF bond in an amount of CHF275 million (€284 million) and the resulting cash-effective foreign exchange risks, the foreign exchange risks were hedged by concluding a cross currency swap simultaneously. The Company does not revaluate these hedges for financial reporting purposes until maturity ('Einfrierungsmethode'). As of December 31, 2023, the notional volume of the cross currency swap was €284 million and its fair value amounted to €8 million was not recognized for financial reporting purposes. Its remaining term to maturity was 58 months.

The rest of the currency derivative contracts can have positive and negative fair values. Positive fair values of €4 million were not recognized for financial reporting purposes. Negative fair values amounting to €3 million were recognized as provision for contingent losses.

STANDARDS OF VALUATION

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

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

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

32. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

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

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

- non-performance-based compensation (fixed compensation and fringe benefits)
- short-term performance-based compensation (one-year variable compensation (bonus))
- components with long-term incentive effects (multi-year variable compensation comprising stock awards (2022: performance shares and postponed payments of the one-year variable compensation / of the bonus).

Due to the government financing and support received by the Fresenius Group, the Company is subject to restrictions under the so-called "Energy Price Brake Acts", according to which the members of the Management Board of Fresenius Management SE may not be awarded any variable compensation components for fiscal year 2023 in particular. This means that the short-term variable compensation for fiscal year 2023 will not be paid out to the members of the Management Board. This also affects the long-term variable compensation of the members of the Management Board in such a way that the so-called annual slice 2023 – i.e. the part relating to the year 2023 – must be disregarded in the future payment of the grants under the LTIP 2018 and the LTIP 2023, the respective measurement period of which also includes fiscal year 2023. This therefore affects the 2023 annual slice of the grants 2020 to 2022 under the LTIP 2018 and the grant 2023 under the LTIP 2023. As the overall target achievement for the grant 2020 is 0% and the grant 2020 will therefore not be paid out in total, the statutory restrictions do not have any effect in this respect.

The cash compensation paid to the Management Board for the performance of its responsibilities was €7,939 thousand (2022: €12,407 thousand). Thereof, €7,939 thousand (2022: €8,958 thousand) is not performance-based. As already described, the non-performance based compensation was not paid out in fiscal year 2023. The non-performance based compensation in fiscal year 2022 amounted to €3,449 thousand. The short-term performance-based compensation depends on the achievement of targets relating to the net income and the revenue of the Fresenius Group and the business segments as well as on the achievement of sustainability criteria. It is not paid out for fiscal year 2023.

As a long-term incentive component, the members of the Management Board received 242,486 stock awards of Fresenius SE & Co. KGaA (2022: 321,213) in the equivalent value of €6,300 thousand (2022: €11,331 thousand).

Requirements and conditions of the long-term incentive components are explained under Note (12) Conditional Capital (Description of the Fresenius SE Co. KGaA Share-Based Compensation Plans in place).

The total compensation of the Management Board was €14,239 thousand (2022: €23,738 thousand).

The total compensation paid to the Supervisory Board of Fresenius SE & Co. KGaA and its committees was €2,446 thousand in 2023 (2022: €2,447 thousand). The total compensation paid to the Supervisory Board of Fresenius Management SE and its committees was €1,295 thousand in 2023 (2022: €1,305 thousand). In addition, the employee representatives on the Supervisory Board receive a regular salary from their respective employment contracts.

In 2023 former members of the Management Board received €13,386 thousand (2022: €13,166 thousand). Thereof €10,812 thousand relate to the continuing operations. The pension obligation of these persons according to HGB amounted to €65,909 thousand in 2023 (2022: €70,279 thousand).

In the fiscal years 2023 and 2022, no loans or advance payment on future compensation components were granted to any member of the Management Board of Fresenius Management SE.

33. SUBSEQUENT EVENTS

After having received all regulatory approvals, the Fresenius Group completed the sale of the Eugin group on January 31, 2024.

The ongoing inflationary macroeconomic situation, which is also attributable to the war in Ukraine, and the associated price increases, especially for energy, materials, supplies and transport, will continue to have a direct and indirect negative impact on the business activities of the Fresenius Group, which cannot be estimated at present.

The development of personnel costs and the disruption of supply chains also continue to be issues on a global level. Their impact on Fresenius remains difficult to measure.

There have been no significant changes in the Fresenius Group's operating environment following the end of fiscal year 2023 until February 20, 2024. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

34. CORPORATE GOVERNANCE

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

35. CONSOLIDATED FINANCIAL STATEMENTS

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

36. AUDITOR'S FEES

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

37. DISTRIBUTION OF EARNINGS

The retained earnings of Fresenius SE & Co. KGaA for 2023 amount to €0.00.

The Fresenius Group makes use of the governmental compensation and reimbursement payments provided for in the relief package to compensate for additional costs caused by the increase in energy prices. Therefore, the Management Board of Fresenius Management SE will not propose to the Annual General Meeting 2024 of Fresenius SE & Co. KGaA to distribute a dividend for fiscal year 2023, which would have been possible with a corresponding withdrawal from reserves.

Bad Homburg v. d. H., February 20, 2024

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

The Management Board

M. Sen

P. Antonelli

S. Hennicken

R. Möller

Dr. M. Moser

BOARDS

SUPERVISORY BOARD FRESENIUS SE & CO. KGAA

Name	Occupation	Year of birth	Initial appointment	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2023	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2023
Wolfgang Kirsch Chair	Member of various supervisory boards	1955	2021	Adolf Würth GmbH & Co. KG B. Metzler seel. Sohn & Co. AG (Chair)	Fresenius Management SE (Chair)
Prof. Dr. med. D. Michael Albrecht	Medical Director and Spokesman of the Management Board of the University Hospital Carl Gustav Carus Dresden	1949	2011		
Stefanie Balling (until November 30, 2023)	Full-time Works Council Member Fresenius Medical Care Deutschland GmbH	1968	2016		
Bernd Behlert	Full-time Works Council Member Helios Vogtland-Klinikum Plauen GmbH	1958	2018		Helios Vogtland-Klinikum Plauen GmbH
Michael Diekmann Deputy Chair	Member of various supervisory boards	1954	2015	Allianz SE[1] (Chair)	Fresenius Management SE
Grit Genster Deputy Chair	Secretary of the Trade Union ver.di, Vereinte Dienstleistungsgewerkschaft Division Manager Health Care/ Health Policy	1973	2020		
Konrad Kölbl	Full-time Works Council Member VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H.	1959	2007		
Frauke Lehmann	Full-time Works Council Member Helios Kliniken Schwerin GmbH	1963	2016		Helios Kliniken Schwerin GmbH (Deputy Chair)
Prof. Dr. med. Iris Löw-Friedrich	Chief Medical Care Officer and Executive Vice President, Head of Development, UCB S.A.	1960	2016	Evotec SE[1] (Chair)	
Holger Michel (since November 30, 2023)	Full-time Works Council Member Fresenius Kabi Deutschland GmbH	1969	2023		

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

[1] Stock-listed company

BOARDS

SUPERVISORY BOARD FRESENIUS SE & CO. KGAA

Name	Occupation	Year of birth	Initial appointment	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies	
				External positions as at Dec. 31, 2023	Fresenius Group company positions as at Dec. 31, 2023
Oscar Romero de Paco	Production staff member Fresenius Kabi España S.A.U.	1974	2016		
Susanne Zeidler	Member of various supervisory boards	1961	2022	DWS Investment GmbH (until December 31, 2023)	Fresenius Management SE
Dr. Christoph Zindel	Member of Supervisory Board	1961	2022		
Dr. Gerd Krick	Honorary Chairman of the Supervisory Board of Fresenius SE & Co. KGaA and Fresenius Management SE				

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

COMMITTEES OF THE SUPERVISORY BOARD

Nomination Committee	Audit Committee	Joint Committee [1]
Wolfgang Kirsch (Chair)	Susanne Zeidler (Chair)	Dr. Dieter Schenk (Chair)
Michael Diekmann	Bernd Behlert	Michael Diekmann
Susanne Zeidler	Grit Genster	Wolfgang Kirsch
	Wolfgang Kirsch	Susanne Zeidler
	Dr. Christoph Zindel	

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

BOARDS

MANAGEMENT BOARD FRESENIUS MANAGEMENT SE

(General partner of Fresenius SE & Co. KGaA)

Name	Segment	Year of birth	Initial appointment	Term expires	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: External positions as at Dec. 31, 2023	Membership of statutory supervisory boards and comparable domestic or foreign supervisory bodies: Fresenius Group company positions as at Dec. 31, 2023
Michael Sen	Chairman	1968	2021	2027		Fresenius Kabi AG (since March 1, 2023; Chair since March 8, 2023) Fresenius Medical Care Management AG (Chair; until November 30, 2023) Fresenius Medical Care AG [1] (Chair; since November 30, 2023)
Pierluigi Antonelli (since March 1, 2023)	Business Segment Fresenius Kabi	1963	2005	2026		
Dr. Sebastian Biedenkopf (until November 30, 2023)	Responsible for Human Resources (Labor Relations Director), Risk Management and Legal (until June 30, 2023); Responsible for Human Resources (Labor Relations Director) and Insurance (July 1, 2023 until November 30, 2023)	1964	2020	2023		
Dr. Francesco De Meo (until September 8, 2023)	Business Segment Fresenius Helios	1963	2008	2026		
Helen Giza (until November 30, 2023)	Business Segment Fresenius Medical Care	1968	2022	2027	Resonetics LLC	Fresenius Medical Care Holdings, Inc., USA Chair
Sara Hennicken	Chief Financial Officer	1980	2022	2027		Fresenius Kabi AG (Deputy Chair; March 8, 2023) VAMED AG, Austria (Deputy Chair) Fresenius Medical Care Management AG (until November 30, 2023) Fresenius Medical Care AG [1] (Deputy Chair; since November 30, 2023)
Robert Möller (since September 8, 2023)	Business Segment Fresenius Helios	1967	2023	2026		Amper Kliniken Aktiengesellschaft Helios Kliniken Breisgau-Hochschwarzwald GmbH Helios Spital Überlingen GmbH Helios Beteiligungs Aktiengesellschaft Imaging Service AG
Dr. Michael Moser (since July 1, 2023)	Legal, Risk Management, Compliance, ESG, Human Resources and Business Segment Fresenius Vamed	1976	2023	2026		VAMED AG, Austria
Dr. Ernst Wastler (until July 15, 2023)	Business Segment Fresenius Vamed	1958	2008	2025		

[1] Stock-listed company

BOARDS

SUPERVISORY BOARD FRESENIUS MANAGEMENT SE

(General partner of Fresenius SE & Co. KGaA)

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

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

[1] Stock-listed company

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

MANAGEMENT REPORT AS AT DECEMBER 31, 2023

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

FUNDAMENTAL INFORMATION ABOUT THE GROUP

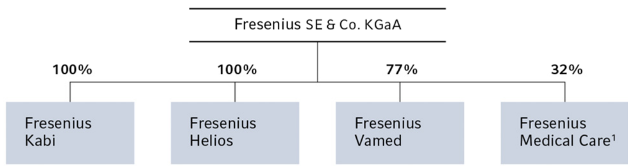
THE GROUP'S BUSINESS MODEL

Fresenius is a global healthcare Group in the legal form of an SE & Co. KGaA (a partnership limited by shares). As a therapy-focused healthcare company, Fresenius offers system-critical products and services for leading therapies for the treatment of critically and chronically ill patients.
In addition to the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., Germany, the operating activities in the 2023 fiscal year were spread across the following legally incorporated, fully consolidated business segments:

- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed
- Fresenius Medical Care[1]

[1] deconsolidated as of November 2023

GROUP STRUCTURE



[1] Deconsolidated as of November 30, 2023

As part of the strategic review of the Fresenius Group, since the 2023 fiscal year, we have distinguished between the Operating Companies Fresenius Kabi and Fresenius Helios (each with 100% ownership share) and the Investment Companies Fresenius Medical Care (32% ownership share) and Fresenius Vamed (77% ownership share).

For the **Operating Companies**, the focus is on profitability optimization and growth. For the **Investment Companies**, the focus is on financial value management.

Fresenius SE & Co. KGaA is the largest shareholder of Fresenius Medical Care AG with a 32% stake. The legal form of Fresenius Medical Care AG & Co. KGaA was changed into a stock corporation. Since November 30, 2023, Fresenius Medical Care AG has no longer been reported as related party, but as investment.

Operating Companies

- **Fresenius Kabi** specializes in products for the therapy and care of critically and chronically ill patients. The portfolio includes biopharmaceuticals, clinical nutrition, MedTech products, intravenously administered generic drugs (generic IV drugs), and IV fluids.
- **Fresenius Helios** is Europe's leading private healthcare service provider. In fiscal year 2023, the company included Helios Germany, Helios Spain, and Eugin Group, which was sold on January 31, 2024. Helios Germany operates 86 hospitals, ~230 medical care centers, 27 occupational health centers, and 6 prevention centers. Helios Spain operates 51 hospitals, ~100 outpatient health centers and around 300 facilities for occupational health management. Helios Spain is also active in Latin America with 8 hospitals and as a provider of medical diagnostics.

Investment Companies

- **Fresenius Vamed** realizes projects and provides services for hospitals and other healthcare facilities on an international level. The range of services covers the entire value chain: from development, planning, and turnkey construction to maintenance, technical management, total operational management, and high-end services. The company comprises three functional areas: High-End Services (HES), Health Facility Operations (HFO) and Health Tech Engineers (HTE) and is steered according to the Projects and Services reporting segments.

- **Fresenius Medical Care** offers services and products for patients with chronic kidney failure. Dialyzers and dialysis machines are among the most important product lines. In addition, Fresenius Medical Care offers dialysis-related services.

Operating model and functional services

Within the Fresenius Group, we provide effective, supportive service and governance functions as part of the operating model initiated in the 2023 fiscal year, which benefit our business segments and increase the Group's overall capital efficiency. This framework enables us to steer and improve performance in a more targeted manner in the future based on the Fresenius Financial Framework.

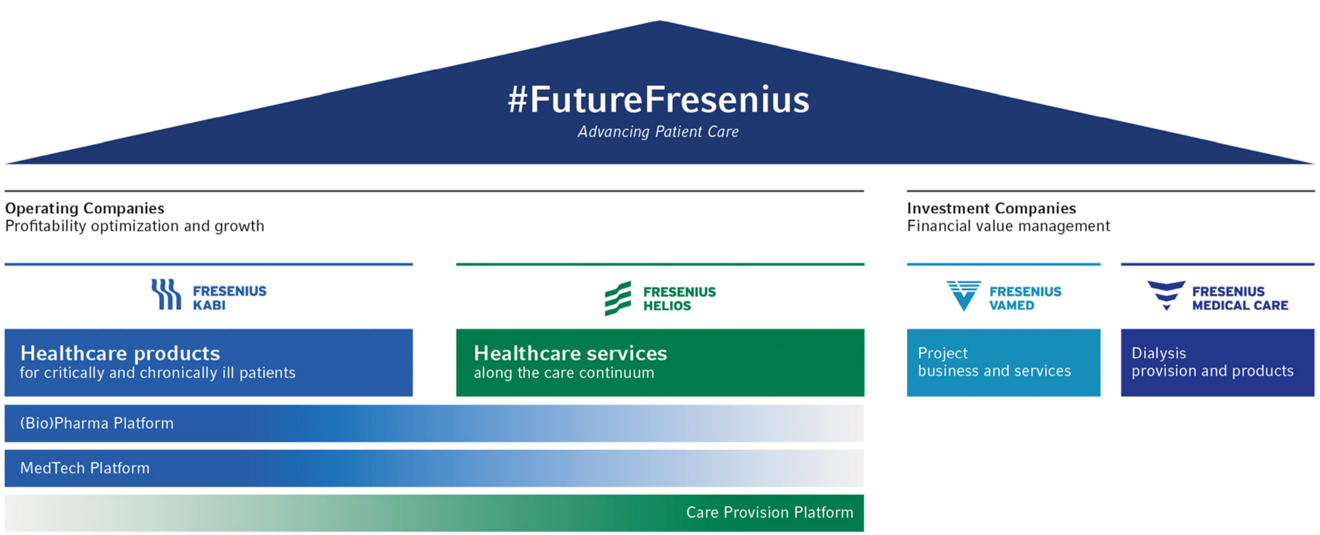
IMPORTANT MARKETS AND COMPETITIVE POSITION

Fresenius operates in more than 60 countries through its subsidiaries. The main markets are Europe with 73% and North America with 12% of revenue, respectively. Fresenius operates an international distribution network and more than 50 production sites.

Fresenius Kabi aims to make a significant contribution to the treatment and care of critically and chronically ill patients with its products and services. In this area of care particularly, the need for high-quality, modern, and affordable therapies is growing, as the proportion of chronic diseases is steadily increasing.

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

GROUP-WIDE OPERATING MODEL



Fresenius Medical Care deconsolidated as of November 30, 2023

Fresenius Helios is Europe's leading private healthcare service provider. Helios Germany and Helios Spain are the largest private hospital operators in their respective home markets.

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

The company is one of the leading private operators of rehabilitation and care facilities in Central Europe.

EXTERNAL FACTORS

In fiscal year 2023, the difficult macroeconomic environment had a negative impact on business development. This included increased uncertainties, inflation-related cost increases, staff shortages, and increased energy costs.

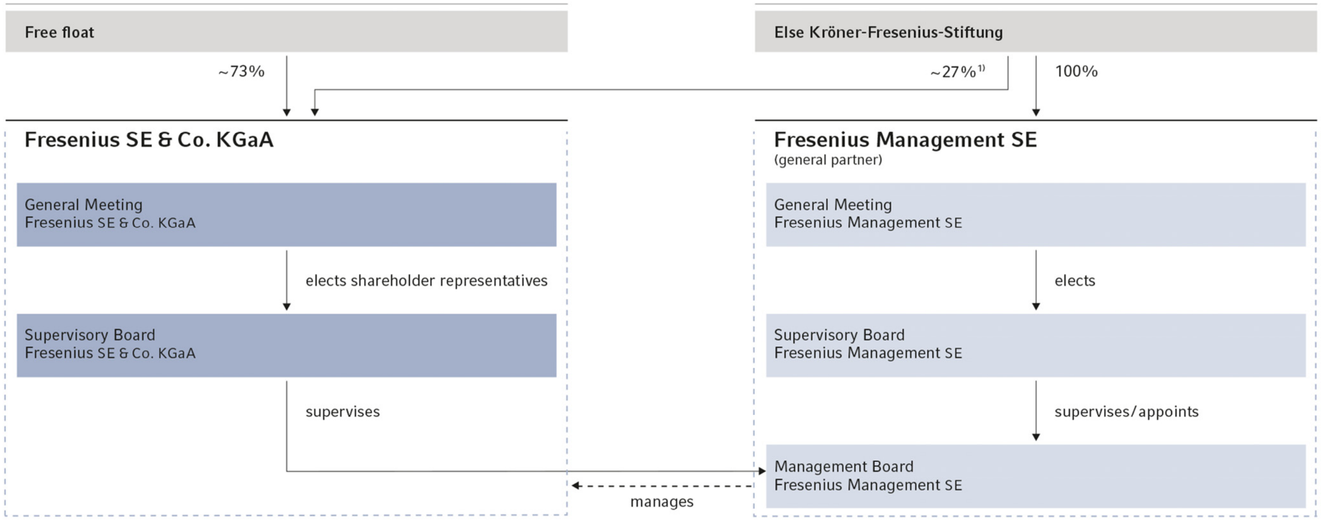
Despite the challenging market environment, the structural growth drivers in the non-cyclical healthcare markets are in place.

The legal framework for the operating business of the Fresenius Group remained essentially unchanged in 2023.

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

We carefully monitor and evaluate country-specific, political, legal, and financial conditions regarding their impact on our business activities. This also applies to the potential impact of inflation and currency risks.

CORPORATE STRUCTURE AT FRESENIUS SE & CO. KGAA



[1] For selected items no voting power, e.g., election of Supervisory Board of Fresenius SE & Co. KGaA, discharge of general partner and Supervisory Board of Fresenius SE & Co. KGaA, election of the auditor.

MANAGEMENT AND CONTROL

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

The **general partner**, represented by its **Management Board**, conducts the business, and represents the Company in dealings with third parties. Since the deconsolidation of Fresenius Medical Care took effect on November 30, 2023, the Management Board has consisted of five members. According to the Management Board's rules of procedure, each member is accountable for his or her own area of responsibility. However, the members have joint responsibility for the management of the Group. In addition to the Supervisory Board of Fresenius SE & Co. KGaA, Fresenius Management SE has its own Supervisory Board. The Management Board is required to report to the Supervisory Board of Fresenius Management SE regularly, in particular on its corporate policy and strategies. In addition, the Management Board reports on business profitability, current operations, and any other matters that could be of significance for the Company's profitability and liquidity. The Supervisory Board of Fresenius Management SE also advises and supervises the Management Board in its management of the Company. It is prohibited from managing the Company directly. However, the Management Board's rules of procedure require that certain transactions obtain the prior approval of the Supervisory Board of Fresenius Management SE.

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

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

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

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

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

CAPITAL, SHAREHOLDERS, ARTICLES OF ASSOCIATION

The subscribed capital of Fresenius SE & Co. KGaA amounted to 563,237,277 ordinary shares as of December 31, 2023 (December 31, 2022: 563,237,277).

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

Fresenius Management SE, as general partner, is authorized, subject to the consent of the Supervisory Board of Fresenius SE & Co. KGaA: to increase the subscribed capital of Fresenius SE & Co. KGaA by a total amount of up to €125 million, until May 12, 2027, through a single issuance or multiple issuances of new bearer ordinary shares against cash contributions and / or contributions in kind **(Authorized Capital I).**

In principle, the shareholders shall be granted a subscription right. In certain cases, however, the right of subscription can be excluded.

In addition, there are the following **Conditional Capitals** according to the articles of association of June 15, 2023:

- The subscribed capital is conditionally increased by up to €4,735,083.00 through the issuance of new bearer ordinary shares **(Conditional Capital I)**. The conditional capital increase will only be executed to the extent that convertible bonds for ordinary shares have been issued under the 2003 Stock Option Plan and the holders of these convertible bonds exercise their conversion rights. Following the expiry of the 2003 Stock Option Plan in 2018, Conditional Capital I is no longer used.
- The subscribed capital is conditionally increased by up to €3,452,937.00 through the issuance of new bearer ordinary shares **(Conditional Capital II)**. The conditional capital increase will only be executed to the extent that subscription rights have been issued under the 2008 Stock Option Plan, the holders of these subscription rights exercise their rights, and the Company does not use its own shares to service the subscription rights or does not exercise its right to make payment in cash. Following the expiry of the 2008 Stock Option Plan in 2020, Conditional Capital II is no longer used.
- The general partner is authorized, with the approval of the Supervisory Board, until May 12, 2027, to issue option bearer bonds and / or convertible bearer bonds, once or several times. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA was increased conditionally by up to €48,971,202.00 through issuance of new bearer ordinary shares **(Conditional Capital III)**.

  The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash, or of warrants from option bonds issued for cash, exercise their conversion or option rights and as long as no other forms of settlement are used. As of December 31, 2023, Fresenius had not utilized this authorization.
- The share capital is conditionally increased by up to €22,824,857.00 by the issuance of new ordinary bearer shares **(Conditional Capital IV)**. The conditional capital increase will only be implemented to the extent that subscription rights have been, or will be, issued in accordance with the Stock Option Program 2013 and the holders of subscription rights exercise their rights, and the Company does not grant its own shares to satisfy the subscription rights. As of December 31, 2023, Fresenius had not utilized this authorization.

The Company is authorized, until May 12, 2027, to purchase and use its **own shares** up to a maximum amount of 10% of the subscribed capital. In addition, when purchasing its own shares, the Company is authorized to use equity derivatives with possible exclusion of any tender right. The Company had not utilized this authorization as of December 31, 2023.

As the **largest shareholder**, Else Kröner-Fresenius-Stiftung, Bad Homburg, Germany, informed the Company on December 1, 2023, that it held 151,842,509 ordinary shares of Fresenius SE & Co. KGaA. This corresponds to an equity interest of 27.0% as of December 31, 2023.

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

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

STRATEGY AND GOALS

ADVANCING PATIENT CARE

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

At Fresenius, we are at the heart of healthcare. We offer healthcare products and services for critically and chronically ill individuals, in line with the megatrends of health and demographics. We improve people's lives by providing high-quality and affordable healthcare. In doing so, we consider significant paradigm shifts in the healthcare environment with regards to biologic products and therapies, technological change, and new forms of data generation, processing, and usage.

Advancing patient care is always the focus of our activities. Our goal is to expand Fresenius' position as a leading global provider of products, services, and therapies for critically and chronically ill people. At the same time, we want to grow profitably and use our capital efficiently, in order to create value for our stakeholders and enable us to continue investing in better medicine.

For more efficient and focused management, since the beginning of 2023 we have differentiated between our Operating Companies, Fresenius Kabi and Fresenius Helios, which we own 100%, and our Investment Companies, Fresenius Medical Care and Fresenius Vamed, in which we hold 32% and 77% of the shares, respectively.

In the fiscal year, we deconsolidated the Fresenius Medical Care business segment by changing the legal form of Fresenius Medical Care AG & Co. KGaA into a stock corporation. Further information can be found in the "Deconsolidation of Fresenius Medical Care" section.

Fresenius operates in key healthcare areas indispensable for critically and chronically ill patients. We continuously develop our business segments and strive to assume leading positions in system-critical healthcare markets and segments. We orient our portfolio towards healthy, profitable growth, a strong focus on margins and capital returns, and the highest ambitions for operational excellence and competitiveness.

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

Fresenius Kabi's commitment is to improving the quality of life of its patients. The quality and safety of its products and services is thus of paramount importance to Fresenius Kabi.

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

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

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

[1] WHO 2021: "Ageing and health"

The commitment of our more than 190,000 employees worldwide is key for the success and sustained growth of Fresenius. We firmly believe in a culture of diversity, as we are convinced that different perspectives, opinions, experiences, and values enable Fresenius to continue successfully growing as a global healthcare company.

To tackle the upcoming challenges and be able to continue to grow as a company, attracting new employees is key. Not only do we try to attract new talent, but also do everything we can to retain and develop our employees over the long term. We offer a variety of flexible working-time models and incentive programs to ensure that our long-term needs for highly qualified employees are met. Furthermore, we offer our employees attractive opportunities to develop their careers in an international and dynamic environment.

EXECUTING SEGMENT STRATEGIES

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

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

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

Fresenius Kabi's growth strategy was transparently presented at a Capital Markets Day in May 2023.

With the acquisition of a majority stake in mAbxience, we form a fully integrated, vertical biopharma business that holds a strong portfolio and pipeline, provides extensive and cost-efficient manufacturing, and is strengthening the targeted commercial footprint in Fresenius Kabi's and mAbxience's target regions.

Successful market launches have made Fresenius Kabi the leading provider of intravenous lipid nutrition in North America. This strengthens the global clinical nutrition business beyond its solid base in Europe, Latin America, and Asia-Pacific.

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

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

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

Fresenius Helios wants to further strengthen its position as the leading private healthcare service provider in Europe.

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

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

Fresenius Helios is constantly advancing its digitalization agenda in order to further improve patient care and service. In addition to the digitalization of our documents and internal processes, we will focus even more strongly on the digitalization of direct clinical processes and clinical decision support in the future. In doing so, we also want to make responsible use of the opportunities offered by artificial intelligence.

Fresenius Vamed realizes projects in the area of integrated healthcare services to support healthcare systems more efficiently. Fresenius Vamed uses state-of-the-art standards such as building information modeling (BIM) in the construction of healthcare facilities. In operational management, Fresenius Vamed relies on new concepts, the use of innovative technologies, and digitalization measures. All of this serves to improve medical care and reduce the workload of medical staff.

RESET FOR #FUTUREFRESENIUS

In the 2023 fiscal year, we advanced our #FutureFresenius program in order to transform our Group and position it for the coming decades. We made great progress in the 2023 financial year, particularly in the structural progression of the Group.

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

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

In the 2023 fiscal year, the deconsolidation of Fresenius Medical Care and targeted divestments sharpened the focus of the portfolio and achieved structural simplification. Clear structures and responsibilities were also defined with the initiation of a new operating model. This framework will enable us to steer and improve performance in a more targeted manner in future based on the Fresenius Financial Framework.

PORTFOLIO FOCUS

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

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

We will prioritize growth investments for the healthcare products and services of tomorrow in our Operating Companies Fresenius Kabi and Fresenius Helios. Across all segments, we are seeking opportunities to strengthen the focus on core business cells, in order to safeguard a sound capital structure and availability of capital for future growth prospects. Within the Fresenius Group, we will – under the operating model initiated in 2023 – provide strategic direction, effective governance and risk management and provide targeted services to the benefit of our segments and the overall capital efficiency of the Group.

As announced, Fresenius continued to focus on and prioritize its core business areas in the 2023 fiscal year as part of its active portfolio management. The following portfolio measures were agreed as part of this:

- Disposal of the majority interest in a co-holding entity of the Clínica Ricardo Palma hospital in Lima, Peru, and resulting exit from the Peruvian hospital business
- Sale of the Eugin Group to the global fertility medicine group IVI RMA to further focus Fresenius Helios on its core business; closed on January 31, 2024
- Transfer of the Fresenius Kabi plant in Halden (Norway) to HP Halden Pharma AS, a company of the Prange Group, as part of the Vision 2026 strategy, which aims, among other things, to reduce complexity and optimize capacity utilization in the global production network
- Termination of the activities of Curalie GmbH, a provider of healthcare apps belonging to Fresenius Helios, and sale of the Curalie subsidiaries meditec and ibs

STRUCTURAL PRODUCTIVITY

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

Structural productivity improvements are expected to offset market headwinds and to create financial flexibility for future growth investments in the coming years.

We have increased the original target of saving around €350 million (excluding Fresenius Medical Care) annually in sustainable costs at EBIT level from 2025. We now plan to save around €400 million (excluding Fresenius Medical Care) in structural costs at EBIT level from 2025.

The cost savings program includes programs in all business segments and in the Corporate Center, which are managed and controlled centrally by the Group. The most important elements are process optimization, the reduction of sales, administration and procurement costs as well as digitalization measures.

The Group-wide cost and efficiency program is making excellent progress. In the 2023 fiscal year, we increased the annual savings achieved since the start of the program to around €280 million (excluding Fresenius Medical Care). This significantly exceeded the original target of €200 million for 2023. One-time costs incurred as part of the program amounted to around €221 million (excluding Fresenius Medical Care) in the 2023 fiscal year.

For 2024, Fresenius expects to increase the annual cost savings under the cost and efficiency program to €330 to 350 million

To achieve the targeted cost savings, additional one-time costs of around €80 to 100 million are expected at EBIT level for the period 2024 to 2025. The one-off costs will continue to be classified as special items in line with previous practice.

TRANSFORMATION OF FRESENIUS VAMED

As a result of the continuing negative earnings development at Fresenius Vamed, Fresenius comprehensively analyzed the business model, governance, and all processes of Fresenius Vamed and initiated a comprehensive transformation of the company’s organization. At the same time, a far-reaching transformation program was initiated with the clear objective of increasing the company’s profitability. The reorganization of the management of Fresenius Vamed was announced at the end of June 2023. Dr. Michael Moser, member of the Fresenius Management Board, is now responsible for Fresenius Vamed. In addition, the control function of the Vamed Supervisory Board was strengthened by new appointments and the establishment of an Audit Committee, consisting of Sara Hennicken as Chair and Dr. Michael Moser as Deputy Chair, among others.

As part of the transformation, Fresenius Vamed has realigned its project business, particularly in Germany. Moreover, Fresenius Vamed has initiated the withdrawal from non-core activities in main non-European markets in the service business. This will lead to a redimensioning of activities and thus to a significantly lower risk profile.

In the future, Fresenius Vamed will focus on attractive functional business areas comprising:

- Health Facility Operations (HFO) centered on inpatient and outpatient rehabilitation and nursing
- High-End Services (HES) for hospitals focused on the management of medical equipment, hospital operating technology, and sterile supplies
- Health Tech Engineers (HTE) covering the project business for the healthcare sector

Despite a negative EBIT before special items of -€16 million (compared to a positive EBIT before special items of +€20 million in the 2022 fiscal year), Fresenius Vamed made progress in the 2023 financial year, to which the successfully initiated transformation processes in particular contributed.

As a result of this transformation, Fresenius Vamed remeasured the affected business activities in the 2023 fiscal year and recognized special items of €554 million as a result. These are attributable in particular to impairments of loans, investments, receivables, inventories and orders, restructuring expenses, and the recognition of corresponding provisions. These special items are largely non-cash items.

From the 2025 fiscal year, Fresenius Vamed is expected to achieve the structural EBIT margin range of 4% to 6% specified in the Fresenius Financial Framework.

CHANGE MOMENTUM

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

SUSTAINABILITY PROGRAM

For Fresenius, sustainability is an integral part of its business model. The company is working to establish global sustainability standards and continuously improve its own sustainability performance. To this end, Fresenius continued to drive forward its ESG (Environment, Social, Governance) initiatives in fiscal year 2023.

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

CORPORATE PERFORMANCE CRITERIA

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

RESEARCH AND DEVELOPMENT

New product and process development and the improvement of therapies are at the core of our strategy. Research and development activities mainly take place in the Fresenius Kabi business segment. We focus our R & D efforts on our core competencies in the following areas:

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

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

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

KEY FIGURES RESEARCH AND DEVELOPMENT

	2023	2022	2021	2020	2019
Group: R & D expenses, € in millions[1,2]	607	631	574	560	522
Fresenius Kabi: R & D expenses as % of revenue[1,2]	7.6%	8.0%	8.1%	8.2%	7.7%
Group: R & D employees[1]	2,522	2,564	2,366	2,288	2,200

[1] Previous year's figures were adjusted due to the application of IFRS 5 to the deconsolidated activities of Fresenius Medical Care.
[2] Before special items and excluding impairment losses from capitalized in-process R & D activities

As of December 31, 2023, there were 2,522 employees in research and development (2022: 2,564).

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

Group Research and development **expenses**[1,2] were €607 million (2022: €631 million) in the fiscal year. Research and development expenses[1,2] at Fresenius Kabi accounted for 7.6% of Fresenius Kabi total revenue (2022: 8.0%).

EMPLOYEES

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

The **number of employees** of Fresenius SE & Co. KGaA at the end of 2023 was 635 (December 31, 2022: 598).

HUMAN RESOURCES MANAGEMENT

We are constantly adapting our human resources tools to meet new requirements arising, among other things, from demographics, the transformation to a service economy, the shortage of skilled workers, and employees' desire for a better work-life balance. For example, we offer flexible working hours and have created a modern hybrid working environment.

EMPLOYEE RECRUITMENT AND PERSONNEL DEVELOPMENT

In order to meet our need for highly qualified employees in the long term and attract new employees, we rely on targeted HR marketing activities. For example, we cooperate with universities for a variety of formats, have our own HR channels on the most important social media platforms for our target groups, and have launched an ambassador program for all Fresenius employees (Fresenius Ambassadors).

In addition, we try to retain our employees in the long term by offering attractive development opportunities and making internal development opportunities transparently available to all employees through an attractive, cross-divisional internal job exchange (stayFresenius).

The development and implementation of concepts and measures for recruiting and promoting staff will be aligned with the market requirements of the respective segments and will be more standardized in the future. A cross-divisional approach is being pursued in order to ensure a more coherent and effective strategy. We select applicants solely on the basis of their qualifications and experience. We aim to ensure that all people with comparable aptitude have the same career opportunities at Fresenius, regardless of gender, age, origin, nationality, religion, disability, sexual identity and orientation, or other characteristics.

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

The proportion of female employees in the Fresenius Group was 68% as of December 31, 2023 (Dec. 31, 2022: 68%). The proportion of females in services or care is traditionally higher than in the area of production. This is reflected in the proportion of female employees in our business segments: our business segment Fresenius Helios has, with 75%, the highest proportion of female employees within the Group. The number of female participants in the Group-wide Long Term Incentive Plan (Long-Term Incentive Plan 2023 – LTIP) is a good indication of the share of women in management positions. According to this, the ratio of women among these 501 top executives was 27% as at December 31, 2023 (Dec. 31, 2022: 28% of 522 top executives).

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

CHANGES TO THE SUPERVISORY BOARD

With the registration of the legal form change of Fresenius Medical Care AG, Stefanie Balling left the Supervisory Board of Fresenius SE & Co. KGaA as of November 30, 2023. She was succeeded by Holger Michel, who had already been appointed at the constituent meeting of the European Works Council of Fresenius SE & Co. KGaA on April 29, 2021, as a personal substitute member for Ms. Balling, and thus succeeded her without election.

CHANGES TO THE MANAGEMENT BOARD

Dr. Michael Moser has been a member of the Fresenius Management Board since July 1, 2023, responsible for Legal, Compliance, Risk Management, ESG, and for the Fresenius Vamed business segment. Since December 1, 2023, he has also been responsible for Human Resources, which he took over from Dr. Sebastian Biedenkopf.

Dr. Sebastian Biedenkopf stepped down from the Fresenius Management Board upon expiry of his Management Board appointment on November 30, 2023. Dr. Ernst Wastler, previously responsible for Fresenius Vamed, stepped down as Chairman of the VAMED Management Board and thus also from the Fresenius Management Board upon reaching retirement age on July 18, 2023.

On September 8, 2023, Fresenius announced that the Supervisory Board of Fresenius Management SE had appointed Robert Möller as a member of the Management Board with immediate effect. At the same time, Robert Möller took over as Chairman of the Management Board of Helios Health GmbH. He succeeded Dr. Francesco De Meo, who has left the company.

Following the successful deconsolidation of Fresenius Medical Care, Helen Giza left the Management Board on November 30, 2023.

The #FutureFresenius strategy, with its realignment of the business segments into Operating and Investment Companies, is thus also reflected in the composition of the Fresenius Management Board. Therefore, the investment companies are no longer represented by a separate member of the Management Board.

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

SUSTAINABILITY

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

ECONOMIC REPORT

MACROECONOMIC CONDITIONS[1]

Global economic growth was moderate in 2023. Thanks to strong private consumption and resilient labor markets, it reached 3.3% according to current estimates. Global economic activity was supported by emerging markets, including China, and, among the industrialized countries, by the United States in particular. The latest data provides mixed signals for the major economies. While real GDP growth in the third quarter of 2023 increased in both China and the United States, it remained unchanged in other industrialized countries due to continued high inflation and its impact on economic activity and consumption.

While consumer behavior continued to normalize after the pandemic, global trade growth in 2023 remained comparatively weak at 1.1% according to current estimates, but already showed signs of improvement in the latter part of the year. The overall weak trade was due to less trade-friendly growth in the global economy, with consumption accounting for a larger share of domestic demand and emerging markets making a greater contribution. In addition, trade growth in the reporting year was also slowed by the recovery in the consumption of services as a result of the complete lifting of COVID-19 restrictions.

Global inflation, measured on the basis of the global consumer price index (CPI), continued to fall over the course of the year. This development was supported by lower energy and food prices – while core inflation remained high. In the member states of the Organization for Economic Co-operation and Development (OECD), CPI inflation fell to 5.6% in October 2023.

Global financing conditions initially fluctuated in 2023, but ultimately showed a slight improvement in the industrialized countries after inflation remained slightly below expectations in several economies. In addition, some central banks had recently become more cautious with regard to the question of whether further interest rate hikes were necessary.

HEALTHCARE INDUSTRY

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

The main **growth factors** are:

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

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

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

Overall, OECD countries[2] spent an average of 9.2% of their GDP on healthcare services in 2022 (2021: 9.7%). The decline in the share compared to 2021 reflects lower spending to combat the COVID-19 pandemic on the one hand and the impact of rising inflation on the other, which reduces the value of healthcare spending. Despite these factors, the average share of healthcare expenditure in national income in OECD countries was still significantly higher in 2022 than before the pandemic (2019: 8.8%).

The United States recorded the highest expenditure per capita with an estimated US$12,555 in 2022 (2021: US$12,197). Based on current estimates, Germany ranks third in the OECD country comparison with US$8,011 in 2022 (2021: US$7,518). On average, the OECD countries financed 76% of their healthcare expenditure from public funds in 2022. In Germany, this share was 87% in 2022 according to current OECD estimates (2021: 86%).

Average **life expectancy** has risen in most OECD countries in recent decades. In 2021, it averaged 80.3 years (2020: 80.6 years). The reasons for this are better living conditions, more intensive healthcare, and advances in medical care.

In order to limit the constantly rising **expenditure in the healthcare system**, cost bearers are increasingly reviewing care structures to identify potential savings. However, rationalization alone cannot compensate for the rise in costs. For this reason, market-based incentives for cost- and quality-conscious action in the healthcare sector should also be created. In this way, treatment costs can be reduced by improving the overall quality of care. As a result, prevention programs are becoming just as important as innovative remuneration models that are linked to the quality of treatment. The digitalization of the healthcare system in particular can also contribute to improved patient care and greater cost efficiency.

[1] European Central Bank, 2023
[2] The following key figures and explanations are based on OECD health data and corresponding OECD publications; the available data refer to the year 2022 or the latest available figures from the previous year.

HEALTHCARE SPENDING AS % OF GDP

in %	2021	2010	2000	1990	1980	1970
USA	16.6	16.3	12.5	11.2	8.2	6.2
France	12.1	11.2	9.6	8.0	6.8	5.2
Germany	12.7	11.1	9.9	8.0	8.1	5.7
Switzerland	11.3	9.9	9.1	7.6	6.4	4.8
Spain	10.4	9.1	6.8	6.1	5.0	3.1
China	5.7	4.4	-	-	-	-

Source: OECD health data; the available data refers to the year 2022 or the most recent available values from the previous year.

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

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

The market for **biopharmaceuticals** from the therapeutic areas of oncology and autoimmune diseases – consisting of originator products and biosimilars – grew by approximately 6% to around €193 billion, of which Biosimilars market is €18 billion with a growth rate of 8% versus prior year. The acquisition of a majority stake in mAbxience significantly strengthens Fresenius Kabi in this growth market, in which the company participates through biosimilars and contract development and manufacturing of biopharmaceuticals. The market for biopharmaceuticals is a fast-growing and innovative segment, which will gain even more relevance for the care of patients going forward. Competitors in the biosimilars market for biopharmaceuticals include Sandoz, Biocon, Coherus, Alvotech, and Teva.

In 2023, the global **clinical nutrition market** reached a size of approximately €11 billion. Within Europe, the market experienced growth of around 4%, while emerging market regions exhibited even higher growth rates. Latin America[2] saw a 14% increase in the clinical nutrition market, and Southeast Asia similarly demonstrated robust growth at approximately 10%. Despite these positive trends, there remains substantial additional global growth potential, as nutrition therapies are underutilized in patient care, despite established medical and economic benefits proven by studies. Clinical nutrition administration, particularly in cases of health- or age-related nutritional deficiencies, has the potential to reduce hospital costs through shorter stays. Fresenius Kabi, as a prominent player in enteral nutrition and the leading provider of parenteral nutrition, aims to capitalize on this growth potential. The company plans to introduce its clinical nutrition offerings in countries where it currently lacks a comprehensive range. By expanding its product portfolio and leveraging new distribution channels, Fresenius Kabi is poised to enhance its global presence.

Competitors in the global parenteral nutrition market include Baxter and B. Braun. In the enteral nutrition market, Fresenius Kabi competes with Abbott, Nestlé, and Danone, among others.

The **MedTech Infusion and Nutrition Systems** (INS) product portfolio of Fresenius Kabi is broad and composed of product groups such as infusion and nutrition pumps and their dedicated disposables, extended by IT-based solutions focusing on application safety, user workflows, increased therapy efficiency and interoperability with hospital systems, non-dedicated disposables, anesthesia monitoring devices, and dedicated sensors. The market for devices and related dedicated disposables is estimated to be around €5 billion with a growth rate of 4%. There is a significant further market for non-dedicated disposables. The MedTech INS product range will be developed regionally and thus be available in more countries, particularly in the United States with the acquisition of Ivenix. In the MedTech INS segment, Fresenius Kabi ranks among the leading suppliers worldwide.

Competitors in the market for medical technology products include Baxter, B. Braun, Becton Dickinson, and ICU Medical.

The market for **MedTech Transfusion Medicine and Cell Therapies** (TCT) grew by around 4% to about €4 billion. Fresenius Kabi is the leading company in the market for blood collections, which has recovered slightly compared to the previous year. Increased demand for plasma-derived therapies and autotransfusion treatments has resulted in attractive market growth; Fresenius Kabi holds top-three positions in both markets. Due to newly approved treatments, the cell and gene therapies segment is the fastest-growing market within TCT. With the continued success of Lovo, now used in two of the six FDA-approved CAR-T therapies and in one of all the remaining approved cell therapies (not specific to CAR-T) in the United States, our cell therapies business grew compared to the previous year.

[1] Market data is based on company research and refers to the markets relevant for Fresenius Kabi. This is subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the IV drug market, among other things.
[2] Due to hyperinflation in Argentina, market growth is presented excluding Argentina.

Competitors in the transfusion technology market include Terumo, Haemonetics, and Macopharma.

In 2023, the global market for **generic IV drugs and IV fluids** was around €50 billion[1]. With significant regional differences, the market generated low- to mid-single digit growth. Fresenius Kabi was able to enter additional segments of the global addressable market due to the expansion of our product portfolio in the areas of complex formulations, differentiated generics, and prefilled syringes, among others.

Fresenius Kabi's competitors in the market for generic IV drugs include Pfizer, Sanofi, Sandoz, Viatris, and Hikma. Competitors in the market for infusion therapies include B. Braun and Baxter.

THE HOSPITAL MARKET[2]

The **market volume for acute hospitals** in Germany in 2022, measured in terms of total gross costs, amounted to around €128 billion[3]. Of this, around 61% was attributable to personnel costs and 38% to material costs, which increased by around 6% and 4% respectively.

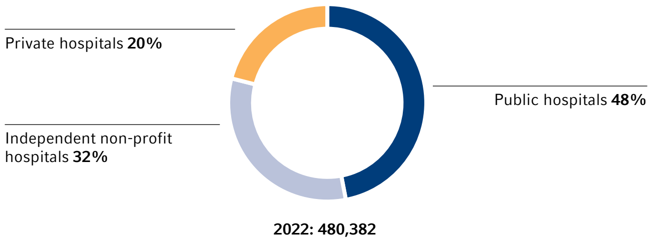
Based on the number of admissions, Helios Germany is the leading company in the German market for acute hospitals with a market share of around 6%[4]. The Helios clinics mainly compete with individual hospitals or local and regional clinic associations. Private competitors include Asklepios Kliniken, Sana Kliniken, and Rhön-Klinikum.

The number of **inpatient treatment** cases in German hospitals rose again in 2022 for the first time since the start of the COVID-19 pandemic. In total, 16.8 million cases were treated. Nevertheless, the figure was around 13% below the pre-pandemic year 2019.

The increase in the **remuneration of hospital services** in the German flat rate per case billing system (DRG system) is based on what is known as the change value ("Veränderungswert"). It is calculated on an annual basis. For 2023, the change value was 4.32% (2022: 2.32%).

Compared to the previous year, the **economic situation** of German hospitals has deteriorated. 54% of German hospitals posted losses in 2022 (2021: 43%). The proportion of hospitals with an annual surplus was only 35% (2021: 44%). The main reason for the deteriorating economic situation is the inflation-related general cost increases.

HOSPITAL BEDS BY OPERATOR



KEY FIGURES FOR INPATIENT CARE IN GERMANY

	2021	2020	2019	2010	2000	Change 2022/2021
Hospitals	1,893	1,887	1,903	2,064	2,242	0%
Beds	480,382	483,606	487,783	502,749	559,651	–1%
Average length of stay (days)	7.2	7.2	7.2	7.9	9.7	0%
Number of admissions (millions)	16.80	16.74	16.80	18.03	17.26	0%
Average costs per admission in €[1]	6,796	6,530	6,232	3,804	-	4%

[1] Values adjusted for miscoding in the equalization fund (Section 17a KHG)
Source: German Federal Statistical Office, 2022 data

The flat rates per case are used to determine the reimbursement of inpatients. The related nursing staff costs per case at the bedside have been carved out from the flat rates since 2020. The nursing staff costs are reimbursed in full based on the actual costs incurred by the **care budget** which is individually negotiated separately by the contractual partners as part of the overall budget negotiations.

To provide **financial support**, hospitals in Germany were supplied with compensation and reimbursement amounts from the liquidity reserve of the healthcare fund for inflation-related additional costs in 2023. To determine the amount of the reimbursement, hospitals report the direct costs for the purchase of natural gas and electricity to the hospital planning authorities. For comparison, the energy discounts for the month of March 2022 are used. The financial support, which also extends to 2024, amounts to a total of €1.5 billion in hospital-specific reimbursement amounts and €4.5 billion in flat-rate compensation payments based on the number of beds (indirect costs).

[1] As in the previous year, the market definition also includes revenue of off-patent products.
[2] In each case, the most recent market data available refers to the year 2022 as no more recent data has been published: German Federal Statistical Office, 2022 data; German Hospital Institute (DKI) 2023, Krankenhaus Barometer 2023
[3] The market is defined by total costs of the German acute care hospitals (gross), less academic research and teaching.
[4] Measured by Helios Germanys' number of acute care admissions in 2022 in relation to total admissions numbers in Germany in 2022 (German Federal Statistical Office, 2022 data)

In addition to the often difficult economic and financial situation, there is an enormous **need for investment**. The German Hospital Institute (DKI) estimates that the annual investment requirements of German hospitals amount to about €7 billion.

The central topic in the German hospital sector in 2023 was the planned **hospital structure reform**. The aim of the reform is to fundamentally reshape the hospital landscape in Germany. The current system of purely volume-based remuneration via flat rates per case is to be changed. The plan is to limit remuneration based on flat rates per case to 40%. In future, an average of 60% of the remuneration is to be distributed independently of performance via what are known as maintenance flat rates (including the care budget).

The maintanance funding is to be linked to performance groups that are allocated to the individual hospitals by the federal states and which require compliance with defined criteria. Among other things, this is intended to ensure that complex treatments may only be carried out in hospitals that have the appropriate personnel and technical equipment. Depending on the performance group and with that, its relevance, hospitals will receive financial resources. The criteria for allocation have not yet been determined.

The changeover to the maintenance flat rates of 60% on averageis expected to take place gradually over several years. The hospitals argue that the concept in its current form still only deals with operating costs, but not with the adequate financing of investment costs.

In July 2023, the federal and state governments agreed on a key points paper for the hospital reform. At the end of 2023, the Federal Ministry of Health presented a working draft for a law. The working draft is currently being examined by the participating federal states. The planned law is expected to come into force in the first quarter of 2024 at the earliest. In 2023, the **shortage of specialist staff** and problems filling vacancies in the nursing care sector continued to pose a challenge for inpatient hospital care in Germany.

In 2023, the **nursing staff minimum levels** for nursing-sensitive wards were extended to include the areas of ear, nose, and throat medicine, urology, as well as rheumatology.

For the first time in 2023, **day treatments without overnight stays in the hospital** could be billed using flat rates per case. This is intended to reduce night shifts, particularly in nursing, in order to create additional capacity for nursing staff on the day shift.

In Spain, **the private hospital market** had a volume of around €20 billion in 2022[1].

With a sales share of around 12%, Helios Spain is the leading company in the private hospital market. Its competitors are a large number of privately run individual hospitals or smaller chains, including HM Hospitales, Hospiten, Vithas, Ribera Salud, Hospitales Sanitas, and HLA.

Of the approximately 800 hospitals in Spain, around two thirds of hospital beds are in public hospitals[2]. In an OECD comparison, Spain has around 3.0 beds per 1,000 inhabitants, which is well below the OECD average of 5.0 beds per 1,000 inhabitants.

Public healthcare facilities in Spain are largely tax-financed and are generally open to the population without further charges or co-payment obligations. In addition, the Spanish government promotes the private healthcare sector through tax reliefs for private health insurance purchased by employers, among other things.

After peaking in 2022, inflation in Spain decreased again in 2023. In particular, energy prices, which are also relevant for the hospital sector, stabilized at a significantly lower level in 2023.

A challenge in some regions of the country continued to be the **shortage of skilled workers**, particularly in the care sector, although the situation has improved significantly compared to during the waves of COVID-19. In addition, a certain shortage of doctors is emerging in some specialist areas due to the steadily increasing demand for healthcare services.

In addition to inflation-related cost increases, the shortage of specialists and changes in the regulatory environment, digitalization is another challenge for the hospital sector in Germany and Spain. At the same time, it offers enormous opportunities, for example by standardizing and automating processes to a greater extent. New technologies offer the possibility of tapping into efficiency potential while maintaining at least the same, and often even higher, quality and reducing costs. It is estimated that in Germany alone, around 12%[3] of total expenditure on healthcare and patient care can be saved through digitalization.

The global **market for fertility services** was worth about €14.2 billion in 2022. The market is growing sustainably due to demographic and health trends as well as changing lifestyles. Significant scientific advances have led to higher success rates and lower burdens for patients. The global market for reproductive medicine is highly fragmented.

[1] Market data based on company research and refers to the addressable market of Quirónsalud. Market definition includes both inpatient and outpatient healthcare services. It includes neither public-private partnership (PPP) nor occupational risk prevention centers (ORP). The market definition may differ from the definition in other contexts (e.g., regulatory definitions).
[2] Healthcare in Spain (masainternational.de)
[3] Digitalization in German hospitals McKinsey & Company, Healthcare September 2018

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

The general conditions for hospital planning and construction projects were again challenging in 2023 and continued to be characterized by supply bottlenecks, extraordinary cost increases, especially with regard to energy prices, and higher interest costs.

Fresenius Vamed meets these challenges through longstanding project partnerships, as well as its high level of expertise and experience in the fields of medical technology and operational and organizational planning. The service business also faced challenges in 2023 in terms of inflation-related cost increases and higher energy costs. Capacity restrictions, infection-related absences, and lower demand for rehabilitation services due to postponed elective surgeries played a slightly smaller role in 2023 than in the year before. Demand for reliable management of medical technology and high-end healthcare services remains robust.

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

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

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

OVERALL BUSINESS DEVELOPMENT

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

In 2023, the difficult macroeconomic environment had a negative impact on business development. This included increased uncertainties, inflation-related cost increases, staff shortages, and increased energy costs. In this difficult macroeconomic environment, the Fresenius Group was able to increase its revenue and earnings guidance over the course of the year.

For this reason, the Management Board believes that 2023 was a successful fiscal year for the Fresenius Group.

Fresenius Kabi achieved organic revenue growth of 7%. EBIT[1] increased by 6% (3% in constant currency) to €1,145 million (2022: €1,080 million).

The organic revenue growth of Fresenius Helios was 5%. EBIT[1] increased by 4% (4% in constant currency) to €1,232 million (2022: €1,185 million).

The organic revenue growth of Fresenius Vamed was 1%. EBIT[1] decreased to -€16 million (2022: €20 million).

Following the deconsolidation of Fresenius Medical Care, this business segment is accounted for using the equity method. The profit attributable to the shareholders of Fresenius SE & Co. KGaA is recognized in a separate line in the income statement: Result from the equity method. This amounted to -€12 million in the 2023 fiscal year and reflects the result since deconsolidation as of November 30, 2023. Net income from deconsolidated activities of Fresenius Medical Care in accordance with IFRS 5 (net income attributable to shareholders of Fresenius SE & Co. KGaA) amounted to € -947 million and reflects Fresenius Medical Care's share of net income until November 30, 2023. This included the effect from the valuation adjustments in accordance with IFRS 5 as part of the deconsolidation in the amount of -€1,115 million.

[1] Before special items

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

RESULTS OF OPERATIONS

Net loss of Fresenius SE & Co. KGaA in the fiscal year 2023 was €308 million (previous year net income €401 million). The decline in net result is mainly due to extraordinary expenses resulting in a lower income from participation and higher other operating expenses.

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

Fresenius ProServe GmbH contributed with losses of €109 million (previous year earnings €391 million) to the net income from participations. The decrease mainly results from extraordinary expenses for the transformation of Fresenius Vamed, the disposal of the Eugin group and the discontinuation of business activities of Curalie group in an total amount of €417 million.

The profit and loss transfer agreement with Fresenius Kabi AG yielded earnings of €360 million (previous year €182 million). The increase in relation to the previous year mainly results from higher dividend income from foreign Kabi affiliated companies.

Other significant income from participations came from a €106 million Fresenius Medical Care AG dividend (previous year €127 million).

In addition to earnings from dividends and from profit and loss transfer agreements, Fresenius SE & Co. KGaA receives €91 million of income from rents and from providing personnel services (previous year €89 million). Other operating income includes €251 million (previous year €211 million) of foreign currency gains while €249 million (previous year €208 million) of foreign currency losses are included in other operating expenses.

In addition to foreign currency losses, the increase in other operating expenses mainly results from the waiver of €371 million of cash pool receivables from Vamed subsidiaries, as part of the transformation of Fresenius Vamed and related to the waiver and compensation agreement concluded.

The Fresenius Group makes use of the governmental compensation and reimbursement payments provided for in the relief package to compensate for additional costs caused by the increase in energy prices. Therefore, the Manage-ment Board of Fresenius Management SE will not propose to the Annual General Meeting 2024 of Fresenius SE & Co. KGaA to distribute a dividend for fiscal year 2023, which would have been possible with a corresponding withdrawal from reserves.

The total dividend distribution in previous year amounts to €518 million.

CASH FLOW STATEMENT

€ in millions	**2023**	2022
Net loss/income	-308	401
Depreciation and amortization of non-current assets and financial assets	11	13
Compounding/Discounting of loans to subsidiaries	-4	30
Increase in pension liabilities	5	19
Interest result	45	43
Income from participations	-356	-665
Cash flow	**-607**	**-159**
Increase in accruals for income taxes and other accrued expenses	100	26
Increase in trade accounts payable	3	6
Increase/Decrease in other operating assets and liabilities	19	-25
Increase in working capital	**122**	**7**
Cash flows from operating activities	**-485**	**-152**
Payments for purchasing shares of subsidiaries, for contributions to equity of subsidiaries and for loans to subsidiaries	-1,991	-629
Proceeds from from capital reductions in subsidiaries and from liquidation of subsidiaries	1,745	–
Proceeds from loans to subsidiaries	525	388
Payments for investments in intangible assets and property plant and equipment	-10	-8
Proceeds from the disposal of intangible and tangible fixed assets	2	2
Interest received	283	120
Dividends received	644	647
Cash flows from investing activities	**1,198**	**520**
Proceeds from bank loans	2,272	2,726
Repayment of bank loans	-1,030	-920
Change in financing activities with related parties	-142	-1,208
Interest paid	-328	-163
Dividends paid	-518	-367
Cash flows from financing activities	**254**	**68**
Change of cash and cash equivalents	**967**	**436**
Cash and cash equivalents at the beginning of the year	541	105
Cash and cash equivalents at the end of the year	**1,508**	541

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

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

As of December 31, 2023, Fresenius SE & Co. KGaA complied with the covenants under all the credit agreements.

FINANCIAL POSITION

Total assets of Fresenius SE & Co. KGaA increased by €219 million to €18,240 million (previous year €18,021 million).

On the asset side, receivables against related companies decreased from €4,964 million to €4,540 million mainly due to the waiver of cash pool receivables from Vamed subsidiaries.

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

On the liability side, liabilities have increased from €10,455 million to €11,396 million.

For refinancing activities as well as for general business purposes Fresenius issued bonds in a total volume of €784 million and Schuldschein Loans in the amount of €850 million during the fiscal year. In addition, a short-term and long-term bank loans in the total amount of €625 million were drawn.

The early repayment of the bond due in February 2024 in the amount of €450 million and the early and scheduled repayments of Schuldschein Loans in the amount of €554 million had an offsetting effect.

The equity ratio decreased from 39.9 % to 34.8 %.

Investments, disvestments and acquisitions

Total investments in property, plant and equipment and intangible assets were €10 million in 2023.
Changes in the financial assets in the fiscal year 2023 mainly resulted from following transactions:

- As part of the restructuring of the Irish finance companies, Fresenius Finance Holdings Ltd. sold its wholly-owned shares in Fresenius Finance Ireland PLC and Fresenius Fi-nance Ireland II PLC to Fresenius SE & Co. KGaA for the total amount of €1,706 million. In the course of this trans-action, a capital reduction was carried out at Fresenius Finance Holdings Ltd. which led to a reduction in the shares in Fresenius Finance Holdings Ltd. by the same amount. Additionally, Fresenius SE & Co. KGaA contributed US$ 300 million to the additional paid-in capital of Fresenius Finance Ireland II PLC.
- Disposals of shares in related parties of €39 million cor-respond to the liquidation of Fresenius US Finance II Inc. This resulted in foreign exchange gains of €7 million that are included in other operating income in the profit and loss statement.
- Additionally, the loans granted to Vamed Gesundheit Holding Deutschland GmbH in the amount of €480 million were repaid prior to maturity.

OVERALL ASSESSMENT OF THE BUSINESS SITUATION

Fresenius expects general cost inflation to continue at a slightly lower level in the 2024 fiscal year and the current geopolitical tensions to persist. Fresenius also expects interest rates to remain at a similar level to 2023.

Irrespective of this, the Management Board considers the business outlook for the Group to be positive and expects a successful fiscal year 2024.

OUTLOOK

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

GENERAL AND MID-TERM OUTLOOK

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

We are continuously striving to optimize our costs, adjust our capacities, and improve our product mix, as well as to expand our products and services business. This includes plans for cost-efficient production and a further-optimized procurement process. In addition, we can use digital technologies to accelerate central administrative processes and make them more efficient.

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

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

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

In addition, Fresenius Kabi is developing new formulations of already off-patent IV drugs, as well as ready-to-use products that are particularly user-friendly and safe, such as prefilled syringes and ready-to-use solutions in our freeflex infusion bags. Fresenius Kabi aims to further expand its product portfolio in selected countries where the company does not yet have a comprehensive offering, depending on the respective local market conditions.

- Fresenius Helios operates almost-nationwide hospital networks in Germany and Spain and provides outpatient care at various facilities. Patient care is to be further improved through the exchange of knowledge and experience (best practice) between Helios Germany and Helios Spain. The increasing number of privately insured patients opens up growth opportunities for Helios Spain, with a very deliberate and targeted allocation of capital for future expansion and hospital construction. Furthermore, the close integration of Helios Spain's corporate health management facilities with its own hospitals offers additional growth opportunities. In addition to innovative therapies, digitalization creates potential to further expand our market position. Helios Germany and Helios Spain are developing innovative business areas such as digital offerings.
- Fresenius Vamed is advancing its restructuring program. In addition, the expansion of high-quality services such as the management of medical-technical products, sterile supply, operational technology, and IT development is driven forward. Fresenius Vamed expects both its project and services business to grow again, respectively: further, due to the need for life-cycle and PPP projects (public-private partnership). Furthermore, Fresenius Vamed plans to further strengthen its leading position as a post-acute care provider in Central Europe.

HEALTHCARE SECTOR AND MARKETS

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

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

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

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

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

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

Going forward, we anticipate mid-single-digit growth in the clinical nutrition market. This outlook is underpinned by the growing awareness of the importance of early clinical nutrition, as emphasized in the latest guidelines. Moreover, the increasing adaption of mandatory screening for malnutrition[2] is contributing to the positive growth prospects. We see further potential in addressing the substantial number of malnourished individuals who still lack access to nutrition therapies. Notably, emerging regions such as Latin America and Africa are expected to play a significant role in this growth story, with projections indicating mid- to high-single-digit growth rates in these areas.

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

[1] Market data refers to Fresenius Kabi's addressable markets. Those are subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the IV drug market, among other things. Percentage increase based on market value (price × volume).
[2] Sources: New ESPEN guideline on clinical nutrition and hydration in geriatrics. Clin Nutr. 2022 41:958-989; by Volkert D, Beck AM, Cederholm T, Cruz-Jentoft A, Goisser S, Hooper L, et al.; latest implemented e.g., in Portugal: "National Policy for effective screening implementation"; Directorate General of Health DGS

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

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

THE HOSPITAL MARKET[1]

Due to the increasing provision of treatments in the outpatient setting, in particular, as well as the growing acceptance and use of digital healthcare services, we assume that the number of inpatient hospital treatments in Germany will rather continue to remain on a constant level or to have limited growth potential in the future.

According to calculations, the **potential for outpatient treatment** in German hospitals is around 20% of inpatient cases (excluding births)[2]. Increasing outpatient treatment is desirable, not least for reasons of the shortage of specialist staff. This requires, in particular, the creation of financial incentives that contribute to a shift of cases to the outpatient sector. The first steps have been taken with the hybrid DRGs, which were introduced on January 1, 2024. In future, hybrid DRGs are to be extended to other service areas.

In addition, a stronger **cross-sectoral integration** of inpatient and outpatient medicine should ensure high-quality hospital care close to home, which goes hand in hand with the reduction of duplicate structures and specialization. Helios is well positioned in terms of cross-sector medicine in Germany with its broad range of inpatient and outpatient services.

The increase in the **remuneration of hospital services** in Germany is determined, among other things, by what is known as the change value. It amounts to 5.13% for 2024. The hospital financing system also provides for various surcharges and discounts for acute hospitals.

Due to the overall delay in negotiations on the budgets (including the nursing care budgets) of hospitals in Germany, the federal government has introduced legislative initiatives to improve the liquidity of hospitals. Among other things, liquidity compensations outstanding related to the nursing care budgets up to and including 2024 can also be agreed as part of current agreement. The aim is to accelerate payment and thus improve the liquidity situation of hospitals, which is continues to be challenging for many hospitals in Germany due to the COVID-related decline in case numbers and thus lower proceeds.

Future **expectations** for the year 2024 are negative for German hospitals: according to the Hospital Barometer 2023 of the German Hospital Institute (DKI), 71% of hospitals expect their economic situation to deteriorate. Only 4% of hospitals still expect an improvement. Helios expects to continue to grow profitably in Germany in 2024. Since its founding, the company has focused on good organization, cost efficiency, and measurable, high medical quality as well as transparency of medical results.

To provide financial support for **inflation-related additional costs** and increased energy costs, hospitals in Germany will be supplied with compensation and reimbursement amounts from the liquidity reserve of the healthcare fund for the last time by the end of April 2024.

For 2024, the obligatory minimum nursing staff levels have been extended to include the specialist department of neurosurgery. Obligatory minimum nursing staff levels will be introduced for other hospital departments in the future.

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

[1] Sources: Company research; German Hospital Institute (DKI), Krankenhaus Barometer 2023
[2] Care Compass BARMER Institute for Health Systems Research (bifg, 2023a)

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

In January 2023, the health ministers of the German states discussed a concept for comprehensive **hospital structure reform**. In July 2023, the federal and state governments agreed on a key points paper for hospital reform. At the end of 2023, the Federal Ministry of Health presented a working draft for a law. The proposed draft is currently being reviewed by the states involved. The planned law is expected to come into force in the first quarter of 2024 at the earliest. The aim is to fundamentally restructure the hospital landscape in Germany. The current system of purely volume-based remuneration via flat rates per case is to be changed. In future, 60% of the remuneration is to be distributed independently of performance via what is known as maintenance flat rates and linked to specific performance groups. The changeover to maintenance flat rates is to take place gradually over several years.

The financial impact of the reform on the Helios clinics cannot be estimated at present, as significant details are not known, particularly regarding the planned allocation of performance groups and the criteria of the maintenance financing.

In principle, however, Helios Germany considers itself to be well positioned for the upcoming reform as it has been strategically focusing on structural changes, new forms of care, and regional healthcare networks (clusters) for many years. Helios expects the hospital structure reform to be rather beneficial than detrimental to the company.

The government is currently planning to revise the regulations on emergency care. However, there is currently no concrete legislative procedure.

According to our expectations, we anticipate that the **private hospital market in Spain** in 2024 will continue to grow in the mid-single-digit percentage range in terms of revenue. The continuing increase in the number of privately insured patients should also open up opportunities for private operators in the future.

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

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

We expect the trend towards digitalization in the healthcare sector to become even more important. Increasingly, the degree of **digitalization** will be central to the future viability of a hospital. Networks and the use of digital solutions are opening up new opportunities to make processes more efficient and safer and thus to break new ground in patient care. Digitalization will be a core element in maintaining competitiveness and being able to react to upcoming changes in an agile way.

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

For fiscal year 2024, depending on geopolitical developments, Fresenius Vamed expects growing demand worldwide for projects and services for hospitals and other healthcare facilities.

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

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

1 Foreign Trade Center Madrid, The Spanish Economy – Austrian Chamber of Commerce 2022

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

ECONOMIC OUTLOOK OF FRESENIUS SE & CO. KGAA FOR THE YEAR 2024

For the fiscal year 2024 the company expects a significantly higher net income in the mid-three-digit million € range, mainly due lower one-time costs. For retained earnings a significant improvement to a similar extent is also expected.

DIVIDEND

With the Fresenius Financial Framework, Fresenius aims to generate attractive and predictable dividend yields. In line with its progressive dividend policy, the Company aims to increase the dividend in line with earnings per share growth (before special items, in constant currency), but at least maintain the dividend at the prior-year's level. Due to legal restrictions as a result of the use of government compensation and reimbursement payments for increased energy costs provided for in the Hospital Financing Act, however, Fresenius will not propose to the 2024 Annual General Meeting to distribute a dividend for the 2023 fiscal year. Irrespective of the legally required suspension of dividend payments for the 2023 fiscal year, Fresenius will maintain its dividend policy in the future.

NON-FINANCIAL TARGETS

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

The topic of employees is measured with the key figure of the Employee Engagement Index (EEI) for the Fresenius Group. Fresenius is aiming for an EEI of 4.33 (achieved 2023: 4.14 ex FMC; 4.24 incl. FMC) for fiscal year 2024 (corresponds to 100% target achievement).

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

Fresenius Kabi aims for an Audit & Inspection Score of at most 2.3 (achieved 2023: 1.9; 100% target achievement).

Helios Germany aims to achieve an Inpatient Quality Indicator (G-IQI) score of at least 88% (achieved 2023: 88.7%; 100% target achievement), and Helios Spain aims to achieve a score of at least 55% (achieved 2023: 76.7%; 100% target achievement).

Fresenius Vamed aims to achieve a patient satisfaction score of at least 1.57 (achieved 2023: 1.56; 100% target achievement) in fiscal year 2024.

OPPORTUNITIES AND RISK REPORT

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

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

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

OPPORTUNITIES MANAGEMENT

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

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

Risk management is a continuous process. The aim of risk management is to identify potential risks as early as possible in order to assess their impact on business and, if necessary, to take appropriate mitigating measures. The ability to identify, assess, and manage risks that put the achievement of our business goals at risk is an important element of solid corporate governance. The Fresenius risk management- (RMS) and internal control system (ICS) is therefore closely linked to its corporate strategy. It explicitly takes into account all types of risk, including non-financial risks associated with our business activities or our business relationships, products, and services. In this context, sustainability-related risks are also taken into account in accordance with the GCGC.

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

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

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

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

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

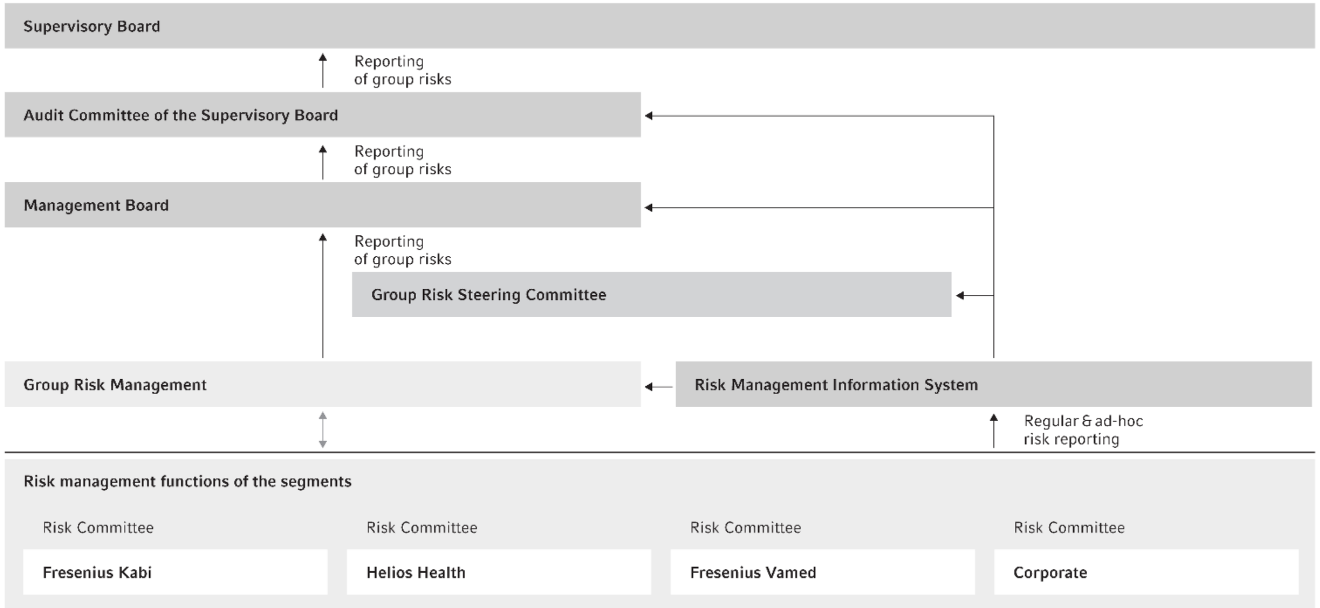
- The business segments and their operational business units are responsible for identifying, assessing, and managing risks.
- The managers of each organizational unit are required to report any relevant changes in the risk profile to the Management Board without delay.
- A dedicated Risk Management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

The risk situation is evaluated regularly and compared with specified requirements using standardized processes. If relevant changes to the risk profile or new risks arise between the regular reporting cycles, these are recorded and evaluated as part of the ad hoc reporting process. Should negative trends arise, we can then take countermeasures at an early stage.
In addition to risk reporting, regular financial reporting to management is an important tool for managing and controlling risks. Detailed monthly and quarterly reports are used to identify and analyze deviations of actual versus planned business development.
In addition, the risk management and internal control system includes organizational processes and safeguards, as well as internal controls and audits incorporated in our business processes, which help us to identify significant risks at an early stage and to counteract them.

RISK ASSESSMENT AND RISK-BEARING CAPACITY

Fresenius uses standardized processes to assess risks. These include both quantitative and qualitative valuation methods. The assessment of a risk takes into account its likelihood of occurrence, its potential impact on our assets, liabilities, financial position and financial performance, and the time horizon. Fresenius assesses the potential impact on the results of operations consistently on the basis of the key figure EBIT.

ORGANIZATION OF THE RISK MANAGEMENT PROCESS



The risks are presented taking into account already initiated and implemented mitigating measures (net assessment of risks). Risks are evaluated for a period of 12 months in order to assess the impact of the risk situation on the one-year forecast for the Fresenius Group.

In addition, potential risks with an impact on the medium- and long-term company goals are analyzed and estimated.

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

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

The following overview shows how the potential impact on assets, liabilities, financial position and financial performanceis classified:

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

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

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

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

COMPLIANCE MANAGEMENT SYSTEM AS PART OF THE RISK MANAGEMENT SYSTEM

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

INTERNAL CONTROL SYSTEM AS PART OF THE RISK MANAGEMENT SYSTEM

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

Overall responsibility for our ICS and RMS lies with the Management Board. The Group Risk Management & ICS organization supports the Management Board in designing and maintaining adequate and effective internal control and RMS activities by coordinating, monitoring and reporting these processes. Findings from this functional monitoring of the risk management and internal control system are addressed by appropriate measures.

At the end of each fiscal year, the Management Board performs an evaluation of the adequacy and effectiveness of the ICS and RMS. This evaluation is based on:

- Quarterly reporting in Management Board meetings about the company-wide risk and opportunity situation and the results of the internal control process,
- The review of certification processes by relevant Group Functions and the management of affiliated companies,
- Annual assessment by the Group Risk Management & ICS organization about the adequacy and effectiveness of our ICS or RMS

Based on this, the Management Board has no indication that our ICS or RMS in their respective entirety have not been adequate or effective as of December 31, 2023.[1]

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

Prior to the preparation of the management report, the Audit Committee of the Supervisory Board engages with the assessment of the appropriateness and effectiveness of the RMS and ICS by the Management Board. The evaluation process and the results of the evaluation are explained to the Audit Committee by the Management Board and its questions are discussed with the Management Board.

[1] unaudited

Internal Financial Reporting Controls

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

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

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

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

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

ASSESSMENT OF THE OVERALL RISK SITUATION

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

In synopsis, there are currently no recognizable risks that appear to present a long-term and significant threat to the Fresenius Group’s assets, liabilities, financial position and financial performance. The overall risk position is fully covered by the Fresenius Group's risk-bearing capacity.

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

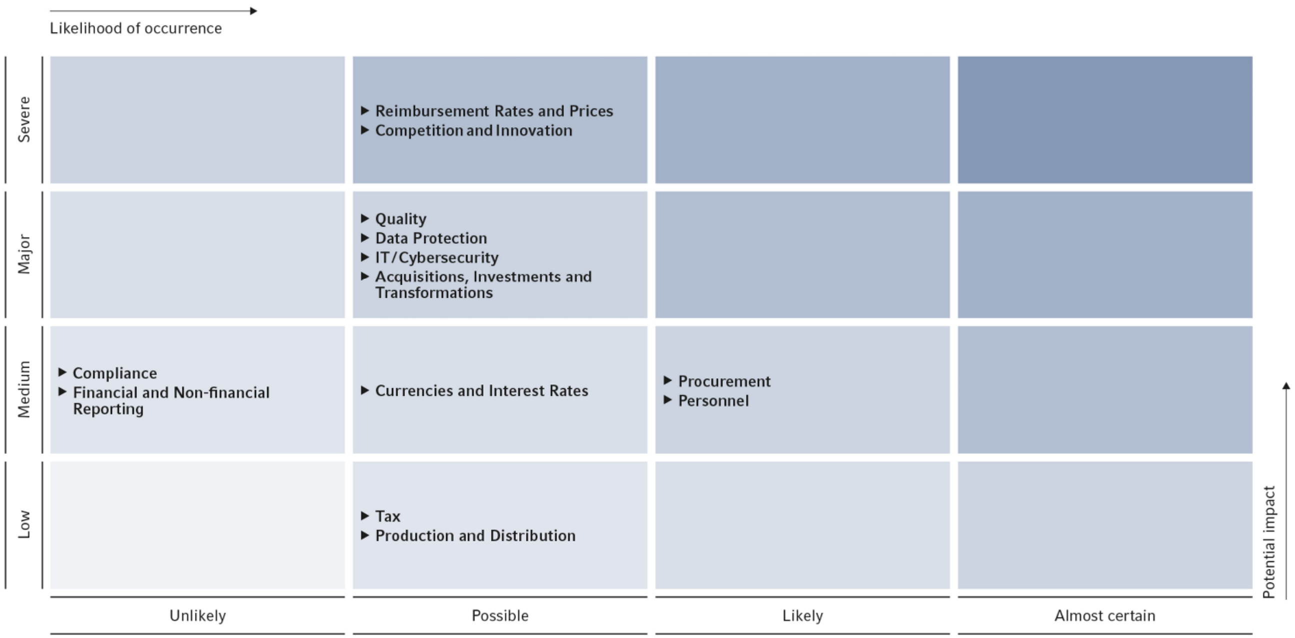
RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD

The chart besides shows the significant risks that could lead to deviations from the expected business performance within the one-year forecast period. Changes compared to the previous year are also due to the deconsoloidation of Fresenius Medical Care and are composed as follows:

Based on our quantitative analysis, risks relating to acquisitions, investments and transformations, financial and non-financial reporting as well as production and distribution have been newly included. In addition, the potential impacts of risks with regard to quality, competition and innovation has been increased.

Potential impacts of Compliance related risks increased, while at the same time the likelihood of occurrence decreased. While the likelihood of occurrence of risks in the areas of procurement and personnel has increased, the likelihood of occurrence of risks in the areas of currencies and interest rates has decreased.

RISKS AFFECTING THE ONE-YEAR FORECAST PERIOD



RISK AREAS

OVERALL ECONOMIC RISK AND RISKS RESULTING FROM GLOBAL ECONOMIC CONDITIONS

Currently, there are still considerable uncertainties, in particular due to a possible further deterioration in the global macroeconomic outlook. The inflationary environment – which is also attributed to the Ukraine war– continues to pose the risk of significantly rising energy, material, supply and transportation costs. However, this risk has decreased, mainly due to the inclusion of expected additional costs in corporate planning and an easing of the situation on individual procurement markets, particularly the one for energy.

With deconsolidation of Fresenius Medical Care, Fresenius Group's assets in Russia and Ukraine amounted to less than 1% of its total assets as of December 31, 2023. Therefore, the direct impact of the Ukraine war on Fresenius' remaining business is limited.

Nevertheless, the Ukraine war is still accompanied by a very distinctive threat situation for cyber security, especially with regards to critical infrastructure, such as healthcare facilities, in countries that support Ukraine. Therefore, the risk of cybersecurity attacks on our systems and data is still increased. In general, Fresenius is affected to a minor extent by economic fluctuations. We expect demand for our life-saving and life-sustaining products and services to continue to grow.

In addition, Fresenius aims to achieve a balanced distribution of business in the major regions of the world and between established and emerging markets. The risk situation of our business segments depends in particular on the development of the markets relevant to them. We therefore also carefully monitor and assess country-specific political, legal and financial conditions, particularly in the current macroeconomic environment. This applies, for example, to our receivables portfolios in countries that are experiencing budgetary problems due to their indebtedness or countries that are exposed to hyperinflation.

Overall, the aforementioned factors could have a negative impact on our assets, liabilities, financial position and financial performance.

Despite the aforementioned effects, from today's perspective the global economic development does not pose a risk for the going concern of the Fresenius Group.

RISKS IN THE HEALTH CARE SECTOR

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

Financing of health care systems - reimbursement rates and prices

In our largely regulated business environment, changes in legislation, including those relating to reimbursement, can have a drastic impact on our business success.

National insurance systems are financed very differently. For example, healthcare systems in Europe and the British Commonwealth countries are generally based on one of two funding models: the system with a mandatory employer and employee contribution, and the predominantly tax-funded system.

In the Asia-Pacific region, universal health care ("UHC") is at various stages of implementation, so reimbursement mechanisms can vary significantly from country to country (and even from province to province and city to city). In Latin America, health care systems are funded by public or private payers, or a combination of both.

In the hospital market in Germany, the current system of purely volume-dependent remuneration via flat rates per case is to be converted into a mixed remuneration system. The plan is to limit remuneration based on flat rates per case to 40%. In future, an average of 60% of the remuneration is to be distributed independently of performance via so-called retention flat rates (including the care budget). These retention costs are intended to cover the fixed costs associated with the provision of structures in the hospital care area. The clinics are largely occupied by statutory health insurance funds and pension insurance providers. The continued existence of contracts with these institutions therefore influences the success of Helios Germany. We keep a close eye on legislative activities and planning and work together with the state healthcare organizations. To a considerable extent, occupancy in the hospitals is provided by statutory health insurance funds and pension insurance institutions. The continuation of contracts with these institutions therefore influences the success of Helios Germany. We keep a close eye on legislative activities and planning and work together with the state healthcare organizations.

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

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

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

From 2025, the nursing budget for bedside care will only fund nursing staff who have 1-3 years of training. Nursing assistants with less than one year of training or further training will no longer be financed via the nursing budget from 2025. Funding will then once again be provided on a fixed-rate basis as part of DRG remuneration.

In contrast, from 2025, all midwives and maternity nurses will also be financed within the framework of the nursing budget in the amount of the actual costs.

Furthermore, hospitals can individually agree a surcharge of up to 4% for implementing measures that reduce the burden on nursing care. The hospital must both describe the reduction in nursing care per measure and calculate the expected savings. This usually involves digital and technical measures that reduce or support nursing measures.In the German market, Helios Germany is observing a general trend towards outpatient treatment, which could lead to lower case number growth for inpatient treatments. To take account of this trend, Helios Germany is expanding outpatient services in a separate division. A decline in case numbers could have an adverse effect on our business and operating profit. Close monitoring of developments in both the inpatient and outpatient areas makes it possible to act accordingly.

Our private hospital chain Quirónsalud in Spain operates hospitals, among other things, via PPP (Public-Private Partnership) contracts. These are part of the public healthcare system in Spain. The company has thus been assigned responsibility for certain areas of healthcare for Spanish citizens with statutory health insurance. In return, Quirónsalud receives remuneration in the form of a per capita flat rate or a fee for the respective service provided. The payment for the services of our private hospitals in Spain and Latin America is largely based on fixed-term contracts with private insurance companies. A deterioration in conditions, the loss of a contract or the insolvency of a payer can have a significant impact on our assets, liabilities, financial position and financial performance of our clinics.

Savings in the reimbursement of health care services may also have a negative impact on the sales prices of Fresenius Kabi's products. Due to the high share of the US market in Fresenius Kabi’s turnover, changes in the government reimbursement system can have a significant impact on our business.

Changes in legislation, reimbursement practices and health care programs could affect the scope of reimbursement for services, the scope of insurance coverage and the product business. This could have a material adverse effect on our assets, liabilities, financial position and financial performance. Overall, we aim to counteract such potential regulatory risks via benefit enhancements and cost reductions.

Competition and Innovation

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

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

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

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

If Fresenius Kabi is not successful in maintaining its existing contracts or if new contracts are concluded on less favorable terms, this could have an adverse effect on our assets, liabilities, financial position and financial performance.

Similar developments with regard to price pressure in the tender business and increasing competition and price reductions are affecting our business in all major markets in Asia. Further expansion of National Volume based Procurement (NVBP) and Provincial Volume based Procurement (PVBP) is expected with one or two rounds annually. Based on the directive from the Chinese State Council, drug price reduction will continue to be one of the major measures to further contain health care costs in a market in which volumes are steadily growing.

In addition, in mid-2023, ministries and commissions across China implemented a one-year focus on eliminating corruption in the healthcare sector. This leads to uncertainty in the sector, particularly among the medical profession which is currently resulting in a sharp decline in sales in the healthcare sector. This mainly affects products that are not listed in NVBPs or PVBPs.

This development could have a negative impact on our assets, liabilities, financial position and financial performancein the future if Fresenius Kabi is not successful in offsetting thesedeclines in sales, for example through cost savings and efficiency gains in the sales organization and in production.

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

The introduction of new products and services or the development of superior technologies by competitors could make our products and services less competitive or even superfluous and thus have a material adverse effect on their sales, the prices of the products and the scope of the services. This also applies to the introduction of generic or patented drugs by competitors, which could have an impact on sales and earnings. Cooperation with doctors and scientists enables us to take up on and promote important technological innovations.

This means that we are always informed about the latest developments in alternative treatment methods so that we can evaluate our corporate strategy and adapt it if necessary.

OPERATING RISKS

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

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

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

Production and distribution as well as quality of products and services

Compliance with **product specifications and manufacturing regulations** is ensured by our quality management systems, which are structured in accordance with the internationally recognized **quality standards ISO 9001** and **ISO 13485** and take into account relevant international and national regulations. We implement them by means of internal standards such as quality and work procedure manuals. Regular internal and external audits are carried out at the Group's production sites and distribution companies to check compliance. This covers all requirements and regulations, from management and administration to production and clinical services, right through to patient satisfaction. Our production facilities comply with the Good Manufacturing Practice (GMP) requirements of the markets they supply. Our facilities are audited by local public health authorities such as the U.S. Food and Drug Administration (FDA) or the European Medicines Agency (EMA) and other authorities. If an authority identifies any deficiencies, Fresenius will immediately take comprehensive and appropriate rectifying measures.

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

With its early warning system, Fresenius evaluates any quality-related information from various risk areas to identify risks at an early stage and take corrective and preventive actions. For this purpose, Fresenius Kabi uses global safety officers, databases in which complaints and side effects are logged, internal and external audits, and key performance indicators used for internal control purposes and the optimization of quality processes. In this way, safety profiles of the products can be created and evaluated worldwide.

Product recalls, for example, are initiated as a risk-minimizing measure in cooperation with the responsible regulatory authority; at the same time, the cause of the recall is analyzed thoroughly. Corrective action may be taken to avoid the circumstances that led to the recall occurring again in the future.

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

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

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

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

Procurement

In the procurement sector, potential risks arise mainly from price increases, dependencies on individual suppliers or the lack of availability of raw materials and goods, for example due to interrupted supply chains, as we saw in the wake of the Ukraine war and the current threat to various supply routes. We counter these risks by appropriately selecting and working together with our suppliers, through long-term framework agreements in certain purchasing segments, and by bundling volumes within the Group.

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

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

Personnel

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

In order to increase the awareness and attractiveness of the Fresenius Group, our employer branding relies on a mix ofdifferent formats. The centrepiece is the multi-award-winning Group careers page with job advertisements and video, image and text information about the Fresenius Group. In addition, we are represented on all relevant social media channels and selected online career portals with profiles and our own career content.

As provider in the healthcare sector, we want to be an attractive employer for young people and their start in professional life.

To reach the student target group, we implement specific university marketing activities. These include, for example, specialized lectures at universities by Fresenius employees, print and online ads and event formats at our target universities. Furthermore, we offer young academic talent the opportunity to gain initial practical experience and to establish contacts within our company in the context of internships and working student positions before or during their studies or in the context of their final papers.

To promote internal career development and keep internal job opportunities as transparent as possible the global, internal job portal "stayFresenius" is available.

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

With more than 5,800 apprentices and dual students, Fresenius is one of the biggest training companies in Germany. Fresenius offers 37 apprenticeships and 31 study programs throughout Germany. The number of our apprenticeships and study program offerings was further expanded nationwide.

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

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

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

Since January 1, 2019, the German hospital market has also been subject to the Ordinance on the Minimum

Requirements for Nursing Personnel in Hospitals (PpUGV). This ordinance stipulates minimum staffing levels for nursing personnel in certain areas of the hospital. Further statutory regulations on minimum personnel levels in additional hospital departments with beds may further intensify competition for qualified nursing staff.

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

The Spanish hospital market is also in parts experiencing a shortage of qualified nursing staff. Quirónsalud is undertaking various measures to recrute and retain employees. This includes personnel marketing measures, personnel development programmes, market-driven remuneration and other measures to attract and retain qualified medical professionals.

Risk associated with research and development and product approval

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

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

Follow-up studies as well as similar measures could also be taken by authorities in non-EU member states. Two regulatory studies have been conducted to evaluate the long-term safety and efficacy of our HES products in surgical and severely injured (trauma) patients. The respective study results have been submitted to the Federal Institute for Drugs and Medical Devies (BfArM), which has confirmed that the requirements for lifting the suspension of the market authorisation have been met. The products may be authorised again in Germany.

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

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

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

FINANCIAL RISKS

Currency and interest rate risks

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

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

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

In general, Fresenius is highly hedged against foreign currency and interest rate risks: Of the Group's financial liabilities as of December 31, 2023, approximately 83% were protected against an increase in interest rates by fixed-rate financing or interest rate hedges. Thus, around 17% were subject to interest rate risk. A sensitivity analysis shows: If the reference interest rates relevant for Fresenius increase by 0.5 percentage points, this will affect the Group's net income by about 0.65%.

As a global group, Fresenius is subject to foreign currency translation effects. In view of the strong U.S. business, the relationship between the U.S. dollar and the Euro plays a special role. Foreign currency exchange risks are not hedged. A sensitivity analysis shows that a change in the US dollar to the Euro of 1 cent would have an annual effect of around €20 million on Group sales, around €4 million on EBIT and around €3 million on the consolidated result.

As a globally operating company, we have production capacities in all major foreign currency regions. In the service businesses, our sales and cost base match to a high degree. Transaction risks in foreign currencies are quantified and managed using a cash flow-at-risk model. This analysis is based on the foreign currency cash flows that are reasonably likely to occur in the next twelve months, less any hedging that has been performed. As of December 31, 2023, the Fresenius Group's cash flow at risk was €25 million, i.e., with a probability of 95%, a potential loss from foreign currency cash flows in the next twelve months will not exceed €25 million.

Financial and non-financial reporting

As a stock-listed company, Fresenius has the obligation to publish regular (quarterly) financial reports in accordance with current IFRS regulations. There is a risk that Fresenius does not comply with current IFRS regulations and/or that our reports do not represent true and fair financial reporting due to accounting errors.

In addition, Fresenius is exposed to risks due to non-financial reporting requirements. From 2024, the guidelines on sustainability reporting for companies and the corresponding, comprehensive European standards on sustainability reporting will become binding for Fresenius.

Taxes and duties

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

In 2023, the Minimum Tax Act (MindStG) was passed in Germany, which serves to implement the Council Directive (EU) 2022/25234 to ensure global minimum taxation based on the OECD Pillar Two Model. Comparable laws have been passed in many other countries in which Fresenius conducts business activities. Based on current analyses, the Fresenius Group estimates that the Pillar Two regulations may only have a minor impact on a small number of foreign subsidiaries. Accordingly, the Fresenius Group assumes that the application of the current Pillar Two rules will not have a substantial impact on the consolidated tax rate of the Fresenius Group in the financial years from 1 January 2024 onwards.

OTHER RISKS

Data protection

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

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

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

To comply with legal requirements, Fresenius has implemented comprehensive data protection management systems, which provide the appropriate technical and organizational measures and controls for the protection of personal data. Fresenius SE & Co. KGaA and all business segments maintain data protection organizations in accordance with their organizational and business structures. This includes especially independent data protection officers reporting to the respective company's management.

Consequently the business segments have implemented processes and standards also based on their organizational and business structures that provide internal guidelines for processing personal data in a secure and appropriate manner.

Resulting from increasing internationalization, the dependence of data protection and IT security / cybersecurity is considered within the data protection organization by ensuring aligned and effective collaboration between the respective departments.

In addition, the individual data protection management systems also include appropriate control measures in order to adequately check compliance with regulatory and internal requirements.

Information technology and cybersecurity risks

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

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

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

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

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

Risks from acquisitions, investments and transformations

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

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

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

Furthermore, internal restructuring and transformation processes, such as currently at Fresenius Vamed, pose risks that can have a financial impact on the Fresenius Group. These processes are therefore very carefully monitored by appropriate project teams in order to avoid the occurrence of largely unplanned costs as far as possible.

The deconsolidation of Fresenius Medical Care and the associated investment character of the holding gives rise to a dividend risk for the Fresenius Group. This risk may arise from a deviation from the dividend payment planned in the financial planning. Therefore, we monitor market developments closely and adjust potential fluctuations in our financial planning accordingly.

Compliance Risks

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

We must comply in particular with rules and regulations that monitor the safety and effectiveness of our medical products and services. Corruption is a core risk area across all business segments. Antitrust law, data protection, money laundering, sanctions, and the upholding of human rights are further significant risk areas. It is therefore of particular importance to us that our **compliance programs and guidelines** are strictly adhered to. Through compliance, we aim to meet our own expectations and those of our partners, and to orient our business activities to generally accepted standards and local laws and regulations.
At Fresenius, risk-oriented **compliance management systems** are implemented in each business segment. These systems take into account the markets in which the respective business segment operates and are tailored to the specific requirements of the business segment. Furthermore, we at Fresenius assess compliance risks using a standardized methodology.

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

Additional risks

Additionally the following risk areas appear for Freseniusandcould have an adverse effect on our business and thus on our assets, liabilities, financial position and financial performance:

- Increased debt and deteriorating liquidity could, among other things, impede the company's ability to pay dividends, arrange refinancing of financial liabilities, or implement the corporate strategy;
- Non-compliance with human rights and related reputational risks;
- risks arising in connection with litigation or official proceedings;

INSURANCE

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

Bad Homburg v. d. H., February 20, 2024

GLOSSARY

Healthcare terms / Products and services

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

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

CAR T cell therapy
In this therapy form, the immune cells of patients are collected, genetically modified, and reinfused into the patient with better characteristics than before. In the patient's body, they activate the immune system and destroy cancer cells

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

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

Declaration of Helsinki
Declaration of the World Medical Association on ethical principles for medical research involving human subjects.

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY

Healthcare terms/Products and services

Pharmacokinetics
The effect of the body on the drug.

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

Serialization
Labeling of a pharmaceutical package with a unique serial number that is combined with the item number (GTIN), batch number, and expiration date. This combination is encoded in a 2D Data Matrix code, which is used to verify the authenticity of the medicine when it is dispensed.

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

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

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

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

GLOSSARY

Financial terms[1]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[1] Integral part of Group Management Report

GLOSSARY

Financial terms[1]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[1] Integral part of Group Management Report

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Audit Opinions

We have audited the annual financial statements of Fresenius SE & Co. KGaA, Bad Homburg v.d. Höhe, which comprise the balance sheet as at 31 December 2023 and the statement of profit and loss for the financial year from 1 January to 31 December 2023 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Fresenius SE & Co. KGaA for the financial year from 1 January to 31 December 2023. In accordance with German legal requirements, we have not audited the content of the information contained in the section "Internal control system as part of the risk management system" of the management report that is labelled as unaudited.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the above-mentioned disclosure in the section "Internal control system as part of the risk management system".

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

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

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

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

1. Matter and issue

2. Audit approach and findings

3. Reference to further information

Hereinafter we present the key audit matter:

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

1. In the company's annual financial statements, shares in affiliated companies totalling EUR 10,201 million and loans to these affiliated companies amounting to EUR 1,335 million are reported under the balance sheet item "Financial assets". Together, the carrying amount of this total commitment is EUR 11,536 million (63.2% of the balance sheet total). The valuation of shares in affiliated companies and loans under commercial law is based on acquisition costs and the lower fair value in the event of an expected permanent impairment. The assessment of a possible need for impairment to a lower fair value is carried out - if available - on the basis of stock exchange or market prices and otherwise using discounted cash flow models on the basis of the present values of the expected future cash flows resulting from the planning calculations prepared by the legal representatives. Expectations regarding future market developments and the effects of changes in macroeconomic conditions, including mitigating measures, are also taken into account. Discounting is carried out using the individually calculated cost of capital. Based on the values determined and other documentation, there was no need to recognise impairment losses for the financial year.

   The result of this valuation depends to a large extent on how the legal representatives estimate future cash flows and on the discount rates and growth rates used. The valuation is therefore subject to significant uncertainties, also against the backdrop of the changed macroeconomic conditions, including the mitigating measures. Against this background and due to the high complexity of the valuation and its material significance for the net assets and results of operations of the company, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed, among other things, the company's methodology for measuring the shares in affiliated companies and loans to these affiliated companies. In particular, we assessed whether the assessment of a possible need for impairment to a lower fair value was appropriately performed on the basis of discounted cash flow models, taking into account the relevant valuation standards. In doing so, we relied, among other things, on a comparison with general and industry-specific market expectations as well as on extensive explanations provided by the executive directors on the key value drivers underlying the expected cash flows. In this context, we also evaluated the executive directors' assessment of the effects of the changed macroeconomic environment, including the mitigating measures, and analysed their consideration in the estimation of future cash flows. With the knowledge that even relatively small changes in the discount rate and growth rates used can be significant in terms of value, we intensively analysed

the parameters used to determine the discount rate and growth rates with the support of our internal valuation specialists and verified the calculation methods. Finally, we assessed whether the values determined in this way were correctly compared with the corresponding carrying amount in order to determine any need for impairment or write-ups.

Taking into account the information available, we believe that the estimates made by the executive directors, the valuation parameters applied and the underlying valuation assumptions are appropriate overall for the proper valuation of the shares in affiliated companies and the loans to these affiliated companies.

3. The company's disclosures on financial assets are contained in notes 3 and 4 to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the information contained in the section of the management report entitled "Internal control system as part of the risk management system", which is labelled as unaudited and is not an audited component of the management report.

The other information further comprises

- the corporate governance statement pursuant to Section 289f HGB and Section 315d HGB
- all remaining parts of the report "Fresenius SE Annual Financial Statements 2023 (HGB)"– excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

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

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

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file FSE_KGaA_JA_LB_ESEF-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 annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: 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 annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

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

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

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

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

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

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the annual general meeting on 17 May 2023. We were engaged by the supervisory board on 31 October 2023. We have been the auditor of the Fresenius SE & Co KGaA, Bad Homburg v.d. Höhe, without interruption since the financial year 2020.

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

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

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

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

Frankfurt am Main, February 20, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(Original German Version signed by:)

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

RESPONSIBILITY STATEMENT

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

Bad Homburg v. d. H., February 20, 2024

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

The Management Board

M. Sen

P. Antonelli

S. Hennicken

R. Möller

Dr. M. Moser

REPORT OF THE SUPERVISORY BOARD

Wolfgang Kirsch
Chairman of the Supervisory Board

Dear shareholders, ladies and gentlemen,

We look back on a year full of challenges and changes. The wars in Ukraine and the Middle East continue to cause immense suffering. These conflicts also have consequences for the global economy and geopolitical stability, for example with regard to supply chains, the availability of essential medicines, energy prices, and inflation. Despite these difficult conditions, Fresenius has performed well compared to the competition as a leading healthcare company and is resolutely pursuing its own transformation.

Important milestones in the #FutureFresenius strategy program were achieved as planned in the past fiscal year. In addition to a simplified structure, focus on Fresenius Kabi and Fresenius Helios, and enhanced performance, this also includes the use of cutting-edge technology. Artificial intelligence, digitalization, robotics, and breakthroughs in cell and gene therapy will shape the future of healthcare and help to improve people's health.

The deconsolidation of Fresenius Medical Care is a historic step. Both companies are now independent and can make decisions faster and concentrate on their core business. Fresenius has set itself the goal of achieving profitable growth in 2024. Around 400 million people use Fresenius services and products every year, whether be this at Helios and Quirónsalud clinics or Fresenius Kabi products. Fresenius strives to improve people's health and at the same time increase the cost effectiveness and efficiency of the healthcare system. This will in turn enable the company to generate lasting value for all stakeholders. The Supervisory Board supports the strategy of the Management Board.

REPORT OF THE SUPERVISORY BOARD

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

COOPERATION BETWEEN THE MANAGEMENT AND THE SUPERVISORY BOARD

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

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

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

The Supervisory Board of Fresenius SE & Co. KGaA convened for four regular meetings on March 16, May 17, October 12 and December 6 and three extraordinary meetings on February 17, September 5 and September 8 in the 2023 fiscal year. The extraordninary Supervisory Board meeting on September 8 was held as a video conference, while the other ordinary and extraordinary meetings were held in person. Before the meetings, the Management

Board of the general partner regularly provided the members of the Supervisory Board with detailed reports and comprehensive draft resolutions. At the meetings, the Supervisory Board discussed with them in detail the business performance and any important corporate matters based on the reports from the general partner's Management Board. The Supervisory Board also met regularly without the Management Board.

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

The Supervisory Board was also informed of important business transactions and important events between meetings. In addition, members of the general partner's Management Board, in particular the Chairman, regularly informed the Chairman of the Supervisory Board in separate meetings about the latest development of the business and forthcoming decisions and discussed them with him.

MEETING PARTICIPATION

Mr. Konrad Kölbl, Dr. Iris Löw-Friedrich and Mr. Romero de Paco each did not attend one meeting of the Supervisory Board and Mr. Behlert did not attend one meeting of the Audit Committee. Otherwise, all meetings of the Supervisory Board and its committees in 2023 were attended by all sitting members of the Supervisory Board of Fresenius SE & Co. KGaA or of the respective committee.

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

MAIN FOCUS OF THE SUPERVISORY BOARD'S ACTIVITIES

In 2023, the Supervisory Board mostly focused its monitoring and consulting activities on supporting business operations and the transformation of the Fresenius Group. The Supervisory Board thoroughly reviewed and discussed all business activities of significance to the Company with the Management Board of the general partner.

The Supervisory Board dealt in particular with the following items:

- budget
- medium-term planning of the Fresenius Group
- strategic alignment of the Fresenius Group and its business segments as part of the #FutureFresenius transformation process
- transformation of the Fresenius Group including the change of legal form of Fresenius Medical Care and the associated deconsolidation of Fresenius Medical Care at Fresenius
- further development of the risk management and internal control system
- utilization of the government compensation and reimbursement payments provided for in the "Energy Relief Package" and the associated restrictions for the Fresenius Group

The Management Board of the general partner also regularly informed the Supervisory Board about the risk situation, risk management and compliance within the Group, both in the Audit Committee and in plenary sessions.

At the meeting on February 17, 2023, the Supervisory Board was informed about the preliminary results of the strategy process.

At its meeting on March 16, 2023, the Supervisory Board dealt in detail with the audit and approval of the financial statements, the consolidated financial statement (IFRS) as well as the management report and the Group management report of Fresenius SE & Co. KGaA as of December 31, 2022. The results for 2022 were discussed on the basis of a detailed report provided by the Chairman of the Audit Committee and statements by the auditor, Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. At the same meeting, resolutions were passed on the compensation report of Fresenius SE & Co. KGaA for the 2022 fiscal year, the report of the Supervisory Board of Fresenius SE & Co. KGaA for the 2022 fiscal year, the Corporate Governance Declaration of Fresenius SE & Co. KGaA for the 2022 fiscal year, the proposal of the general partner, Fresenius Management SE, on profit distribution and the separate Group Non-financial Report for the fiscal year 2022. In addition, the business segments reported in detail on the course of business in the first two months of the fiscal year.

Another item discussed was the upcoming Annual General Meeting of Fresenius SE & Co. KGaA on May 17, 2023.

At the meeting on May 17, 2023, the Management Board reported to the general partner on business performance for the months January through April 2023. The Supervisory Board also received information on current developments at Fresenius Vamed and with regard to the intended change of legal form of Fresenius Medical Care and the associated deconsolidation.

The Supervisory Board meeting on September 5, 2023, focused on the strategy within the individual business areas.

At the meeting on September 8, 2023, the Supervisory Board was informed about personnel matters.

At the meeting on October 12, 2023, the members of the Supervisory Board were informed in detail about business performance from January through September 2023. In addition, the Supervisory Board received information on current developments at Quirónsalud the planned change in legal form and deconsolidation of Fresenius Medical Care, the planned sale of a Fresenius Kabi plant and shares in companies in Peru, the United States and Spain by Fresenius Helios. It also dealt with the declaration of conformity with the Corporate Governance Code and the topic of cyber security at Fresenius.

At the meeting on December 6, 2023, information was provided on the 2024 budget and medium-term planning for the years 2025 to 2026, the 2024 financing budget and the maturities for 2024 to 2026. The Management Board of the general partner also reported on the business performance from January to October 2023. The Supervisory Board noted with approval the fundamental decision taken the previous day by the Management Board of Fresenius Management SE to utilize the government compensation and reimbursement payments for increased energy costs of German hospitals provided for in the "Energy Relief Package" and thus, due to the corresponding regulations, not to be able to pay a dividend to the shareholders of the company and no variable remuneration components to the members of the Management Board of Fresenius Management SE, among others, for the 2023 financial year. The Chairwoman of the Audit Committee reported in detail on the status of preparation of the financial statements. The Supervisory Board dealt with the closure of the business operations of Curalie GmbH and the concept of onboarding and the training and further education of the Supervisory Board. Furthermore, a resolution was passed on the declaration of conformity with the German Corporate Governance Code.

CORPORATE GOVERNANCE

In December 2023, the Supervisory Board of Fresenius SE & Co. KGaA and the Management Board of the general partner issued the declaration of conformity to the German Corporate Governance Code in accordance with Article 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders on the Company's website.

In 2023, the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA was ready and continues to be ready, to the extent permitted by law and in close consultation with the Management Board of the general partner, to hold discussions with investors on topics specific to the Supervisory Board. In November 2023, the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA again participated in the annual Corporate Governance Roadshow.

The Management Board of the general partner and the Supervisory Board of Fresenius SE & Co. KGaA have a duty to act in the best interests of the Company. In performing their activities, they do not pursue personal interests or bestow unjustified benefits on others. Any secondary activities or dealings with the Company by members of the corporate bodies must immediately be reported to, and approved by, the Supervisory Board.

There were no conflicts of interest of Supervisory Board members in the past fiscal year.

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

The members of the Supervisory Board independently take on necessary training and further education measures required for their tasks are supported appropriately by Fresenius. They keep themselves regularly informed, through internal and external sources, about the latest requirements with regard to their supervisory activities and exchange information on relevant external training opportunities. The Supervisory Board at all times ensures that its members are suitably qualified, keep their professional knowledge up to date and further develop their judgment and expertise.

External experts as well as experts from Fresenius provide information about important developments, for example about relevant new laws and precedents or changes in the IFRS accounting and auditing standards. In the 2023 fiscal year, the topics addressed included the hospital market in Spain and cyber security. Onboarding is offered to the Supervisory Board members.

The Supervisory Board regularly assesses how effectively it and its committees fulfill their tasks.

For more information on Corporate Governance at Fresenius, please see the Corporate Governance Declaration on pages 205 ff. of the Annual Report. Fresenius has disclosed the information on related parties on page 355 f. of the Annual Report.

WORK OF THE COMMITTEES

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

The **Audit Committee** held eight regular meetings in the 2023 fiscal year. Five of these meetings were held in person and three virtually. The auditor took part in all meetings. The committee also held regular discussions without the Management Board.

The Audit Committee dealt with the issues that fall within its area of responsibility under German and European law, the German Corporate Governance Code and the rules of procedure for the Supervisory Board. These topics include, in particular, the monitoring of accounting and the accounting process, the effectiveness of the internal control system, the risk management system, the compliance management system and the internal audit system as well as the audit of the financial statements.

As part of the monitoring of the annual audit, the Audit Committee dealt in particular with the selection and independence of the auditor. The committee used a scorecard to assess the quality of the audit for the 2022 fiscal year and monitored the non-audit services provided by the auditor on a quarterly basis. The Audit Committee recommended to the Supervisory Board that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) be appointed as auditors for the 2023 fiscal year at the Annual General Meeting. The notification, information and reporting obligations recommended by the German Corporate Governance Code were contractually agreed with the auditor. The Audit Committee discussed with the auditor the audit strategy, the materiality thresholds, the key audit issues, the risk assessment and key audit areas, the audit fee and the scope of reporting on the audit. For the audit of the separate non-financial Group report, the Audit Committee discussed with the auditor in particular the planned supplementary audit procedures to obtain reasonable assurance for individual components of the report. The Audit Committee discussed the half-year financial report and the quarterly financial reports with the Management Board prior to their publication and the auditor and discussed the auditor's report on the review of the interim consolidated financial statements and Management Report as at June 30, 2023. The Chair of the Audit Committee regularly discussed the preparation and progress of the various audits with the auditor (of the annual financial statements) outside of meetings and reported on this to the committee.

In 2023, the focus of the committee's work in the area of accounting was on the financial development at Fresenius Vamed and the organizational measures introduced, the change of legal form of Fresenius Medical Care and the impact of this on the consolidated financial statements as well as the effects that the utilization of the government compensation and reimbursement payments for increased energy costs of German hospitals provided for in the "energy aid relief package" will have on earnings, cash flow and the dividend for the 2023 financial year and on the payment of variable remuneration components, including for the members of the Management Board of Fresenius Management SE for the 2023 financial year. The Audit Committee discussed the work of Internal Audit at length. In the area of compliance, the Audit Committee dealt in particular with the implementation of the Act on Corporate Due Diligence Obligations in Supply Chains. In the area of risk management and the internal control system, in addition to regular reporting, the focus was on the consideration of geopolitical and fundamental risks, the further rollout and the planned further development of the systems in the Group. In the area of sustainability reporting, the focus was on current and future regulatory requirements, in particular the materiality analysis in accordance with the new European reporting standards (ESRS), and their implementation. Finally, the Audit Committee was informed about compliance management in the area of taxes, the processes for fulfilling reporting obligations regarding cross-border tax arrangements and preparations for the expected requirements of the Minimum Taxation Directive.

The **Audit Committee** was also informed by the auditor about current regulatory developments in the 2023 fiscal year. It also discussed external training opportunities that are particularly relevant to the committee's work. The committee members are responsible for making use of these opportunities and are supported by the Company in this regard.

The Chair of the Audit Committee reports in detail at the subsequent plenary meeting on the topics discussed and resolutions passed and explains the proposed resolutions.

The Company's **Nomination Committee** met once in 2023. The meeting was held as a mixed in-person and video conference meeting. The Nomination Committee dealt in particular with the onboarding, training and development of Supervisory Board members and succession planning.

The **Joint Committee** is responsible for approving certain important transactions of Fresenius SE & Co. KGaA and certain legal transactions between the Company and the Else Kröner-Fresenius-Stiftung. In 2023, no transactions were carried out that required its approval. Accordingly, the Joint Committee did not meet in 2023.

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

For more information about the committees and their composition and work methods, please refer to the Corporate Governance Declaration on page 210 f. and page 371 of the Annual Report.

PERSONNEL

When the change of legal form of Fresenius Medical Care took effect on November 30, 2023 and the associated deconsolidation of Fresenius Medical Care, the employee representative Ms. Stefanie Balling resigned from the Supervisory Board of Fresenius SE & Co. KGaA stepped down. Her successor, Mr. Holger Michel, was elected in advance as a personal substitute member at the constituent meeting of the European Works Council.

The composition of the Management Board of the general partner, Fresenius Management SE, also changed in the past fiscal year. Mr. Pierluigi Antonelli was appointed as the member of the Management Board responsible for Fresenius Kabi with effect from March 1, 2023. Dr. Michael Moser became the member of the Management Board responsible for Legal, Compliance, Risk Management and Environmental, Social and Governance (ESG) on July 1, 2023. After Dr. Ernst Wastler left the Management Board on July 18, 2023, Dr. Michael Moser also became responsible for the Fresenius Vamed business segment. On December 1, 2023, he also took over the Human Resources and Insurance departments. On September 8, 2023, Mr. Robert Möller was appointed as the Management Board member responsible for the Fresenius Helios business segment. He follows Dr. Francesco De Meo, who left the Company on September 8, 2023. Dr. Sebastian Biedenkopf left the Management Board on November 30, 2023. Ms. Helen Giza also left the Management Board of Fresenius Management SE when the change in legal form and the deconsolidation of Fresenius Medical Care took effect on November 30, 2023.

Fresenius now has a management team that comprises experienced top managers, who possess comprehensive and complementary expertise. The management team will work closely with the employees to consistently implement #FutureFresenius in the coming years. The Supervisory Board would like to thank the outgoing members of the Management Board for their work and commitment.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENT 2023

The auditor PwC audited the annual financial statements and Management Report as well as the consolidated financial statements and Group Management Report for the 2023 fiscal year and issued an unqualified audit opinion in each case. PwC has been the auditor for Fresenius SE & Co. KGaA and the Fresenius Group since the 2020 fiscal year. Since then, Dr. Ulrich Störk and Dr. Bernd Roese have served as auditors, the latter also as the auditor responsible for the audit.

The company's annual financial statements, management report and Group management report were prepared in accordance with the accounting provisions of the German Commercial Code (HGB) and the company's consolidated financial statements were prepared in accordance with IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e HGB. The auditors conducted all audits in accordance with Section 317 HGB and the EU Audit Regulation, taking into account the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and the International Standards on Auditing (ISA).

The Audit Committee already received comprehensive reports on the preparatory work for the 2023 annual and consolidated financial statements at the meetings on October 10, 2023 and December 5, 2023.

At the Audit Committee meeting on February 19, 2024, the Audit Committee discussed the drafts of the annual and consolidated financial statements together with the management report and Group management report with the Executive Board. The Audit Committee dealt in detail with the Management Board's statement in the management report and Group management report on the appropriateness and effectiveness of the risk management and internal control system. The auditors informed the Supervisory Board that the audits of the financial statements had been materially completed and – provided there were no new findings – could be concluded on the following day with unqualified audit opinions. The annual and consolidated financial statements together with the management report and Group management report, the draft annual report and the auditor's reports were made available to the Supervisory Board in good time.

At the Audit Committee meeting on March 6, 2024, the Management Board explained the annual and consolidated financial statements in detail. The auditors reported in detail on the scope, focus and key findings of their audit, focusing in particular on the key audit matters, including the audit procedures performed in this context. No significant weaknesses in the accounting-related internal control system or the early risk detection system set up by the Management Board were reported. As a result of its review, the Audit Committee recommended that the Supervisory Board approve the findings of the audit at the plenary meeting on March 7, 2024 and, since in its opinion there were no objections to the documents submitted by the Management Board, to approve the annual and consolidated financial statements.

On March 7, 2024, the Supervisory Board conducted its final review of the financial statement documents, taking into account the report and recommendations of the Audit Committee and the auditor's reports. It discussed further issues with the Management Board and the auditor. The Supervisory Board approved the auditor's findings. As there were no objections to the annual financial statements and management report of the company or the consolidated financial statements and Group management report following the final results of its own examination, the Supervisory Board approved the annual financial statements and consolidated financial statements prepared by the Management Board in accordance with the Audit Committee's proposed resolution.

SEPARATE GROUP NON-FINANCIAL REPORT 2023

PwC subjected the separate non-financial Group report for the 2023 financial year to a formal and substantive audit and concluded the audit without objections. The remuneration-relevant key figures of this report were audited with reasonable assurance, while the other components of the report were audited with limited assurance. PwC conducted its audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), issued by the International Accounting and Assurance Standards Board (IAASB).

At the meeting on December 5, 2023, the Audit Committee received a report on the preparatory work for the Separate Non-financial Group Report. In particular, this involved the effects of the change in the Group structure, the preparation for the first-time audit of individual key figures with reasonable assurance and the expansion of reporting on the EU Taxonomy.

The separate Group Non-financial Report and the audit report from PwC were made available to each member of the Supervisory Board of the Company in good time. At their meetings on March 6 and 7, 2024, the Audit Committee and then the full Supervisory Board discussed all the documents in detail. At both meetings, the appointed auditor reported on the key findings of its audit and answered questions. The Audit Committee and the Supervisory Board approved the auditor's findings. The Audit Committee's and the Supervisory Board's own review also found no objections to the separate Group Non-financial Report. At its meeting on March 7, 2024, the Supervisory Board approved the separate Group Non-financial Report in accordance with the resolution proposed by the Audit Committee.

COMPENSATION REPORT

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, formally and materially audited the compensation report for the 2023 fiscal year and did not raise any objections.

The compensation report was prepared together with the general partner and finally discussed and approved at the Supervisory Board meeting on March 7, 2024.

The compensation report is published on pages 222 ff. of the Annual Report and the auditor's findings are published on page 259 of the Annual Report.

THANKS FROM THE SUPERVISORY BOARD

The Management Board and employees have accomplished a great deal and made significant progress in what has been a trailblazing year for Fresenius. The Supervisory Board wishes to express its recognition and thanks to the Management Board of the General Partner and all employees for their achievements in the past fiscal year.

Bad Homburg v. d. H., March 7, 2024

The Supervisory Board of Fresenius SE & Co. KGaA

Wolfgang Kirsch
Chairman