

## OVERALL ASSESSMENT OF THE BUSINESS SITUATION

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

## OUTLOOK

This Group Management Report contains forward-looking statements, including statements on future revenue, expenses, and investments, as well as potential changes in the healthcare sector, our competitive environment, and our financial situation. These statements were made on the basis of the expectations and assessments of the Management Board regarding events that could affect the Company in the future, and on the basis of our mid-term planning. Such forward-looking statements are subject, as a matter of course, to risks, uncertainties, assumptions, and other factors, so that the actual results, including the financial position and profitability of Fresenius, could therefore differ materially – positively or negatively – from those expressly or implicitly assumed or described in these statements. For further information, please see our Opportunities and Risk Report on pages 87 ff.

## GENERAL AND MID-TERM OUTLOOK

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

Some trends, such as the digitalization of healthcare, have even accelerated by the COVID-19 pandemic, and we believe that we are very well positioned as a Group to benefit from this in the coming years. We are continuously striving to optimize our costs, to adjust our capacities, and to improve our product mix, as well as to expand our products and services business. This includes plans for cost-efficient production and a further-optimized procurement process. In addition, we can use digital technologies to accelerate central administrative processes and make them more efficient. For more information, see Cost efficiency program on page 83.

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

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

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

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

- **Fresenius Helios** operates almost-nationwide hospital networks in Germany and Spain and provides outpatient care at various facilities. Patient care is to be further improved through the exchange of knowledge and experience (best practice) between Helios Germany and Helios Spain. The increasing number of privately insured patients opens up growth opportunities for Helios Spain, with a very deliberate and targeted allocation of capital for future expansion and hospital construction. Furthermore, the close integration of Helios Spain's corporate health management facilities with its own hospitals offers additional growth opportunities.

In Latin America, Fresenius Helios is continuously evaluating opportunities to expand its regional presence while achieving and maintaining above-average profitability. Fresenius Helios' reproductive medicine business complements the range of services in a growing market with specific individual needs. In addition to innovative therapies, digitalization creates potential to further expand our market position. Helios Germany and Helios Spain are developing innovative business areas such as digital offerings. For example, health apps such as Curalie are being developed. Curalie is a platform and app for digital health programs based on scientific standards, e.g., people with chronic diseases such as diabetes mellitus or heart failure. Building on the Curalie digital health platform, Fresenius Helios aims to bring further affordable and accessible health solutions to market.

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

- For **Fresenius Medical Care**, innovation, the highest quality, reliability, and the convenience of our products and therapies are key factors for growth. The company is committed to focusing its business activities on sustainable, profitable growth and is committed to continuous performance improvements. Fresenius Medical Care will further expand its Care Enablement business by introducing innovative product platforms. In addition, the company will closely review its global footprint. In Care Delivery, Fresenius Medical Care is exploring ways to improve access to care while ensuring the profitability of the business. Value-based care models enable the company to create medical value while ensuring that care remains affordable.

The goal is to build sustainable partnerships with payers around the world to support the transition from a fee-for-service to a pay-for-performance system. Based on its strategic business plan, Fresenius Medical Care intends to significantly expand its home dialysis business.

- **Fresenius Vamed** is driving the expansion of high-quality services such as the management of medical-technical products, sterile supply, operational technology, and IT development. In addition, the company is developing innovative business areas such as digital offerings. Fresenius Vamed expects both its project and services business to grow further due to the need for life-cycle and PPP projects (Public Private Partnership). In addition, the company aims to expand its position through follow-up contracts with existing customers and to develop new target markets. Furthermore, Fresenius Vamed plans to further strengthen its leading position as a post-acute care provider in Central Europe.

## HEALTHCARE SECTOR AND MARKETS

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

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

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

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

## THE DIALYSIS MARKET

Fresenius Medical Care expects the number of dialysis patients worldwide to grow by about 4% in 2023 depending on the further development of the global COVID-19 pandemic. The accelerating effects of excess mortality due to the COVID-19 pandemic are continuing into 2023.

Fresenius Medical Care expects a significant adverse annualization effect on treatment volumes. Some significant regional differences are likely to remain: the company anticipates below average growth rates in the United States, Japan, and Western and Central Europe. The number of patients with chronic kidney disease is already relatively high in these countries and regions and patients generally have reliable access to treatment, normally dialysis. In economically weaker regions we expect the growth rates to be considerably higher in some cases.

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

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

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

## THE MARKET FOR BIOPHARMACEUTICALS, CLINICAL NUTRITION, MEDTECH, GENERIC IV DRUGS, AND IV FLUIDS<sup>1</sup>

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

In the short term, we expect the market for **clinical nutrition** to grow in the mid-single-digit range. Growth prospects are supported by increasing awareness of the need for early clinical nutrition, which is reflected in the latest guidelines.

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

In addition, the practice of mandatory screening for malnutrition<sup>1</sup> is on the rise. We see additional potential in the continuing high proportion of malnourished people who do not yet have access to nutrition therapies. Considerable potential continues to be projected in emerging regions like Latin America and Africa, with high-single-digit growth rates.

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

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

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

## THE HOSPITAL MARKET<sup>2</sup>

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

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

In order to factor medical outcomes into the remuneration, the Federal Joint Committee defines **quality indicators**.

The specific financial terms and details are being worked out in a consistent overall fashion. However, we do not expect any adverse effects from this since the Helios Group is well prepared for quality-based remuneration

thanks to its clear focus on quality and transparency of medical outcomes.

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

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

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

<sup>1</sup> Sources: New ESPEN guideline on clinical nutrition and hydration in geriatrics. Clin Nutr. 2022 41:958-989; by Volkert D, Beck AM, Cederholm T, Cruz-Jentoft A, Goisser S, Hooper L, et al.; most recently implemented e.g., in Portugal: "National Policy for effective screening implementation"; Directorate General of Health DGS

<sup>2</sup> Sources: Company research; German Hospital Institute (DKI), Krankenhaus Barometer 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<sup>1</sup> Foreign Trade Center Madrid, The Spanish Economy - Austrian Chamber of Commerce 2022

services to private service providers due to increasing efficiency pressure. In addition, an expansion of the range of post-acute services in Europe is expected.

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

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

## GROUP REVENUE AND EARNINGS

For the fiscal year 2023, Fresenius expects that there will be neither a further intensification of geopolitical tensions nor a deterioration of the current situation due to COVID-19, and that supply chain bottlenecks will increasingly ease. Fresenius also expects general cost inflation and labor shortages to have a significantly more negative impact on its business than in 2022, due to the fact that these pressures did not materialize until the second half of 2022. Accordingly, Fresenius anticipates stronger headwinds in 2023 than in the previous year. Fresenius will continue to closely monitor the potential impact of increased volatility and reduced visibility on its business and balance sheet.

Furthermore, the following assumptions for Fresenius Medical Care’s FY/23 guidance are also fully applicable to the Fresenius Group’s FY/23 guidance:

- In 2022, operating income was supported by €277 million (at current currency) of U.S. Provider Relief funding (PRF). There is no further receipt of PRF assumed for 2023. To provide a comparable basis for the 2023 earnings outlook, the basis is adjusted accordingly.
- Revenue and operating income guidance are both on a constant currency basis and excluding special items
- Special items will be provided as separate KPI (“Revenue excluding special items”, “Operating income excluding special items”) to capture effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. These items are excluded to ensure comparability of the figures presented with the Company’s financial targets which have been defined excluding special items.

All of these assumptions are subject to considerable uncertainty.

### GROUP FINANCIAL TARGETS 2023

	Targets 2023	Fiscal year 2022
Revenue growth <sup>1</sup> (organic)	Low-to-mid-single-digit growth	€40,840 m
EBIT growth <sup>1,2</sup> (in constant currency)	Broadly flat to high-single-digit decline	€3,727 m
EBIT growth <sup>1</sup> (in constant currency) excluding FMC (Fresenius Medical Care)	Broadly flat to mid-single-digit decline	€2,187 m
Dividend per share	At least stable	Proposal €0.92 per share

<sup>1</sup> Before special items

<sup>2</sup> In 2022, operating income was supported by €277 million (at current currency) of U.S. Provider Relief funding (PRF). There is no further receipt of PRF assumed for 2023. To provide a comparable basis for the 2023 earnings outlook, the basis is adjusted accordingly.



## REVENUE AND EARNINGS BY BUSINESS SEGMENT

In 2023, we expect revenue and earnings development in our business segments as shown in the table below:

### FINANCIAL TARGETS BY BUSINESS SEGMENT 2023

Operating Companies <sup>1</sup>	Targets 2023	Fiscal year 2022
<b>Fresenius Kabi</b>		
Revenue growth (organic)	Low-to-mid-single-digit percentage growth	€7,850 m
EBIT margin	Around 1 percentage point below the structural margin band of 14% – 17%	13.8%
<b>Fresenius Helios</b>		
Revenue growth (organic)	Mid-single-digit percentage growth	€11,716 m
EBIT margin	Within the structural margin band of 9% – 11%	10.1%
<b>Investment Companies<sup>1</sup></b>		
<b>Fresenius Medical Care<sup>2</sup></b>		
Revenue growth (in constant currency)	Low-to-mid-single-digit percentage growth	€19,398 m
EBIT growth (in constant currency)	Flat-to-high-single-digit percentage decline	€1,540 m
<b>Fresenius Vamed</b>		
Revenue growth (organic)	Low-to-mid-single-digit percentage growth	€2,359 m
EBIT margin	Clearly below the structural margin band of 4 – 6%	0.8%

<sup>1</sup> Before special items

<sup>2</sup> In 2022, operating income was supported by €277 million (at current currency) of U.S. Provider Relief funding (PRF). There is no further receipt of PRF assumed for 2023. To provide a comparable basis for the 2023 earnings outlook, the basis is adjusted accordingly.

## EXPENSES

For fiscal year 2023, we do not expect selling, general, and administrative expenses (before special items) as a percentage of consolidated net revenue to slightly decrease compared to 2022 (2022: 14.6%).

## TAX RATE

For fiscal year 2023, we do expect a tax rate in a range between 24% and 25% (2022: 23.7%).

## COST AND EFFICIENCY PROGRAM

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

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

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

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

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

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

## LIQUIDITY AND CAPITAL MANAGEMENT

For fiscal year 2023, we expect a cash conversation rate around 1.0.

In addition, undrawn credit lines under syndicated or bilateral credit facilities from banks provide us with sufficient financial headroom.

Financing activities in 2023 are largely geared to refinancing existing financial liabilities maturing in 2023 and 2024.

We expect higher interest rates in fiscal year 2023, resulting in higher interest expense of €700 million to €750 million, depending on financing activities.

Without further acquisitions and depending on divestment activities, Fresenius expects the net debt/EBITDA<sup>1</sup> ratio at the end of 2023 to be slightly above the level of year-end 2022 (December 31, 2022: 3.65x) and thus above the self-imposed target corridor of 3.0x to 3.5x.

There are no significant changes in the financing strategy planned for 2023.

## INVESTMENTS

In 2023, we expect to invest about 5% of revenue in property, plant and equipment. About 41% of the capital expenditure planned will be invested at Fresenius Medical Care, about 26% at Fresenius Kabi, and around 27% at Fresenius Helios.

At Fresenius Medical Care, investments will mainly be made in expanding production capacities, optimizing production costs, and setting up new dialysis clinics.

Fresenius Kabi will mainly invest in the expansion and maintenance of its production sites and in the introduction of new production technologies.

Fresenius Helios will primarily invest in the construction and modernization of existing and newly acquired clinics and medical centers.

Fresenius Vamed is primarily investing in modernizing and equipping existing post-acute care facilities.

With a share of around 60%, Europe is the regional focus of investment in the planning period. Around 30% of the investments are planned for North America and around 10% for Asia-Pacific, Latin America, and Africa. About 30% of total funds will be invested in Germany.

For 2022, we assume return on invested capital (ROIC) to decline around one percentage point below the level of 2022 (2022: 5,1%).

## CAPITAL STRUCTURE

For fiscal year 2023, we do not expect the equity ratio to change significantly compared to fiscal year 2022 (2022: 42%). Furthermore, we expect that financial liabilities in relation to total assets will remain roughly the same as in fiscal year 2022 (2022: 36%).

## DIVIDEND

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

## NON-FINANCIAL TARGETS

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

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

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

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

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

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

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

<sup>1</sup> At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures; excluding further potential acquisitions; before special items