
LETTER TO OUR SHAREHOLDERS

The image shows the Fresenius logo, which consists of a stylized 'F' followed by the word 'FRESENIUS' in a bold, sans-serif font. The logo is white and set against a dark blue background.

Stephan Sturm
Chairman of the Management Board

Dear shareholders,

Fresenius is a healthcare group. Our task is to protect people's health as best we can. Rarely have we been as challenged as during the coronavirus pandemic. However, we have done our part. We have lived up to our responsibility – also in the year gone by.

In 2021 we treated more than 42,000 COVID-19 patients and vaccinated well over one million people against the virus. Once again, we did all we could to maintain our ability to deliver crucial medicines and medical products, even as demand in some cases rose substantially. And to provide follow-up treatment, we developed a special post-covid rehabilitation program at Fresenius Vamed.

Notwithstanding that, the pandemic continues to impose a heavy burden on all of us, as well as on our business. An important and very sad aspect is the excess mortality among our dialysis patients due to COVID-19 infections. This is a human tragedy, and it affects our business – with reduced treatment volumes resulting in lower sales as costs continue to rise. In our hospitals, also, treatments were again down significantly compared with prior to the pandemic – this applies to Fresenius Helios' acute care hospitals and to Fresenius Vamed's rehabilitation facilities. At the same time, we had higher expenses for additional hygiene measures. And fewer treatments and operations also translate

into less demand for various Fresenius Kabi products. Finally, Fresenius Vamed's project business continued to suffer from travel restrictions and a COVID-19-related hesitation on the part of many clients.

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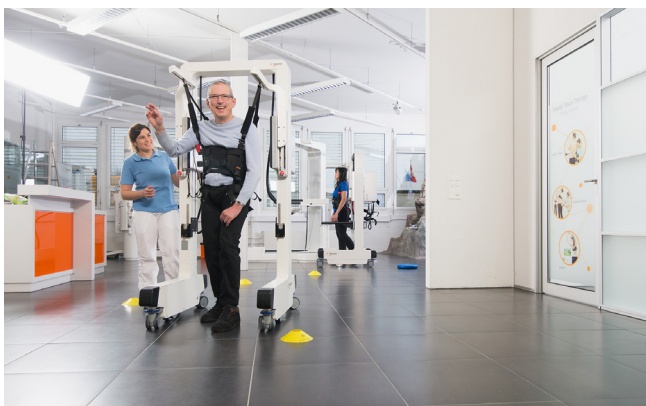
Nevertheless, we achieved a lot in 2021 and set a decisive course. A milestone was the FME25 transformation program. The simplified corporate structure will in future comprise only two global segments: In the Care Enablement segment, Fresenius Medical Care is consolidating its previously decentralized product business under a global medical technology umbrella. The global healthcare services business will be combined in the Care Delivery segment. This will make the company more agile, enable better use of existing know-how, accelerate innovation and deploy capital in an even more efficient manner.



Providing people with the best possible care, and a deep commitment to improving patients' quality of life every day: That is what drives us. Our employees have shown tremendous dedication in ensuring the care of our patients during the COVID-19 pandemic.

At Fresenius Kabi, we have also defined a new strategy: Vision 2026. It is the guideline to transforming the company for the next decade. Going forward, Fresenius Kabi will focus on three growth paths: broadening our biopharmaceutical offering, more launches of clinical nutrition products and an expansion in the medical technology field. The cornerstone is our volume-driven IV business, i.e. infusions and liquid medications. Here we aim to increase our resilience. We have put this into a handy formula: 3 + 1.

Another milestone: A new record order backlog at Fresenius Vamed, despite the pandemic. And at Fresenius Helios, we made further attractive acquisitions. In Germany, we acquired the two hospitals of DRK (German Red Cross) Kliniken Nordhessen in Kassel. Together with the Helios hospital in nearby Warburg, we will form a regional medical network and expand it over the next few years, in line with our cluster strategy. We also acquired an oncological center and an ophthalmic clinic in Colombia and, at the beginning of this year, a majority stake in an additional fertility center in the United States.



Fresenius Vamed developed a special post-covid rehabilitation program for the follow-up treatment of COVID-19 patients.

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Under the circumstances, 2021 was also a decent year for us in business terms. We were able to increase sales by 5 percent in constant currency. EBIT, unfortunately, declined 6 percent in constant currency – due mainly to negative COVID-19 effects at Fresenius Medical Care. Nonetheless, we were again able to increase net income – by 5 percent in constant currency, in line with sales growth. Not least due to a strong fourth quarter, I can state: We met all our communicated targets for 2021, even after twice raising our outlook during the year. You can see that we continue to work on rebuilding capital market confidence in us as a reliable, high-growth company.

For that matter, we want you, dear shareholders, to participate in our success also this year. We are therefore proposing a 5 percent dividend increase, to 92 cents per share. This would be our 29th consecutive dividend increase! For the first time we would like to offer a scrip dividend. You should have the choice of receiving your dividend in cash, as before, or in the form of new shares. The latter is a very



The Eugin Group, part of Fresenius Helios, acquired a majority stake in the Delaware Institute for Reproductive Medicine. This renowned reproductive medicine center in the U.S. state of Delaware has been established for 35 years.

simple, convenient way of reinvesting the dividend directly back into your company.

In another first for us, we have set a climate target for the Fresenius Group. We want to reduce our direct and indirect CO₂ emissions by half by 2030, starting from around 1.5 million metric tons of emitted greenhouse gas in 2020. By 2040 at the latest, we want to be climate neutral. We are guided by the scientifically based targets of the Paris Agreement to limit global warming to 1.5 degrees Celsius.

How do we intend to achieve this ambitious goal? The key for the first few years will be to switch our global electricity consumption to renewable energy. Alongside this, we will continue to work on making our hospitals, clinics and production sites ever more energy efficient. We will look at every investment also from a “green” perspective and – wherever economically and ecologically feasible – we will also install more renewable energy generation capacity at our sites.

» We aim at optimizing Fresenius and have set the course for accelerated profitable growth in the coming years. «

To continue peering into the future – this time our 2022 financial guidance and medium-term targets. We must assume the COVID-19 pandemic will continue to have a noticeable impact on our business this year. Just how much depends, among other things, on the progress of vaccination in our

important markets and the possible emergence of other dangerous variants of the virus. Despite that, we expect to increase sales by a mid-single-digit percentage on a currency-adjusted basis, and for net income to increase by a low single-digit percentage on a constant-currency basis.

We also confirm the medium-term targets that we set in 2019, so before the onset of the pandemic: for the period 2020 to 2023, annual average organic growth in sales of 4 to 7 percent and 5 to 9 percent in net income. Concurrently, we are specifying our expectations: for sales growth, we expect to reach the bottom to middle of the range; for net income growth, we will probably end up at the lower end. To achieve this, we will have to meaningfully accelerate our earnings growth in 2023. We are confident of achieving this. Our medium-term growth strategy, as defined last year, will help us noticeably.

A year ago, we started down the path to becoming an even stronger healthcare group. We aim at optimizing Fresenius and have set the course for accelerated profitable growth in the coming years. We have, among other things, started an ambitious cost-cutting and efficiency program. We are making good progress – even faster than originally thought. This is why we substantially increased our sustainable cost savings target for 2023 to more than €150 million after taxes and minority interests. And following that, we are aiming for even higher sustainable earnings contributions.



Ambitious target: By 2025, Fresenius Medical Care aims to perform 25% of all its treatments in the United States in the patient's home.

We have also put our Group structure to the test – open-ended and without taboos. We have analyzed very carefully: Where are the best growth opportunities? How do we want to seize them? And finance them?

First of all, our broad-based Group structure has proven its value, especially in difficult times such as these. It has made possible the growth of past decades, and today it offers us many advantages: Stability through diversification and size.

Economies of scale. Synergies from the cooperation between business segments. Tax advantages. And even more important: Attractive financing conditions, especially when it comes to borrowing. And low borrowing costs are also a big advantage for you, dear shareholders.

Another important result of our analysis: We see continued excellent growth opportunities for all four business segments. All four have strong market positions – either we are among the leaders in the business segment's respective field or, for example in dialysis, we are clearly the number one. And for all four business segments we have identified very promising strategic growth areas.

We want to exploit this potential. We want to promote and actively drive this growth. Organic growth was, is, and will remain the basis for us. But we also want to take strategic growth steps in the future. Make significant investments, for example in digital transformation, or in realizing large acquisitions. Just as we have repeatedly and successfully done in the past.

For this reason, we will have to tap new sources of capital and distribute the available capital wisely. To this end, we have analyzed our current setup – i.e., our four business segments – very closely and have developed a strategy for optimal capital allocation within the Group. In this way, we aim to combine more dynamic growth with the advantages of a broad, diversified structure in an optimal fashion.

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The top priority for capital allocation within the Fresenius Group will be Fresenius Kabi. Why? First, in a comparison of all four business segments, we see Fresenius Kabi as having the best overall growth prospects and the best return profile. Vision 2026 will make a significant contribution here. Secondly, unlike Fresenius Medical Care and Fresenius Vamed, we are the sole owner. Thirdly, whilst we have primarily expanded the services business over the past three decades, we now intend to again strengthen Fresenius'

products side. And fourthly, Fresenius Kabi's pharmaceutical business is the nucleus of our company: drugs, infusions – that's where we come from.

As a listed company, Fresenius Medical Care already largely finances its growth independently. Through its FME25 transformation program, Fresenius Medical Care will strengthen its long-term profitable growth and create additional value; of course, this also relates to our share in the company. Fresenius Helios and Fresenius Vamed will



Biosimilars from Fresenius Kabi are playing a key role as we implement our strategy for accelerated, sustainable growth.

continue to be able to finance smaller acquisitions from Fresenius Group funds. For larger growth steps by these two business segments, we will now consider bringing suitable equity investors on board – not with Fresenius SE & Co. KGaA, but at the level of these business segments.

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These decisions will enable accelerated growth of the individual business segments, and thus for the entire Group. We are moving Fresenius ahead at speed, with a measured and well-managed transformation of our company. Fresenius remains a diversified healthcare group, with a sharper profile, that will be active in wide-ranging and very exciting areas of medicine.

As you can see, we are in eventful times. We have some challenges to overcome, no question, but we have a clear course. We have defined a strategic path to achieve profitable growth at an even faster pace. Our goal is, and remains, to create value and benefit for all our stakeholders by doing what we have done best for more than 110 years: providing high-quality medicine at affordable prices, tailored to the needs of more and more people in the world who need medical care. In short: Ever better medicine for ever more people. We will continue to move forward boldly and steadily along this path. Come with us!

Sincerely yours,



Stephan Sturm
Chairman of the Management Board

P.S.: As I write these lines, a cruel war has been raging in Ukraine for a few weeks – a war of aggression provoked by the Russian leadership, and one we strongly condemn. At present, we can only speculate about the future course of the war and its impact on the world and our company. Our



“Ever better medicine for ever more people” is our purpose at Fresenius.

greatest concern and special commitment at present are the protection of our employees in Ukraine and care for our patients, who remain in urgent need of our medical assistance. Our responsibility as a healthcare company also includes not leaving alone our patients in Russia – to also continue providing them with medical care. We hope the Russian leadership will come to its senses, and we sincerely wish for an end to the violence and the return of peace to the region.