

- (c) In the consolidated balance sheets, "Non-current provisions and other non-current liabilities" in the amount of €51,831 as of December 31, 2019 have been reclassified to line item "Current provisions and other current liabilities" to correct for an immaterial error in the classification of certain put options assumed as part of the acquisition of nephrology clinics.

We conduct our business on a global basis in various currencies with major operations located in the U.S. and Germany. We prepare our consolidated financial statements, from which we derived the selected financial data above, utilizing the euro as our reporting currency. We have converted the balance sheets of our non-euro denominated operations into euro at the exchange rates prevailing at the balance sheet date. Revenues and expenses are translated at the average exchange rates for the respective period, as shown.

A summary of the spot and average exchange rates for the euro to U.S. dollars for the last three years is set forth below. The European Central Bank ("ECB") determines such rates ("Reference Rates") based on the regular daily averaging of rates between central banks within and outside the European banking system. The ECB normally publishes the Reference Rates daily around 4p.m. Central European Time ("CET").

Exchange rates					
	December 31, 2020 spot exchange rate in €	December 31, 2019 spot exchange rate in €	2020 average exchange rate in €	2019 average exchange rate in €	2018 average exchange rate in €
1 U.S. dollar	0.81493	0.89015	0.87550	0.89328	0.84678

B. Capitalization and indebtedness

Not applicable

C. Reasons for the offer and use of proceeds

Not applicable

D. Risk factors

Before you invest in our securities, you should be aware that the occurrence of any of the events described in the following risk factors or elsewhere in this report, and other events that we have not predicted or assessed could have a material adverse impact on our business, financial condition and results of operations. If the events described below or other unpredicted events occur, then the trading price of our securities could decline and you may lose all or part of your investment.

Risks relating to legal and regulatory matters

We operate in a highly regulated industry such that the potential for legislative reform provides uncertainty and potential threats to our operating models and results.

The delivery of health care services and products is highly regulated in most of the countries in which we operate. Proposals for legislative reform in these countries are often introduced to improve access to care, address quality of care issues and manage costs of the health care system. In the U.S., the Trump administration publicly announced its desire to pursue significant changes to existing health care programs. Although that administration's efforts to repeal or replace ACA were unsuccessful and the Biden Administration has stated its intention to maintain and strengthen the ACA, the U.S. Supreme Court heard oral arguments in November 2020 regarding the constitutionality of the ACA. Challenges of such nature, if successful, could have significant effects on our businesses, both positive and negative, but the outcomes are impossible to predict.

In October 2017, the Trump administration discontinued making cost-sharing reduction ("CSR") reimbursements to insurers, arguing that Congress had failed to appropriate funding for them. In response, many state departments of insurance either allowed or required insurers to mitigate their losses by increasing the 2018 premiums on their ACA plans. Many insurers also mitigated the impact to themselves by "silver loading," a practice whereby the premiums for silver-level plans were increased to offset the loss of CSR payments. Silver loading may also have mitigated the impact of premium increases to some low-income consumers by increasing their premium tax credits. In 2019 and 2020, all states either permitted or required silver loading. In 2017, several insurers sued the U.S. federal government to reinstate CSR payments. While the Biden administration is expected to reinstate CSR reimbursements and

to limit states' access to waivers allowing silver-loading, we cannot predict the extent to which silver-loading will continue or how the ongoing litigation over the U.S. federal government's obligation to pay the CSRs might be resolved. As a result, a reduction in the availability of insurance through such exchanges could reduce the number of our commercially insured patients and shift such patients to Medicare and Medicaid. Because Medicare and Medicaid reimbursement rates are generally lower than the reimbursement rates paid by commercial insurers, a shift of commercially insured patients to Medicare and Medicaid, could have a material adverse impact on our business, financial condition and results of operations. See "Changes in reimbursement and/or governmental regulations for health care could materially decrease our revenues and operating profit" below.

Changes in reimbursement, payor mix and/or governmental regulations for health care could materially decrease our revenues and operating profit.

We receive reimbursement for our health care services from both public, government-sponsored payors and private, commercial payors. A large portion of our businesses is reimbursed by government payors, in particular the Medicare and Medicaid program in the U.S. For the years ended December 31, 2020 and 2019, approximately 32% and 33%, respectively, of our consolidated revenues resulted from Medicare and Medicaid reimbursement. The Medicare and Medicaid programs change their payment methodologies and funding from time to time in ways that are driven by changes in statute, economic conditions, and policy. For example, the Budget Control Act of 2011 ("BCA") effected a 2% reduction to Medicare payments and subsequent activity in Congress, namely a \$1.2 trillion sequester (across-the-board spending cuts) in discretionary programs, took effect on April 1, 2013, which continues in force. The 2% sequestration was temporarily suspended from May 1, 2020 through December 31, 2020. The Consolidated Appropriations Act of 2021 extends this temporary suspension through March 31, 2021. In addition, options to restructure the Medicare program in the direction of a defined contribution, "premium support" model and to shift Medicaid funding to a block grant or per capita arrangement, with greater flexibility for the states, have been proposed or considered from time to time. Changes in payment methodologies and funding or payment requirements of (without limitation) the End-Stage Renal Disease ("ESRD") Prospective Payment System ("ESRD PPS"), the Physician Fee Schedule, the Clinical Laboratory Fee Schedule, and the Ambulatory Surgical Center Payment System may have material effects on our operating results. We have very little opportunity to influence or predict the magnitude of those changes. For further information regarding Medicare and Medicaid reimbursement, including new payment models proposed by executive order in July 2019 which are intended to encourage identification and earlier treatment of kidney disease as well as increased home dialysis and transplants, see Item 4B, "Information on the Company – Business Overview – Regulatory and Legal Matters – Reimbursement" and Item 5, "Operating and Financial Review and Prospects – II. Financial condition and results of operations – Overview."

Our patients make decisions about their insurance coverage among options that, depending on their personal circumstances and location, may include Medicare, Medicaid and employer group health coverage, exchange plans and other commercial coverage. As of January 1, 2021, for the first time, all ESRD patients are eligible to enroll in Medicare Advantage plans. As a result, some patients with commercial coverage, and other patients with Medicare coverage, may elect to move to Medicare Advantage plans. Government reimbursement programs, including Medicare and Medicaid, generally pay less than commercial insurance, and Medicare Advantage plans generally pay less than other commercial plans. In addition, we may experience higher write-offs of Medicare deductibles and other cost-sharing amounts due to secondary uninsured and underinsured patients, resulting in an increase in uncollectible accounts. As a result, the payments we receive from private payors generate a substantial portion of the profits we report. Please see the table "U.S. patient service revenue" detailing the percentage generated from government reimbursement and private payors in the U.S. in Item 4B, "Information on the Company – Business overview."

Any of the following events, among others, could have a material adverse impact on our business, financial condition and results of operations:

- we may be subject to reductions in reimbursement from private payors, including, for example, through their use of lower allowed charges rather than rates based on our billed charges;
- we may experience a reduction in our ability to obtain and retain commercially insured patients to utilize our health care services;
- efforts by private payors to continue to control the cost of and/or the eligibility for access to health care services, including relative to insurance products on and off the health care exchanges

established by the ACA, may reduce reimbursement for our services or eliminate reimbursement for some of our services;

- a portion of our business that is currently reimbursed by private insurers or hospitals may become reimbursed by integrated care organizations, which may use payment methodologies that reduce reimbursement for our services. There can be no assurance that we can achieve future price increases from private insurers and integrated care organizations offering private insurance coverage to our patients; or
- if legislative or regulatory efforts or litigation to restrict or eliminate the charitable funding of patient insurance premiums are successful, our patients with coverage under publicly funded programs like Medicare may be unable to continue to pay the premiums for that coverage and may become uninsured for dialysis services. In addition, a portion of our patients who are currently covered by private insurers may be unable to continue to pay the premiums for that coverage and may become uninsured for dialysis services or may elect to transition to government funded reimbursement programs that reimburse us at lower rates for our services. See Item 4B, "Information on the Company – Business Overview – Regulatory and Legal Matters – Reimbursement – Potential changes impacting our private payors" for further information; or
- if we are unable to secure appropriate reimbursement arrangements for the pharmaceuticals we provide in our dialysis clinics, we could experience a material adverse effect on our operating results. An increased utilization of bundled pharmaceuticals, as part of the ESRD PPS, or decreases in reimbursement for pharmaceuticals outside the bundled rate may result in a material adverse impact on our results of operations. For further information, see Item 4B, "Information on the Company – Business Overview – Regulatory and Legal Matters – Reimbursement."

In addition to the foregoing factors, the health care insurance industry is experiencing continuing consolidation among insurers and pharmacy benefit managers, including increasing buyer power and impacts on referral streams. Such consolidation could have a material adverse effect on our ability to negotiate favorable coverage terms and reimbursement rates.

If we do not comply with the numerous governmental regulations applicable to our business, we could suffer adverse legal consequences, including exclusion from government health care programs or termination of our authority to conduct business, any of which would result in a material decrease in our revenue; this regulatory environment also exposes us to claims and litigation, including "whistleblower" suits.

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

- regulatory approvals for products or product improvements;
- regulatory approvals and oversight of clinical and certain non-clinical research and development activities;
- the quality, safety and efficacy of medical and pharmaceutical products and supplies;
- the operation and licensure of manufacturing facilities, laboratories, dialysis clinics, ambulatory surgery centers and other health care facilities;
- product labeling, advertising and other promotion;
- accurate reporting and billing for government and third-party reimbursement, including accurate and complete medical records to support such billing and, in the U.S., the obligation to report and return overpayments within 60 days of the time that the overpayment is identified and quantified;
- the discounting of reimbursed drug and medical device products and the reporting of drug prices to government authorities;
- limits on our ability to make acquisitions or certain investments and the terms of those transactions;
- the collection, dissemination, access, use, security and privacy of protected health information or other protected data; and

- compensation of medical directors and other financial arrangements with physicians and other referral sources.

Failure to comply with one or more of these laws or regulations may give rise to a number of adverse legal consequences. These include, in particular, loss or suspension of federal certifications, loss or suspension of licenses under the laws of any state or governmental authority from which we generate substantial revenues, monetary and administrative penalties, product recalls, increased costs for compliance with government orders, complete or partial exclusion from government reimbursement programs, refunds of payments received from government payors and government health care program beneficiaries due to failures to meet applicable requirements or complete or partial curtailment of our authority to conduct business. Any of these consequences could have a material adverse impact on our business, financial condition and results of operations.

Our medical devices and drug products are subject to detailed, rigorous and frequently changing regulation by numerous national, supranational, federal and state authorities. In addition, our facilities and procedures and those of our suppliers are subject to periodic inspection by various regulatory authorities which may suspend, revoke, or adversely amend the authority necessary for research, manufacture, marketing, or sale of our products and those of our suppliers. We and our suppliers must incur expense and spend time and effort to ensure compliance with these complex regulations, and if such compliance is not maintained, they could be subject to significant adverse administrative and judicial enforcement actions in the future. These possible enforcement actions could include warning letters, injunctions, civil penalties, seizures of our products, and criminal prosecutions as well as dissemination of information to the public about such enforcement actions. These actions could result in, among other things, substantial modifications to our business practices and operations; refunds; a total or partial shutdown of production while the alleged violation is remedied; and recalls, withdrawals or suspensions of current products from the market. Any of these events, in combination or alone, could disrupt our business and have a material adverse impact on our business, financial condition and results of operations. For a discussion of our open U.S. Food and Drug Administration ("FDA") warning letter, see Item 4B. "Information on the Company - Business Overview - Regulatory and legal matters - FDA enforcement action."

We operate many facilities and engage with other business associates to help carry out our health care activities. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies and their business associates. We rely on our management structure, regulatory and legal resources and the effective operation of our compliance programs to direct, manage and monitor our operations, including the activities of our employees and their agents, to comply with government regulations. We cannot assure that our internal control policies and procedures will always protect us from intentional or inadvertent acts of our employees or agents that contravene our compliance policies or violate applicable laws. If employees were to deliberately, recklessly or inadvertently fail to adhere to these regulations, then our authority to conduct business could be terminated and our operations could be significantly curtailed. Any such terminations or reductions could materially reduce our revenues. If we fail to identify in our diligence process or to promptly remediate any non-compliant business practices in companies that we acquire, we could be subject to penalties, claims for repayment or other sanctions. Any such terminations or reductions could materially reduce our revenues, with a resulting material adverse impact on our business, financial condition and results of operations.

By virtue of this regulatory environment, our business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to our compliance with applicable laws and regulations. We may not always be aware that an inquiry or action has begun, particularly in the case of "qui tam" or "whistleblower" actions brought by private plaintiffs under the False Claims Act, which are initially filed under seal. We are the subject of a number of governmental inquiries and civil suits by the federal government and private plaintiffs. For information about certain of these pending investigations and lawsuits, see note 22, "Commitments and contingencies," of the notes to our consolidated financial statements included in this report.

In addition, future legislative or regulatory changes could affect procedures or decision making for approving medical device or drug products. Any such legislation or regulations, if enacted or promulgated, could result in a delay or denial of regulatory approval for our products. If any of our products do not receive regulatory approval, or there is a delay in obtaining approval, this also could have a material adverse impact on our business, financial condition and results of operations.

Cyber-attacks or other privacy and data security incidents could disrupt our business and expose us to significant losses, liability and reputational damage.

We and our third-party service providers routinely process, store and transmit large amounts of data in our operations, including sensitive personal information as well as proprietary or confidential information relating to our business or third parties. We may be subject to breaches of the information technology security systems we use both internally and externally with third-party service providers.

Cyber-attacks may penetrate our and our third-party service providers' security controls and result in the misappropriation or compromise of sensitive personal information or proprietary or confidential information, including such information which is stored or transmitted on the systems used by certain of our or their products, to create system disruptions, cause shutdowns (including disruptions to our production plants), or deploy viruses, worms, and other malicious software programs that attack our systems. We and our third-party service providers handle the personal information of our patients and beneficiaries, Patient Personal Data ("PPD"), throughout the U.S. and other parts of the world. We or our business associates may experience a breach under the U.S. Health Insurance Portability and Accountability Act Privacy and Security Rules, the EU's General Data Protection Regulation and or other similar laws ("Data Protection Laws"), including the following events:

- impermissible use, access, or disclosure of unsecured PPD,
- a breach under Data Protection Laws when we or our business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or
- a data breach that results in impermissible use, access or disclosure of personal identifying information of our employees, patients and beneficiaries.

In May 2020, our IT systems were attacked which resulted in certain patient data being illegally published in Serbia. We immediately filed a complaint against the unknown attackers with the public prosecutor in Germany and we have contacted the patients who were affected by the illegal data publication as well as other relevant regulatory agencies and stakeholders. While there was no material impact to our financial condition and results of operations as a result of this attack, future cyber-attacks against our IT systems may result in a loss of financial data or interruptions of our operations that could have a material adverse impact on our business, financial condition and results of operations in the future.

As we increase the amount of sensitive personal information or financial data that we store and share digitally, our exposure to these privacy and data breaches and cyber-attack risks increases, including the risk of undetected attacks, damage, loss or unauthorized disclosure or access, and the cost of attempting to protect against these risks also increases. Increased reliance on, and utilization of, telemedicine for delivery of healthcare services could increase this risk. There are no assurances that our security technologies, processes and procedures that we or our outside service providers have implemented to protect sensitive personal information and proprietary or confidential information and to build security into the design of our products will be effective. Any failure to keep our information technology systems, financial data and our patients' and customers' sensitive information secure from attack, damage, loss or unauthorized disclosure or access, whether as a result of our action or inaction or that of our third-party business associates or vendors that utilize and store such personal information on our behalf, could materially adversely affect our reputation and ability to continue normal operations, expose us to mandatory public disclosure requirements, litigation and governmental enforcement proceedings, material fines, penalties and/or remediation costs, and compensatory, special, punitive and statutory damages, consent orders and other adverse actions, any of which could have a material adverse impact on our business, financial condition and results of operations.

If certain of our investments or value-based arrangements with health care organizations and health care providers violate the law, our business could be adversely affected.

A number of the dialysis clinics and health care centers that we operate are owned, or managed, by entities in which one or more hospitals, physicians or physician practice groups hold an interest. Physician owners, who are usually nephrologists, may also provide medical director services and physician owners may refer patients to those centers or other centers we own and operate or to other physicians who refer patients to those centers or other centers we own and operate. We also have arrangements with physician practices to collaborate on our value-based arrangements with public and private payors. Because our relationships with physicians are governed by the federal and state anti-kickback statutes, we have structured our

arrangements to comply with many of the criteria for safe harbor protection and waivers under the U.S. Federal Anti-Kickback Statute; however, these arrangements do not satisfy all elements of applicable safe harbors. While we have established comprehensive compliance policies, procedures and programs to ensure ethical and compliant business operations, if one or more of our arrangements, including value-based arrangements, were found to be in violation of the Anti-Kickback Statute, the Stark Law or other similar laws worldwide, we could be required to restructure or terminate them. We could also be required to repay to Medicare, Medicaid as well as other federal health care program amounts pursuant to any prohibited referrals, and we could be subject to criminal and monetary penalties and exclusion from federal and state health care programs. Imposition of any of these penalties could have a material adverse impact on our business, financial condition and results of operations. See note 22, "Commitments and contingencies," of the notes to our consolidated financial statements included in this report.

We are exposed to product liability, patent infringement and other claims which could result in significant costs and liability which we may not be able to insure on acceptable terms in the future.

Health care companies are typically subject to claims alleging negligence, product liability, breach of warranty, malpractice and other legal theories that may involve large claims and significant defense costs whether or not liability is ultimately imposed. Health care products may also be subject to recalls and patent infringement claims which, in addition to monetary penalties, may restrict our ability to sell or use our products. We cannot assure that such claims will not be asserted against us, or, for example, that significant adverse verdicts will not be reached against us for patent infringements or that large scale recalls of our products will not become necessary. In addition, the laws of some of the countries in which we operate provide legal rights to users of pharmaceutical products that could increase the risk of product liability claims. Product liability and patent infringement claims, other actions for negligence or breach of contract and product recalls or related sanctions could result in significant costs. These costs could have a material adverse impact on our business, financial condition and results of operations. While personal injury litigation involving our acid concentrate product was substantially resolved by settlement consummated in November 2017, we and certain of our insurers are in litigation against each other relating to such insurers' coverage obligations under applicable policies. See note 22, "Commitments and contingencies," of the notes to consolidated financial statements included in this report.

While we have been able to obtain liability insurance in the past to partially cover our business risks, we cannot assure that such insurance will be available in the future either on acceptable terms or at all, or that our insurance carriers will not dispute their coverage obligations. In addition, FMCH, our largest subsidiary, is partially self-insured for professional, product and general liability, auto liability and worker's compensation claims, up to pre-determined levels above which our third-party insurance applies. A successful claim for which we are self-insured or in excess of the limits of our insurance coverage could have a material adverse impact on our business, financial condition and results of operations. Liability claims, regardless of their merit or eventual outcome, also may have a material adverse effect on our business and result in a loss of customer confidence in us or our products, which could have a material adverse impact on our business, financial condition and results of operations. For information about certain of these pending investigations and lawsuits, see note 22, "Commitments and contingencies," of the notes to our consolidated financial statements included in this report.

Risks relating to internal control and compliance

We operate in many different jurisdictions and we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.

The U.S. FCPA and similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to public officials for the purpose of obtaining or retaining business. Our internal policies mandate compliance with these anti-corruption laws. We operate many facilities throughout the U.S. and other parts of the world. Our decentralized system has thousands of persons employed by many affiliated companies, and we rely on our management structure, regulatory and legal resources and effective operation of our compliance program to direct, manage and monitor the activities of these employees and third-party intermediaries. We cannot ensure that our internal control policies and procedures always will protect us from deliberate, reckless or inadvertent acts of our employees or third-party intermediaries that contravene our compliance policies or violate applicable laws. Our continued expansion, including in developing countries, could increase the risk of such violations in the future. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse impact on our business, financial condition and results of operations.

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

In the course of this dialogue, we identified and reported to the DOJ and the SEC, and took remedial actions with respect to, conduct that resulted in the DOJ and the SEC seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around our products business in countries outside the United States. On March 29, 2019, the Company entered into a non-prosecution agreement with the DOJ and a separate agreement with the SEC intended to resolve fully and finally the U.S. government allegations against the Company arising from the investigations.

In 2015, we self-reported to the German prosecutor conduct with a potential nexus to Germany and continued to cooperate with government authorities in Germany in their review of the conduct that prompted the Company's as well as the SEC's and DOJ's investigations.

Since 2012, we have made and continue to make further significant investments in our compliance and financial controls and in our compliance, legal and financial organizations. Our remedial actions included separation from those employees primarily responsible for the above-mentioned conduct. We are dealing with post-FCPA review matters on various levels. We continue to be fully committed to compliance with the FCPA and other applicable anti-bribery laws.

For further information, see Item 15D, "Changes in internal control over financial reporting" and note 22 of the notes to our consolidated financial statements included in this report.

Risks relating to our business activities and industry

We are subject to risks associated with public health crises and epidemics/pandemics, such as the global spread of the COVID-19 pandemic.

Our global operations expose us to risks associated with public health crises and epidemics/pandemics, such as the rapid global spread of the COVID-19 pandemic. COVID-19 has resulted in a material deterioration of the conditions for the global economy and financial markets have been materially affected which may, as a result, adversely affect our business, results of operations and financial condition. The financial impact of COVID-19 on our financial condition and results as of and for the year ended December 31, 2020 was not material. See note 4 i), "Notes to the consolidated statements of income – Impacts of COVID-19," of the notes to the consolidated financial statements included in this report. Going forward, the COVID-19 pandemic may have an adverse impact on our operations, manufacturing, supply chains and distribution channels and increase our expenses, including as a result of impacts associated with preventive and precautionary measures that we, our suppliers, customers and other businesses or governments implement or impose on a local, regional, national or international level. Due to these impacts and measures, we are incurring significant incremental expenses to provide care to our patients and we are experiencing both reductions and increases in demand for certain of our services and products as health care customers re-prioritize the treatment of patients. We expect negative effects on our business from COVID-19 through 2021 and that we will continue to experience significant and unpredictable expenses as well as reductions in demand for our services and products in the immediately foreseeable future, depending upon the adoption and speed of the rollout of vaccinations. In addition to existing travel restrictions, countries may continue to close borders, restrict certain product flows, impose prolonged quarantines and further restrict travel, which may significantly impact the ability of our employees to produce products or provide services, or may significantly hamper our products from moving through the supply chain.

Given the already compromised health condition of our typical dialysis patients, our patients represent a heightened at-risk population, particularly during a public health crisis, such as the COVID-19 outbreak. Our in-center and home patients must receive their life-saving dialysis treatment several days a week for three to four hours at a time, which presents a unique challenge for patients and their care teams. We are challenged to provide sufficient clinical staff, including nurses, social workers, dietitians, care technicians and available space to treat all of our patients, including those who are or may be infected with COVID-19, in a manner that does not unnecessarily expose our care teams or other patients for whom we provide dialysis services. We have incurred, and expect to continue to incur, extra costs in establishing isolated treatment areas for COVID-positive and suspected patients, implementing expanded personal protective equipment protocols and other precautions as well as identifying, containing and addressing the impact of

COVID-19 infections on our staff and patients. It appears that COVID-19 has resulted in an increase in persons experiencing temporary renal failure in many areas in which we operate, and we expect to continue to incur additional staffing costs required to meet the resulting increased demand for dialysis treatment and/or to provide equipment and medical staff needed for emergency treatments, for example in hospitals. Increased mortality rates in either the pre-end-stage renal disease patient population or in our ESRD patient population, compared to the historical average, are expected to materially and adversely affect our operating results for 2021. Patients suffering from end-stage renal disease generally have co-morbidities that often place them at increased risk with COVID-19 and the COVID-19 pandemic has resulted, and may continue to result, in more of our dialysis patients requiring hospitalization, which could also materially and adversely affect our financial results, including those of our value-based and shared risk products and services.

Various governments in regions in which we operate have provided economic assistance programs to address the consequences of the pandemic on companies and to support healthcare providers and patients. In the U.S., the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") has been enacted to mitigate certain adverse financial impacts of the pandemic, including impacts in the health care sector. Additional funding provided under the CARES Act and other COVID-19 relief provides some financial support to our business in the U.S. through suspension of the 2% Medicare payment sequestration reduction from May 2020 to March 31, 2021, accelerated and advance payments of Medicare reimbursement and grants to defray expenses and mitigate the loss of revenues related to the COVID-19 pandemic, see note 4 i), "Notes to the consolidated statements of income - Impacts of COVID-19," of the notes to the consolidated financial statements included in this report. However, these measures may not fully offset potential lost revenues and increased costs, and we do not expect additional government assistance during 2021. We currently estimate that all funds received from grants comply with the terms and conditions associated with the funding received. Additional guidance may be released from the U.S. Department of Health and Human Services with regards to the application of CARES Act relief funds which could affect the Company's estimate as of December 31, 2020. Additionally, these costs may become more pronounced if the COVID-19 pandemic and its associated effects on our business, financial condition and results of operations persist without relief extensions or additional government programs being provided or if such relief extensions or additional programs are further delayed. Further legislation and amendments to existing legislation intended to fight the COVID-19 pandemic and its adverse economic consequences may be enacted in the markets in which we operate. As the COVID-19 pandemic is prolonged, the risk of further government intervention or measures to counteract the pandemic could impact our business globally. It is currently not possible to estimate or to quantify any effects of such legislative measures on our business.

Furthermore, the outbreak of COVID-19 could disrupt our operations due to absenteeism among our workforce. As a result of these and potentially other factors, and given the rapid and evolving nature of the virus, COVID-19 could negatively affect our results, and it is uncertain how COVID-19 will affect our global operations generally if these impacts persist or are exacerbated over an extended period of time. Any of these impacts could have a material adverse effect on our business, financial condition and results of operations.

In addition, to the extent that the COVID-19 pandemic adversely affects our business, net assets, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this report.

If physicians and other referral sources cease referring patients to our health care service businesses and facilities or cease purchasing or prescribing our products, our revenues would decrease.

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

home programs or stop purchasing or prescribing our dialysis products, this would reduce our health care revenue and could materially adversely affect our overall operations.

We face specific risks from international operations.

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

- the economic and political situation in certain countries could deteriorate or become unstable;
- fluctuations in exchange rates could adversely affect profitability;
- we could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems;
- local regulations could restrict our ability to obtain a direct ownership interest in dialysis clinics or other operations;
- some countries or economic unions may impose charges or restrictions, such as local content requirements, which restrict the importation of our products;
- potential increases in tariffs and trade barriers could occur upon any withdrawal by the U.S. or other countries from multilateral trade agreements or the imposition of retaliatory tariffs and other countermeasures in the wake of trade disputes;
- we could experience transportation delays or interruptions;
- growth and expansion into emerging markets could cause us difficulty due to greater regulatory barriers than in the U.S. or Western Europe, the necessity of adapting to new regulatory systems, and problems related to entering new markets with different economic, social, legal and political systems and conditions; and
- we may not prevail in competitive contract tenders;

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

We conduct humanitarian-related business directly or indirectly in sanctioned countries. In case of a violation of applicable economic sanctions or export controls laws and regulations, we could be subject to enforcement actions. Possible enforcement actions vary between jurisdictions and depend on the factual circumstances of the given violation, but could include criminal penalties, imprisonment of responsible individuals, administrative or civil penalties, restricted access to certain markets and reputational harm, among others. Our internal control policies and procedures may not protect us from deliberate, reckless or inadvertent acts of our employees or agents that contravene our compliance policies or violate applicable laws.

If we fail to estimate, price for and manage medical costs in an effective manner, the profitability of our value-based products and services could decline and could materially and adversely affect our results of operations, financial position and cash flows.

Through our value-based agreements and risk products, we assume the risk of both medical and administrative costs for certain patients in return for fixed periodic payments from governmental and commercial insurers. Specifically in the U.S., our participation in various value-based programs includes the Centers for Medicare and Medicaid Services' ("CMS") Comprehensive ESRD Care initiative and capitation, risk-based or shared savings agreements with commercial insurers in which FMCH receives fixed periodic payments to cover all or a defined portion of the medical costs of a defined population of patients. We currently participate in the CMS Bundled Payments for Care Improvement ("BPCI") Advanced program through a physician practice, which is majority-owned by FMCH's subsidiary, National Cardiovascular Partners. We also participated in Medicare Advantage chronic special needs plans, until December 31, 2018. For information on the value-based programs in which we participate, see Item 4B, "Information on the Company - Business overview - Care Coordination - Value and risk-based arrangements."

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

The reserves that we establish in connection with the operation of our value-based arrangements and risk products are based upon assumptions and judgments concerning a number of factors, including trends in health care costs, expenses and other factors. To the extent the actual claims experience is less favorable than estimated based on our underlying assumptions, our incurred losses would increase, and future earnings could be adversely affected.

CMS relied on authority granted by the ACA to implement the Comprehensive ESRD Care Model, which seeks to deliver better health outcomes for ESRD patients while lowering CMS' costs. Although Congress' efforts to date to repeal the ACA have been unsuccessful, further efforts to repeal or revise the ACA, including pending litigation seeking to declare the ACA as unconstitutional, may affect the project's future prospects in ways which we currently cannot quantify or predict. We have applied, and were accepted, for participation in CMS' Comprehensive Kidney Care Contracting ("CKCC") model. While those entities which were accepted have elected to participate in the implementation period beginning on October 15, 2020, each entity will elect, prior to April 1, 2021, whether to continue its participation at-risk beginning in the first performance year. We do not yet know whether we and our partners will be able to deliver better health outcomes while lowering CMS' costs through participation in the CKCC model. See Item 4B, "Information on the Company - Business Overview - Regulatory and Legal Matters - Reimbursement - Executive order-based models."

Our growth depends, in part, on our ability to develop our core dialysis and non-core businesses.

The health care industry experiences continuing consolidation particularly among health care providers. This development could adversely affect our ability to find suitable acquisition targets and to increase future growth and product sales. Additionally, our ability to make future acquisitions as well as develop our core dialysis and non-core businesses depends, in part, on the appropriate strategic target selection, the availability of financial resources and the current restrictions imposed by competition laws as well as existing credit agreements. The integration of acquired businesses may cause problems, e.g., by assuming unknown liabilities, underperformance subsequent to integration, associated requirements from competition authorities, or non-compliant business practices not disclosed by the seller or not uncovered during due diligence. We also compete with other health care companies in seeking suitable acquisition targets and developing our core dialysis and non-core businesses. Any or all of these factors generally could have a material adverse effect on our future growth, including growth of our product sales.

Our pharmaceutical product business could lose sales to generic drug manufacturers or new branded drugs.

Our branded pharmaceutical product business is subject to significant risk as a result of competition from manufacturers of generic drugs and other new competing medicines or therapies. The expiration or loss of patent protection for one of our products, the "at-risk" launch by a generic manufacturer of a generic version of one of our branded pharmaceutical products or the launch of new branded drugs that compete with one or more of our products could result in the loss of a major portion of sales of that branded pharmaceutical product in a very short time period, which could materially and adversely affect our business, financial condition and results of operations. See note 22, "Commitments and contingencies," of the notes to consolidated financial statements included in this report.

Our competitors could develop superior technology or otherwise take advantage of new competitive developments that impact our sales.

We face numerous competitors in both our health care services business and our dialysis products business, some of which may possess substantial financial, marketing or research and development resources. Competition from new and existing competitors, and especially new competitive developments and innovations in technology and care delivery models could materially adversely affect the future pricing and sale of our products and services. In particular, technological innovation has historically been a significant competitive factor in the dialysis products business. The introduction of new products or services by competitors could render one or more of our products or services less competitive or even obsolete, which

could also affect our sales and distribution of pharmaceuticals for which, to some extent, we are obligated to make certain minimum annual royalty payments.

Global economic conditions as well as disruptions in financial markets could have an adverse effect on our businesses.

We are dependent on the conditions of the financial markets and the global economy. In order to pursue our business, we are reliant on capital markets, as are our renal product customers and commercial health care insurers. Limited or more expensive access to capital in the financial markets could adversely affect our business and profitability. Among other things, the potential decline in federal and state revenues in a prolonged economic slowdown or recession may create additional pressures to contain or reduce reimbursements for our services from public payors around the world, including Medicare and Medicaid in the U.S. and other government sponsored programs in the U.S. and other countries around the world. Devaluation of currencies and worsening economic conditions, including inflationary cost increases in various markets in connection with deteriorating country credit ratings also increase the risk of a goodwill impairment, which could lead to a partial or total goodwill write-off in the affected cash generating units, or have a negative impact on our investments and external partnerships. In addition, uncertainty in the financial markets could adversely affect the valuations of certain of our investments or variable interest rates payable under our credit facilities or could make it more difficult to obtain or renew such facilities or to obtain other forms of financing in the future should access to these capital markets become restricted. Most recently, the rapid global spread of the COVID-19 pandemic has resulted in a material deterioration of the conditions for the global economy and financial markets have been materially and adversely affected which could have adverse effects on our financial condition and our liquidity.

Job losses or increases in unemployment rates may result in a smaller percentage of our patients being covered by employer group health plans and a larger percentage being covered by lower paying government reimbursement programs. Unemployment rates globally have been negatively impacted by the COVID-19 outbreak, which adversely affected the global economy and could adversely impact our operating results. The extent to which the COVID-19 outbreak impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted. To the extent that our commercial payors are negatively impacted by a decline in the economy, including the projected decline resulting from the COVID-19 pandemic, we may experience further pressure on commercial rates, a further slowdown in collections and a reduction in the amounts we are able to collect. Any or all of these factors, or other consequences of the continuation, or worsening, of domestic and global economic conditions which cannot currently be predicted, could continue to have a material adverse effect on our businesses and results of operations.

We could be adversely affected if we experience shortages of goods or material price increases from our suppliers, or an inability to access new and improved products and technology.

Our business is dependent on the reliable supply of several raw materials and finished components for production and service purposes. If we are unable to obtain sufficient quantities of these materials at times of limited availability of such materials, this could result in delays in production or loss of sales and hence have an adverse effect on our results of operations. Similarly, price increases by suppliers and the inability to access new products or technology could also adversely affect our results of operations.

Our procurement risk mitigation efforts include (i) the development of partnerships with strategic suppliers through framework contracts, (ii) where reasonably practicable, at least two sources for all supply and price-critical primary products (*dual sourcing, multiple sourcing*), and (iii) measures to prevent loss of suppliers, such as risk analyses as well as continuous supply chain monitoring. Any failure of these measures to mitigate disruptive goods shortages and potential price increases or to allow access to favorable new product and technology developments could have an adverse impact on our business and financial condition. In some cases, for reasons of quality assurance, cost effectiveness, or availability, certain components or raw materials needed to manufacture our products are obtained from a sole supplier. A failure of any of our single-source suppliers to fulfil their contractual obligations in a timely manner or as a result of regulatory noncompliance or physical disruption at a manufacturing site could adversely affect our ability to manufacture and distribute our products in a timely or cost-effective manner, and our ability to make product sales. Due to the stringent regulations and requirements of regulatory agencies, including the U.S. FDA, regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources.

Measures taken by governmental authorities and private actors to limit the spread of the COVID-19 virus have interfered, and may continue to interfere, with the ability of our employees, suppliers, and other business providers to carry out their assigned tasks or supply materials at ordinary levels of performance. While the financial impact of these actions on us has not been material to date, given the rapid spread and evolving nature of the virus, it is uncertain how COVID-19 will affect our global operations generally if these actions persist or are expanded over an extended period of time. Additionally, decreases in the availability and related increases in the cost of personal protective equipment as well as the lack of eligible grants under governmental COVID-19 relief programs to offset some of those expenses could adversely affect our results of operations.

Any material disruption in government operations and funding could have a material adverse impact on our business, financial condition and results of operations.

A substantial portion of our revenues is dependent on government health care program reimbursement, and any disruptions in government operations could have a material adverse impact on our business, financial condition and results of operations. If the governments with which we do business default on their debts, there could be broad macroeconomic effects that could raise our cost of borrowing funds, and delay or prevent our future growth and expansion. Any future government shutdown, government default on debt, decline in government revenues during a prolonged economic slowdown and/or failure of governments to enact annual appropriations could have a material adverse impact on our business, financial condition and results of operations. Additionally, material disruptions in government operations may negatively impact regulatory approvals and guidance that are important to our operations, and create uncertainty about the pace of upcoming health care regulatory developments.

If we are unable to attract and retain skilled medical, technical and engineering personnel, or if legislative, union, or other labor-related activities or changes result in significant increases in our operating costs or decreases in productivity, we may be unable to manage our growth or continue our technological development.

Our continued growth in the health care business will depend upon our ability to attract and retain skilled workforce, including highly skilled nurses and other medical personnel. Competition for those employees is intense and shortages for these sought-after employees, such as nurses, or skilled engineers and research and development personnel, may increase our personnel and recruiting costs and/or impair our reputation for production of technologically advanced products. Moreover, we believe that future success in the provider business will be significantly dependent on our ability to attract and retain qualified physicians to serve as employees of or consultants to our health care services businesses.

Our health care products business depends on the development of new products, technologies and treatment concepts to be competitive, and for that we need to attract the best and most talented people, especially in research and development. Additionally, in recruiting, employing and retaining personnel, we may be exposed to increasing risks relating to various labor and staffing laws, legislative, union, or other labor-related activities or changes. Further, these factors could impact the integration of acquired companies into our operations, which could increase our costs, decrease our productivity and prevent us from realizing synergies from acquisitions. If we are unable to manage the risks above, then our growth and results of operations could be adversely impacted.

Risks relating to taxation and accounting

There are significant risks associated with estimating the amount of health care service revenues that we recognize that could impact the timing of our recognition of revenues or have a significant impact on our operating results and financial condition.

There are significant risks associated with estimating the amount of revenues from health care services that we recognize in a reporting period.

- The billing and collection process is complicated due to a number of factors including insurance coverage changes, geographic coverage differences, differing interpretations of plan benefits and managed care contracts, and uncertainty about reimbursement from payers with whom we are not contracted.
- Laws and regulations governing Medicare, Medicaid and other federal programs are extremely complex, changing and subject to interpretation.

- Determining applicable primary and secondary coverage for an extensive number of patients at any point in time, together with the changes in patient coverage that occur each month or changes in plan benefits, requires complex, resource-intensive processes. Errors in determining the correct coordination of benefits may result in refunds to payors.
- The complexity of estimating revenues from a primary payor also brings complexity to estimating revenues from secondary payors and patients.
- Collections, refunds and payor retractions may continue to occur for up to three years or longer after services are provided.

If our estimates of revenues are materially inaccurate, it could impact the timing and amount of our recognition of revenues and have a significant impact on our operating results and financial condition. For further information regarding our revenue recognition policies, see note 1 k) of the notes to the consolidated financial statements included in this report.

Diverging views of fiscal authorities could require us to make additional tax payments.

We are subject to ongoing tax audits in Germany, the U.S. and other jurisdictions. We could potentially receive notices of unfavorable adjustments and disallowances in connection with certain of these audits. If we are unsuccessful in contesting unfavorable determinations, we could be required to make additional tax payments, which could have a material adverse impact on our business, financial condition and results of operations in the relevant reporting period. See Item 5, "Operating and financial review and prospects – IV. Financial position."

A dependency on the payment behavior and decision-making of our business partners can affect the collectability of accounts receivable.

Our health care product business and our dialysis services business differ across the regions in which we operate. In many cases, our products and services are paid for, either directly or indirectly, by government institutions. We believe the risk of default from a government payor is generally low to moderate worldwide which could, however, prove to be wrong. On a country level, the payor base is characterized by distinct customer or payor groups which can range in volume from a few customers to a considerable amount of customer types which have varying levels of risk associated with default or non-payment of receivables as well as risks for dependencies based upon the competition within low volume customer base environments. In certain cases, a resulting dependency on the payment behavior and decision-making of our business partners can affect the collectability of accounts receivable and can adversely affect our business, results of operations and financial condition. Our measures aiming to mitigate these risks by actively negotiating long-term contracts with major customers, targeted marketing activities, developing new product and pricing models as well as improving the quality of our services and products, could be insufficient or ineffective.

Risks relating to our financial condition and our securities

Our indebtedness may limit our ability to pay dividends or prevent us from fulfilling our debt-service obligations or implementing certain elements of our business strategy.

At December 31, 2020, we had consolidated debt (including lease liabilities) of €12,380 M and consolidated total shareholders' equity of €12,331 M. Our debt could: jeopardize the successful execution of our business strategy, increase our vulnerability to general adverse economic conditions, limit our ability to obtain necessary financing to fund future working capital needs, capital expenditures, payment of dividends and other general corporate requirements, require us to dedicate a substantial portion of our cash flow from operations, as well as the proceeds of certain financings and asset dispositions, to payments on our indebtedness, thereby reducing the availability of our cash flow and such proceeds to fund other purposes, limit our flexibility in reacting to changes in our business and the industry in which we operate, place us at a competitive disadvantage compared to our competitors that have less debt, limit our ability to pursue possible future acquisitions and sell assets, make it more difficult for us to satisfy our obligations under our debt securities, and limit our ability to borrow additional funds.

As a result, our leverage makes us vulnerable to a downturn in the operating performance of our business, larger than normal fluctuations or volatility in our cash flow, or a downturn in economic conditions. Our ability to make payments on and to refinance our indebtedness will depend on our ability to generate cash in the future, which is dependent on various factors. These factors include governmental and private

insurer reimbursement rates for medical treatment and general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If our cash flow is not sufficient to meet our debt service and principal payment requirements, we could be required to refinance our obligations or to dispose of assets in order to meet such requirements. In addition, from time to time we need to refinance our existing debt as and when it matures. In either case, there is no guarantee that we will be able to refinance our existing indebtedness on terms comparable to those governing our existing indebtedness. If our cash flow is not sufficient to meet our debt service and principal payment requirements, or if we are unable to refinance our existing indebtedness on acceptable terms, it could have a material adverse effect on our business, financial condition, or results of operations. For information about our outstanding indebtedness, see note 13, "Short-term debt," and note 14, "Long-term debt," of the notes to our consolidated financial statements included in this report.

In October 2012, we entered into a syndicated Credit Agreement, which was amended in November 2014 as well as in July 2017 (the "Amended 2012 Credit Agreement"). Our Amended 2012 Credit Agreement, the indentures relating to our various outstanding notes (generally referred to as "Bonds" in this report and in our consolidated financial statements) and our accounts receivable securitization program (the "A/R Facility" or the "Accounts Receivable Facility") include covenants that require us to maintain certain financial ratios or meet other financial tests or limitations. Under our Amended 2012 Credit Agreement and the A/R Facility, we are obligated to maintain our consolidated leverage at or below an established maximum ratio of consolidated net funded debt to consolidated EBITDA, as these terms are defined in the respective financing agreements.

Our Amended 2012 Credit Agreement and/or the governing instruments related to our Bonds include other covenants which, among other things, restrict or could have the effect of restricting our ability to dispose of assets, incur debt, pay dividends, create liens or make investments or acquisitions. These covenants may otherwise limit our activities. The breach of any of the covenants could result in a default and acceleration of the indebtedness under the credit agreement or the governing instruments related to our Bonds, which could, in turn, create additional defaults and acceleration of the indebtedness under the agreements relating to our other long-term indebtedness which would have an adverse effect on our business, financial condition and results of operations.

Fresenius SE owns 100% of the shares in the General Partner of our Company and is able to exercise management control of FMC-AG & Co. KGaA.

Fresenius SE owns 32.2% of our outstanding shares as of February 16, 2021. Fresenius SE also owns 100% of the outstanding shares of Management AG, the General Partner of the Company. As the sole shareholder of the General Partner, Fresenius SE has the sole right to elect the supervisory board of the General Partner which, in turn, appoints the General Partner's Management Board. The Management Board of the General Partner is responsible for the management of the Company. Through its ownership of the General Partner, Fresenius SE is able to exercise de facto management control of FMC-AG & Co. KGaA, even though it owns less than a majority of our outstanding voting shares. Such de facto control limits public shareholder influence on management of the Company and precludes a takeover or change of control of the Company without Fresenius SE's consent, either or both of which could adversely affect the price of our shares. Our Articles of Association require that the General Partner or a parent company of the General Partner hold more than 25% of our share capital. The Articles of Association also provide that the General Partner ceases to be the general partner if the shares of the General Partner are acquired by a person who does not make an offer to acquire the shares of the Company's other shareholders within three months of the acquisition of the General Partner. In either case, the necessity for such a significant investment in connection with an acquisition of the General Partner could also discourage or preclude a change of control through acquisition of the General Partner, which also could adversely affect the price of our shares.

Because we are not organized under U.S. law, we are subject to certain less detailed disclosure requirements under U.S. federal securities laws, and we are exempt from most of the governance rules of the New York Stock Exchange.

Under the pooling agreement that we have entered into for the benefit of public holders of our shares (including, in each case, holders of American Depositary Receipts representing beneficial ownership of such shares), we have agreed to file quarterly reports with the SEC and to file information with the SEC with respect to annual and general meetings of our shareholders. The Chief Executive Officer and Chief Financial Officer of our general partner issue the certifications required by §302 and §906 of the Sarbanes Oxley Act of 2002 ("SOX") on a quarterly basis (with the filing of our quarterly reports and our annual