



INTERIM REPORT
2021

Q3

INTERIM REPORT
ON IFRS

FRESENIUS MEDICAL CARE AG & CO. KGAA,
HOF AN DER SAALE, GERMANY

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Interim management report

In this report, “FMC-AG & Co. KGaA,” or the “Company,” “we,” “us” or “our” refers to Fresenius Medical Care AG & Co. KGaA or Fresenius Medical Care AG & Co. KGaA and its subsidiaries on a consolidated basis, as the context requires. You should read the following discussion and analysis of the results of operations of the Company and its subsidiaries in conjunction with our unaudited interim consolidated financial statements and related notes contained elsewhere in this report and our disclosures and discussions in our consolidated financial statements as of and for the year ended December 31, 2020 are prepared in accordance with sections 315 of the German Commercial Code (“HGB”) as well as the German Accounting Standards Numbers 17 and 20, contained in the Company’s Annual Report 2020. The information within this interim management report is unaudited.

The term “North America Segment” refers to our North America operating segment, the term “EMEA Segment” refers to the Europe, Middle East and Africa operating segment, the term “Asia-Pacific Segment” refers to our Asia-Pacific operating segment, and the term “Latin America Segment” refers to our Latin America operating segment. The term “Corporate” includes certain headquarters’ overhead charges, including accounting and finance, centrally managed production, production asset management, quality and supply chain management, procurement related to production as well as research and development and our Global Medical Office function, which seek to optimize medical treatments and clinical processes within the Company. The term “Constant Currency” or at “Constant Exchange Rates” means that we have translated local currency revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items for the current reporting period into euro using the prior year exchange rates to provide a comparable analysis without effect from exchange rate fluctuations on translation, as described below under Section II .“Discussion of measures – Non-IFRS measures” in the chapter “Economic report”.

Forward-looking statements

This report contains forward-looking statements. When used in this report, the words “outlook,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions are generally intended to identify forward looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated, and future events and actual results, financial and otherwise, could differ materially from those set forth in or contemplated by the forward-looking statements contained elsewhere in this report. We have based these forward-looking statements on current estimates and assumptions made to the best of our knowledge. By their nature, such forward-looking statements involve risks, uncertainties, assumptions and other factors which could cause actual results, including our financial condition and profitability, to differ materially, positively or negatively, relative to the results expressly or implicitly described in or suggested by these statements. Moreover, forward-looking estimates or predictions derived from third parties’ studies or information may prove to be inaccurate. Consequently, we cannot give any assurance regarding the future accuracy of the opinions set forth in this report or the actual occurrence of the projected developments described herein. In addition, even if our future results meet the expectations expressed here, those results may not be indicative of our performance in future periods.

These risks, uncertainties, assumptions, and other factors, including associated costs, could cause actual results to differ from our projected results and include, among others, the following:

- changes in governmental and commercial insurer reimbursement for our complete products and services portfolio, including the United States (“U.S.”) Medicare reimbursement system for dialysis and other health care services, including potentially significant changes to the Patient Protection and Affordable Care Act of 2010 (Pub.L. 111-148), as amended by the Health Care and Education Reconciliation Act (Pub.L. 111-152) (collectively, “ACA”) that could result from future efforts to revise or repeal the ACA;
- the outcome of government and internal investigations as well as litigation;
- our ability to accurately interpret and comply with complex current and future government regulations applicable to our business including sanctions and export control laws and regulations, laws and regulations in relation to environmental, social and governance topics, the impact of health care, tax and trade law reforms, in particular the potential U.S. and international tax reform, and regulation as well as, in the U.S., the Anti-Kickback Statute, the False Claims Act, the Stark Law, the Civil Monetary Penalty Law, the Health Insurance Portability and Accountability Act, the Health Information Technology for Economic and Clinical Health Act, the Foreign Corrupt Practices Act (“FCPA”) including our non-prosecution agreement with the U.S. Department of Justice (“DOJ”) and the cease and desist order with the U.S. Securities and Exchange Commission (“SEC”), the Food, Drug and Cosmetic Act, antitrust and competition laws in the countries and localities in which we operate, and outside the U.S., inter alia, the European Union (“EU”) Medical Device Regulation, which became applicable as of May 26, 2021, the EU General Data Protection Regulation, the two invoice policy and the Tendering and Bidding Law in China and other related local legislation as well as other comparable regulatory regimes in many of the countries where we supply health care services and/or products;

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- the influence of commercial insurers and integrated care organizations, including efforts by these organizations to manage costs by limiting health care benefits, narrowing their networks, reducing provider reimbursement and/or restricting options for patient funding of health insurance premiums;
- the impact of the on-going worldwide severe acute respiratory syndrome coronavirus 2 and the related Coronavirus disease (“COVID-19”) pandemic, including, without limitation, a significant increase in mortality of patients with chronic kidney diseases as well as an increase in persons experiencing renal failure, both of which may be attributable to COVID-19, as well as the impacts of the virus on our patients, caregivers, employees, suppliers, supply chain, business and operations, consequences of an economic downturn resulting from the impacts of COVID-19 and evolving guidelines and requirements regarding vaccine mandates for our employees and the use of government provided COVID-19 related relief and any additional economic relief legislation that may be passed in the countries in which we operate;
- product liability risks;
- our ability to continue to grow our health care services and products businesses, including through acquisitions;
- our ability to attract and retain skilled employees and clinical personnel shortages which have increased in the U.S. in light of the pandemic and government vaccine mandates for certain workers, and risks that competition for labor as well as legislative, union, or other labor-related activities or changes will result in significant increases in our operating costs, decreases in productivity and partial suspension in operations;
- the impact of currency and interest rate fluctuations;
- potential impairment of our goodwill, investments or other assets due to decreases in the recoverable amount of those assets relative to their book value, particularly as a result of sovereign rating agency downgrades coupled with the impact of inflation and an economic downturn in various regions;
- our ability to protect our information technology systems against cyber security attacks or prevent other data privacy or security breaches;
- changes in our costs of purchasing and utilization patterns for pharmaceuticals and our other health care products and supplies, changes in raw material and energy costs, the inability to procure raw materials or disruptions in our supply chain;
- introduction of generic or new pharmaceuticals and medical devices that compete with our products or services or the development of pharmaceuticals that reduce the progression of chronic kidney disease;
- launch of new technology, advances in medical therapies, or new market entrants that compete with our businesses;
- potential increases in tariffs and trade barriers that could result from withdrawal by single or multiple countries from multilateral trade agreements or the imposition of retaliatory tariffs and other countermeasures in the wake of trade disputes;
- collectability of our receivables, which depends primarily on the efficacy of our billing practices, the financial stability and liquidity of our governmental and commercial payors and payor strategies to delay or thwart the collection process;
- our ability to secure contracts and achieve cost savings and desired clinical outcomes in various health care risk management programs in which we participate or intend to participate;
- the greater size, market power, experience and product offerings of certain competitors in certain geographic regions and business lines; and
- the use of accounting estimates, judgments and accounting pronouncement interpretations in our consolidated financial statements.

Important factors that could contribute to such differences are noted in the chapter “Economic report”, section I. “Macroeconomic and sector-specific environment” below, in note 2 d) and note 9 in this report and in note 22 of the notes to the consolidated financial statements as well as chapter “Risks and opportunities report”, section “Risks” in the group management report of the Annual Report 2020. Further information regarding environmental, social and governance topics can be found within our 2020 Non-financial report available at www.freseniusmedicalcare.com/en/investors/investors-overview/. In furnishing this website address in this report, however, we do not intend to incorporate any information on our website into this report, and any information on our website should not be considered to be part of this report, except as expressly set forth herein.

In addition to the risks related to COVID-19 noted above, we have applied for new U.S. Department of Health and Human Services funding (Provider Relief Fund Phase 4) available for health care providers affected by the COVID-19 pandemic. The timing and amount of any potential funding award is uncertain.

Our business is also subject to other risks and uncertainties that we describe from time to time in our public filings. Developments in any of these areas could cause our results to differ materially from the results that we or others have projected or may project.

The actual accounting policies, the judgments made in the selection and application of these policies, as well as the sensitivities of reported results to changes in accounting policies, assumptions and estimates, are additional factors to be considered along with our interim financial statements and the discussion under “IV. Results of operations, financial position and net assets” below. For a discussion of our critical accounting policies, see note 2 of the notes to the consolidated financial statements included in our Annual Report 2020.

Rounding adjustments applied to individual numbers and percentages shown in this and other reports may result in these figures differing immaterially from their absolute values. Some figures (including percentages) in this report have been rounded in accordance with commercial rounding conventions. In some instances, such rounded figures and percentages may not add up to 100% or to the totals or subtotals contained in this report. Furthermore, totals and subtotals in tables may differ slightly from unrounded figures contained in this report due to rounding in accordance with commercial rounding conventions. A dash (“–”) indicates that no data were reported for a specific line item in the relevant financial year or period, while a zero (“0”) is used when the pertinent figure, after rounding, amounts to zero.

Economic Report

I. Macroeconomic and sector-specific environment

Overview

We are the world's leading provider of products and services for individuals with renal diseases, based on publicly reported revenue and number of patients treated. We provide dialysis care and related services to persons who suffer from End-Stage Kidney Disease (“ESKD”) as well as other health care services. We also develop, manufacture and distribute a wide variety of health care products. Our health care products include hemodialysis machines, peritoneal dialysis cyclers, dialyzers, peritoneal dialysis solutions, hemodialysis concentrates, solutions and granulates, bloodlines, renal pharmaceuticals, systems for water treatment, acute cardiopulmonary and apheresis products. We supply dialysis clinics we own, operate or manage with a broad range of products and also sell dialysis products to other dialysis service providers. We sell our health care products to customers in around 150 countries and we also use them in our own health care service operations. Our dialysis business is therefore vertically integrated. Our other health care services which, prior to 2021, were described as “Care Coordination,” include value and risk-based arrangements, pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology and cardiology services and ambulant treatment services. We estimate that the size of the global dialysis market was approximately €82 billion in 2020. Dialysis patient growth results from factors such as the aging population and increased life expectancies; shortage of donor organs for kidney transplants; increasing incidence of kidney disease and better treatment of and survival of patients with diabetes, hypertension and other illnesses, which frequently lead to the onset of chronic kidney disease; improvements in treatment quality, new pharmaceuticals and product technologies, which prolong patient life; and improving standards of living in developing countries, which make life-saving dialysis treatment available. We are also engaged in different areas of health care product therapy research.

As a global company delivering health care services and products, we face the challenge of addressing the needs of a wide variety of stakeholders, such as patients, customers, payors, regulators and legislators in many different economic environments and health care systems. In general, government-funded programs (in some countries in coordination with private insurers) pay for certain health care items and services provided to their citizens. Not all health care systems provide payment for dialysis treatment. Therefore, the reimbursement systems and ancillary services utilization environment in various countries significantly influence our business.

Significant U.S. reimbursement developments

The majority of health care services we provide are paid for by governmental institutions. For the nine months ended September 30, 2021, approximately 28% of our consolidated revenue is attributable to U.S. federally-funded health care benefit programs, such as Medicare and Medicaid reimbursement, under which reimbursement rates are set by the Centers for Medicare and Medicaid (“CMS”). Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide. The stability of reimbursement in the U.S. has been affected by (i) the End-Stage Renal Disease (“ESRD”) prospective payment system (“ESRD PPS”), (ii) the U.S. federal government across the board spending cuts in payments to Medicare providers commonly referred to as “U.S. Sequestration”, (iii) the reduction to the ESRD PPS rate to account for the decline in utilization of certain drugs and biologicals associated with dialysis pursuant to the American Taxpayer Relief Act of 2012 (“ATRA”) as subsequently modified under the Protecting Access to Medicare Act of 2014 (“PAMA”) and (iv) CMS’s 2017 final rule on the Physician Fee Schedule, which partially corrected reimbursement for certain procedures that were materially undervalued in 2016. Please see the detailed discussions on these and further legislative developments below:

- Under the Medicare Improvements for Patients and Providers Act of 2008 (“MIPPA”), for patients with Medicare coverage, all ESRD payments for dialysis treatments are made under the ESRD PPS, a single bundled payment rate which provides a fixed payment rate, to encompass substantially all goods and services provided during the dialysis treatment. MIPPA further created the ESRD Quality Incentive Program (“QIP”) which provides that dialysis facilities in the United States that fail to achieve annual quality standards established by CMS could have base payments reduced in a subsequent year by up to 2%.
- Additionally, as a result of the Budget Control Act of 2011 (“BCA”) and subsequent activity in Congress, U.S. Sequestration (\$1.2 trillion in across-the-board spending cuts in discretionary programs) took effect on March 1, 2013 and is expected to continue through 2030. In particular, a 2% reduction to Medicare payments took effect on April 1, 2013 and continues in force. The 2% sequestration was temporarily suspended from May 1, 2020 through December 31, 2021 as part of the COVID-19 relief measures. Spending cuts pursuant to U.S. Sequestration have adversely affected our operating results in the past and will continue to do so after the suspension is lifted.
- On October 29, 2021, CMS issued a final rule for the ESRD PPS rate for calendar year (“CY”) 2022. The final base rate per treatment for CY 2022 is \$257.90, which represents a 1.9% increase from the CY 2021 base rate of \$253.13. The increase of 1.9% is based on a market basket increase of 2.4% partially offset by a 0.5% multifactor productivity adjustment that is mandated by the ACA. The updated base rate includes an adjustment for the wage index budget-neutrality. CMS estimates that, on average, large dialysis organizations will receive a 2.4% increase in payments in CY 2022 compared to CY 2021 under this final rule. The Acute Kidney Injury payment rate for CY 2022 is to equal the CY 2022 ESRD PPS base rate. CMS approved the application for the Tablo System for the transitional add-on payment adjustment for new and innovative equipment and supplies (“TPNIES”) in CY 2022. CMS estimates total TPNIES payment amounts to facilities in CY 2022 would be approximately \$2.5 M, of which approximately \$490 thousand would be attributed to beneficiary coinsurance.
- Under the ESRD QIP, CMS assesses the total performance of each facility on a set of measures specified per payment year (“PY”) and applies up to a 2 percent payment reduction to facilities that do not meet a minimum total performance score (“TPS”). In the CY 2022 final rule, CMS will adopt a special scoring and payment policy for PY 2022 of the ESRD QIP to address the issues in the scoring system caused by the impact of the COVID-19 Public Health Emergency on QIP data. The scoring and payment methodologies will be modified in PY 2022 to provide that no facility would receive a payment reduction for PY 2022. CMS finalized the ESRD QIP measure set for PY 2024 and 2025. CMS will also set performance standards for PY 2024 using CY 2019 data, which is the most recently available full calendar year of usable data due to the impact of COVID-19 on CY 2020 data.
- On November 2, 2021, CMS announced the CY 2022 final rule for hospital outpatient and ambulatory surgery center (“ASC”) payment systems. The final rule to update the ASC payment system for CY 2022 generally increases the reimbursement rates for the range of procedures provided in an ASC. The average increase is 2.0% compared to the prior year. CMS also updated the device offset percentage methodology to be calculated using ASC rates instead of hospital outpatient department rates as was the previous practice. Under the finalized policy, any procedure in which the device cost is 30 percent of the overall ASC procedure rate will receive device-intensive status. As such, certain procedures we provide will receive the higher device-intensive reimbursement. On November 2, 2021, CMS also updated the Physician Fee Schedule for CY 2022. In that rule, CMS cut reimbursement in CY 2022 for certain specialty services, including those related to cardiovascular and vascular access care. The cuts will be implemented over a four-year transition period. In addition, the CY 2022 physician fee schedule conversion factor is \$33.59, a decrease of \$1.30 from the CY 2021 physician fee schedule conversion factor of \$34.89.

Presently, there is considerable uncertainty regarding possible future changes in health care regulation, including the regulation of reimbursement for dialysis services. For additional information regarding these matters, see chapter “Risks and opportunities report” section “Health care reforms” in the group management report which is included in our Annual Report 2020. Although Congress’ efforts to date to repeal the ACA have been unsuccessful, and on June 17, 2021, the U.S. Supreme Court dismissed litigation seeking to declare the ACA as unconstitutional, further efforts

to repeal or revise the ACA may affect the law's future prospects in ways which we currently cannot quantify or predict.

For additional information, see section "Risks" in our "Risks and opportunities report" in the group management report of the Annual Report 2020.

On May 22, 2020, CMS issued a final rule that, effective January 1, 2021, removes outpatient dialysis facilities from the time-and-distance standards applicable under the network adequacy rules for Medicare Advantage, also known as Medicare Part C, plans offered by private health insurers approved by CMS to provide their members with Medicare Part A, Part B and usually Part D benefits ("Medicare Advantage" plans).

Premium assistance programs

On August 18, 2016, CMS issued a request for information ("RFI") seeking public comment about providers' alleged steering of patients inappropriately to individual plans offered on the Patient Protection and Affordable Care Act individual health insurance market. The holding company for our U.S. operations, Fresenius Medical Care Holdings, Inc. ("FMCH"), and other dialysis providers, commercial insurers and other industry participants responded to the RFI, and in that response, we reported that we do not engage in such steering. On December 14, 2016, CMS published an Interim Final Rule ("IFR") entitled "Medicare Program; Conditions for Coverage for End-Stage Renal Disease Facilities-Third Party Payment" that would amend the Conditions for Coverage for dialysis providers, like FMCH. The IFR would have effectively enabled insurers to reject premium payments made by patients who received grants for individual market coverage from the American Kidney Fund ("AKF") and, therefore, could have resulted in those patients losing their individual market health insurance coverage. The loss of individual market coverage for these patients would have had a material and adverse impact on our operating results. See section "Risks" in our "Risks and opportunities report" in the group management report in our Annual Report 2020. On January 25, 2017, a federal district court in Texas, responsible for litigation initiated by a patient advocacy group and dialysis providers including FMCH, preliminarily enjoined CMS from implementing the IFR (*Dialysis Patient Citizens v. Burwell* (E.D. Texas, Sherman Div.)). The preliminary injunction was based on CMS's failure to follow appropriate notice-and-comment procedures in adopting the IFR. The injunction remains in place and the court retains jurisdiction over the dispute. On June 22, 2017, CMS requested a stay of proceedings in the litigation pending further rulemaking concerning the IFR. Plaintiffs in the litigation, including FMCH, consented to the stay, which was granted by the court.

The operation of charitable assistance programs like that of the AKF is also receiving increased attention by state insurance regulators and legislators. The result may be a regulatory framework that differs from state to state. Even in the absence of the IFR or similar state actions, insurers are likely to continue efforts to thwart charitable premium assistance to our patients for individual market plans and other insurance coverages. If successful in a material area or scope of our U.S. operations, these efforts would have a material adverse impact on our business and operating results.

Participation in new Medicare payment arrangements

Under CMS's Comprehensive ESRD Care Model (the "Model"), dialysis providers and physicians formed entities known as ESRD Seamless Care Organizations ("ESCOs") as part of a payment and care delivery pilot program that ended March 31, 2021 which sought to deliver better health outcomes for Medicare ESKD patients while lowering CMS's costs. Following our initial participation in six ESCOs, we ultimately expanded our participation in the Model to 23 ESCOs formed at our dialysis facilities. ESCOs that achieved the program's minimum quality thresholds and generated reductions in CMS's cost of care above certain thresholds for the ESKD patients covered by the ESCO received a share of the cost savings, adjusted based on the ESCO's performance on certain quality metrics. ESCOs may also owe payments to CMS if actual costs of care rise above set thresholds. As of March 2021, approximately 34,800 patients were aligned to ESCOs in which we participated.

In November 2017, we announced the results from the first performance year from our ESCOs. The results, which cover the period from October 2015 through December 2016, show improved health outcomes for patients receiving coordinated care through the ESCOs. This success was validated by an independent report, which showed a nearly 9% decrease in hospitalization rates for these patients during the same time. In the second performance year (CY 2017) the Company's ESCOs together generated more than \$66.7 M (€59.0 M) in gross savings, an average 3.4% reduction in expenditures per patient. For the third performance year (CY 2018), CMS published the final settlement reports on August 14, 2020. In total the Company's ESCOs produced more than \$66.1 M (€56.0 M) in gross savings, an average 1.9% reduction in expenditures per patient. For the fourth performance year (CY 2019), CMS published the final settlement reports on October 31, 2020. In total, the Company's ESCOs produced more than \$10.8 M (€9.6 M) in gross losses, an average 0.3% increase in expenditures per patient. For the fifth performance year (CY 2020), CMS gave each ESCO the options to (a) extend participation in the program through March 31, 2021, and/or to (b) accept the following financial changes: (i) reduce 2020 downside risk by reducing shared losses by proportion of months during the COVID-19 Public Health Emergency as promulgated under the Public Health Services Act, (ii) cap gross savings upside potential at 5% gross savings, (iii) remove COVID-19 inpatient episodes, and (iv) remove the 2020 financial guarantee requirement. All of our affiliated ESCOs signed amendments to extend participation in the program through March 31, 2021 and 22 of our ESCOs accepted the financial changes related to COVID-19. The Model ended on March 31, 2021. We anticipate that CMS will publish final settlement reports for the last performance year in January 2022.

We have also entered into risk-based and value-based arrangement with certain payors to provide care to commercial and Medicare Advantage ESKD and CKD patients. Under these payment arrangements, our financial performance is based on our ability to manage a defined scope of medical costs within certain parameters for clinical outcomes.

Executive order-based models

On July 10, 2019, an Executive Order on advancing kidney health was signed in the United States. Among other things, the order instructed the Secretary of Health and Human Services (“HHS”) to develop new Medicare payment models to encourage identification and earlier treatment of kidney disease as well as increased home dialysis and transplants. One of those models, for which the rule was finalized on September 29, 2020, the ESRD Treatment Choices (“ETC”) model, is a mandatory model that creates financial incentives for home treatment and kidney transplants with a start date in January 2021 and ending in June 2027. This model applies both upside and downside payment adjustments to claims submitted by physicians and dialysis facilities for certain Medicare home dialysis patients over the span of six and one-half years. Participants in this model are based on a random selection of thirty percent of the Hospital Referral Regions. As of September 30, 2021, 981 of our U.S. dialysis facilities, representing approximately 35% of our U.S. dialysis facilities, are within the random selection of Hospital Referral Regions and therefore are in areas selected for participation in the model. An initial upside-only payment, Home Dialysis Payment Adjustment (“HDPHA”), will be applied for the first three years of the model, beginning in January 2021, in decreasing payment adjustments ranging from 3% in the first payment year, to 2% in the second payment year, and to 1% in the final payment year. This model also includes a Performance Payment Adjustment (“PPA”) beginning in July 2022. PPA payments will be a combined calculation of home dialysis and transplant rates based upon historic and/or benchmark data from comparison geographic areas. Possible PPA payment adjustments increase over time and will range from (5%) to 4% in the first payment year (beginning July 2022) for both physicians and facilities and increase to (9%) and 8% for physicians and (10%) and 8% percent for facilities in the final payment year (ending in June 2027).

On October 29th, CMS finalized aspects of the ETC model with an effective date of January 1, 2022, including changes to the home dialysis and transplant participation rates, the achievement and improvement benchmarking and scoring methodology and a process for sharing certain beneficiary attribution and performance data with ETC participants. CMS finalized additional programmatic waivers and other flexibilities regarding the Kidney Disease Education (“KDE”) benefit under the ETC model such that the KDE benefit can be furnished via telehealth. CMS finalized changes to the ETC model to address health and socioeconomic disparities by adding a Health Equity Incentive to the improvement scoring methodology and stratifying achievement benchmarks for beneficiaries who are dual-eligible for Medicare and Medicaid or low-income-subsidy (“LIS”) recipients. Finally, CMS has requested feedback on a number of topics related to beneficiary experience in home dialysis.

Pursuant to the Executive Order, the Secretary of HHS also announced voluntary payment models, Kidney Care First (“KCF”) and Comprehensive Kidney Care Contracting (“CKCC”) model (graduated, professional and global), which aim to build on the existing Comprehensive End Stage Renal Disease Care model. The voluntary models create financial incentives for health care providers to manage care for Medicare beneficiaries with chronic kidney disease stages 4 and 5 and with ESKD, to delay the start of dialysis, and to incentivize kidney transplants. The voluntary models allow health care providers to take on various amounts of financial risk by forming an entity known as a Kidney Care Entity (“KCE”). Two options, the CKCC global and professional models, allow renal health care providers to assume upside and downside financial risk. A third option, the CKCC graduated model, is limited to assumption of upside risk, but is unavailable to KCEs that include large dialysis organizations. Under the global model, the KCE is responsible for 100 percent of the total cost of care for all Medicare Part A and B services for aligned beneficiaries, and under the professional model, the KCE is responsible for 50 percent of such costs. Applications for the voluntary models were submitted in January 2020. We submitted 25 CKCC applications to participate in the professional model and were also included in four other CKCC applications submitted by nephrologists. All 29 of these KCE applications were accepted in June 2020. Of the 29 accepted applications, 28 KCEs have elected to participate in the implementation period, which started on October 15, 2020, and provides a start-up period during which the KCE is not at financial risk. Prior to January 1, 2022, each KCE will elect whether to continue its participation at-risk beginning in the first Performance Year which starts on January 1, 2022 and ends December 31, 2022. Of the 28 KCEs participating in the implementation period, we intend to continue participating in 22 of the KCEs during the first Performance Year. Once implemented, the CKCC model is expected to run through 2026. The commencement date of the voluntary professional model was originally set to begin on April 1, 2021, but was extended by CMS to January 1, 2022 and, relative to our 2021 expectations, we expect to both incur additional expenses and recognize no revenue as a result of this extension. We are presently unable to predict the effects on our business of the ETC payment model and the voluntary payment models.

Company structure

Our operating and reportable segments are the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment. The operating segments are determined based upon how we manage our businesses with geographical responsibilities. All segments are primarily engaged in providing health care services and the distribution of products and equipment for the treatment of ESKD and other extracorporeal therapies. Management evaluates each segment using measures that reflect all of the segment's controllable revenues and expenses. With respect to the performance of business operations, management believes that the most appropriate measures are revenue and operating income. We do not include income taxes as we believe taxes are outside the segments' control. Financing is a corporate function which our segments do not control. Therefore, we do not include interest expense relating to financing as a segment measurement. Similarly, we do not allocate certain costs which relate primarily to certain headquarters' overhead charges, including accounting and finance as well as certain legal and IT costs, because we believe that these costs are also not within the control of the individual segments. Production of products, production asset management, quality and supply chain management as well as procurement related to production are centrally managed. Products transferred to the segments are transferred at cost; therefore, no internal profit is generated. The associated internal revenue for the product transfers and their elimination are recorded as corporate activities. Capital expenditures for production are based on the expected demand of the segments and consolidated profitability considerations. Our global research and development team as well as our Global Medical Office, which seek to optimize medical treatments and clinical processes within the Company, are also centrally managed. These corporate activities do not fulfill the definition of a segment according to IFRS 8. In addition, certain revenues, investments and intangible assets, as well as any related expenses, are not allocated to a segment but accounted for as Corporate. Accordingly, all of these items are excluded from our analysis of segment results and are discussed below in the discussion of our consolidated results of operations. See note 11 included in this report for a further discussion on our operating segments.

As announced on November 2, 2021, we are entering the next phase of our program focusing on the transformation of our global operating model to strengthen profitability and enable execution on Strategy 2025, as defined below, ("FME25 program"): the transformation of our operating model to provide the base for future sustainable growth. In the new model, the Company intends to reorganize its business in two global operating segments.

We will consolidate our healthcare products business, including research and development, manufacturing, supply chain and commercial operations, as well as supporting functions, such as regulatory and quality management, under a global umbrella. The products business will be organized along the three treatment modalities that we serve: In-center, Home and Critical Care. Our global health care services business will be combined into one segment.

Our Global Medical Office will continue to leverage the vertically integrated approach to optimize clinical outcomes for our patients. General and administrative functions will also be globalized using a three pillars model of business partnering, centers of excellence and global shared services.

We expect to complete the implementation of the new model around 2023.

II. Discussion of measures

Non-IFRS measures

Certain of the following key performance indicators and other financial information as well as discussions and analyses set out in this report include measures that are not defined by IFRS ("Non-IFRS Measure"). We believe this information, along with comparable IFRS financial measurements, is useful to our investors as it provides a basis for assessing our performance, payment obligations related to performance-based compensation, our compliance with financial covenants and enhanced transparency as well as comparability of our results. Non-IFRS financial measures should not be viewed or interpreted as a substitute for financial information presented in accordance with IFRS.

Our presentation of some key performance indicators and other financial measures used in this report such as changes in revenue, operating income and net income attributable to shareholders of FMC-AG & Co. KGaA (or "net income") includes the impact of translating local currencies to our reporting currency for financial reporting purposes. We calculate these Non-IFRS financial measures at constant exchange rates in our publications to show changes in our revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items without giving effect to period-to-period currency fluctuations. Under IFRS, amounts received in local (non-euro) currency are translated into euro at the average exchange rate for the period presented. Once we translate the local currency for the constant currency, we then calculate the change, as a percentage, of the current period calculated using the prior period exchange rates versus the prior period. This resulting percentage is a Non-IFRS Measure referring to a change as a percentage at constant currency. These currency-adjusted financial measures are identifiable by the designated terms "Constant Exchange Rates" or "Constant Currency."

We believe that the measures at Constant Currency are useful to investors, lenders and other creditors because such information enables them to gauge the impact of currency fluctuations on our revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items from period to period. In addition, under our long-term incentive plans, we measure the attainment of certain predetermined financial targets for revenue growth and net income growth in Constant Currency. However, we limit our use of Constant Currency period-over-period changes to a measure for the impact of currency fluctuations on the translation of local currency into euro. We do not evaluate our results and performance without considering both:

- (1) period-over-period changes in revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items prepared in accordance with IFRS, and
- (2) Constant Currency changes in revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items.

We caution the readers of this report not to consider these measures in isolation, but to review them in conjunction with changes in revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items prepared in accordance with IFRS. We present the growth rate derived from non-IFRS measures next to the growth rate derived from IFRS measures such as revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items. As the reconciliation is inherent in the disclosure included within "IV. Results of operations, financial position and net assets," below, we believe that a separate reconciliation would not provide any additional benefit.

Return on invested capital (“ROIC”) (Non-IFRS Measure)

ROIC is the ratio of operating income, for the last twelve months, after tax (“net operating profit after tax” or “NOPAT”) to the average invested capital of the last five quarter closing dates, including adjustments for acquisitions and divestitures made during the last twelve months with a purchase price above a €50 M threshold, consistent with the respective adjustments made in the determination of adjusted EBITDA below (see “Net leverage ratio (Non-IFRS Measure).” ROIC expresses how efficiently we allocate the capital under our control or how well we employ our capital with regard to investment projects. Additionally, we have excluded the impairment of goodwill and trade names in the Latin America Segment driven by a macro-economic downturn and increasing risk adjustment rates for certain countries in the region (“Impairment Loss”) (see note 2 a) of the notes to the consolidated financial statements included in our Annual Report 2020) to increase comparability of the underlying financial figures of certain Management Board compensation performance targets with the Company’s operating performance and to adequately recognize the actual performance of the members of the Management Board. An adjustment to exclude amounts related to the implementation of IFRS 16, Leases, which replaced the straight-line operating lease expense for former leases under International Accounting Standard 17, Leases, with a depreciation charge for the lease asset and an interest expense on the lease liability as well as the classification of certain IAS 17 leases (such effects being, collectively “Effect from IFRS 16”) is included for the purpose of increasing the comparability of previously reported information in accordance with our long-term incentive plans in 2019. The following tables show the reconciliation of average invested capital to total assets, which we believe to be the most directly comparable IFRS financial measure, and how ROIC is calculated:

Reconciliation of average invested capital and ROIC (Non-IFRS Measure, unadjusted)

in € M, except where otherwise specified

2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Total assets	33,831	32,987	33,159	31,689	33,049
Plus: Cumulative goodwill amortization and Impairment Loss	604	602	598	583	405
Minus: Cash and cash equivalents	(1,562)	(1,408)	(1,073)	(1,082)	(1,599)
Minus: Loans to related parties	(4)	(6)	(1)	(1)	(51)
Minus: Deferred tax assets	(374)	(359)	(333)	(351)	(429)
Minus: Accounts payable to unrelated parties	(706)	(685)	(635)	(732)	(729)
Minus: Accounts payable to related parties	(94)	(102)	(105)	(95)	(132)
Minus: Provisions and other current liabilities ⁽¹⁾	(3,516)	(3,528)	(3,436)	(3,180)	(3,641)
Minus: Income tax liabilities	(224)	(218)	(232)	(197)	(269)
Invested capital	27,955	27,283	27,942	26,634	26,604
Average invested capital as of September 30, 2021	27,284				
Operating income	1,865				
Income tax expense ⁽²⁾	(501)				
NOPAT	1,364				

Adjustments to average invested capital and ROIC

in € M, except where otherwise specified

2021	September 30, 2021	June 30, 2021⁽³⁾	March 31, 2021⁽³⁾	December 31, 2020⁽³⁾	September 30, 2020⁽³⁾
Total assets	—	73	73	183	191
Minus: Cash and cash equivalents	—	—	—	(3)	(3)
Minus: Provisions and other current liabilities ⁽¹⁾	—	(6)	(6)	(12)	(12)
Invested capital	—	67	67	168	176
Adjustment to average invested capital as of September 30, 2021	96				
Adjustment to operating income ⁽³⁾	16				
Adjustment to income tax expense ⁽³⁾	(4)				
Adjustment to NOPAT	12				

FRESENIUS MEDICAL CARE AG & Co. KGaA

Reconciliation of average invested capital and ROIC (Non-IFRS Measure)

in € M, except where otherwise specified

2021	September 30, 2021	June 30, 2021 ⁽³⁾	March 31, 2021 ⁽³⁾	December 31, 2020 ⁽³⁾	September 30, 2020 ⁽³⁾
Total assets	33,831	33,060	33,232	31,872	33,240
Plus: Cumulative goodwill amortization and Impairment Loss	604	602	598	583	405
Minus: Cash and cash equivalents	(1,562)	(1,408)	(1,073)	(1,085)	(1,602)
Minus: Loans to related parties	(4)	(6)	(1)	(1)	(51)
Minus: Deferred tax assets	(374)	(359)	(333)	(351)	(429)
Minus: Accounts payable to unrelated parties	(706)	(685)	(635)	(732)	(729)
Minus: Accounts payable to related parties	(94)	(102)	(105)	(95)	(132)
Minus: Provisions and other current liabilities ⁽¹⁾	(3,516)	(3,534)	(3,442)	(3,192)	(3,653)
Minus: Income tax liabilities	(224)	(218)	(232)	(197)	(269)
Invested capital	27,955	27,350	28,009	26,802	26,780
Average invested capital as of September 30, 2021	27,379				
Operating income ⁽³⁾	1,881				
Income tax expense ^{(2), (3)}	(505)				
NOPAT	1,376				
ROIC	5.0%				

Adjustments to average invested capital and ROIC (excluding Impairment Loss)

in € M, except where otherwise specified

2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Total assets	—	—	—	195	—
Plus: Impairment Loss	—	—	—	(195)	—
Invested capital	—	—	—	—	—
Average invested capital as of September 30, 2021	—				
Adjustment to operating income	195				
Adjustment to income tax expense	(52)				
Adjustment to NOPAT	143				

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Reconciliation of average invested capital and ROIC (Non-IFRS Measure, excluding Impairment Loss)

in € M, except where otherwise specified

2021	September 30, 2021	June 30, 2021 ⁽³⁾	March 31, 2021 ⁽³⁾	December 31, 2020 ⁽³⁾	September 30, 2020 ⁽³⁾
Total assets	33,831	33,060	33,232	32,067	33,240
Plus: Cumulative goodwill amortization	604	602	598	388	405
Minus: Cash and cash equivalents	(1,562)	(1,408)	(1,073)	(1,085)	(1,602)
Minus: Loans to related parties	(4)	(6)	(1)	(1)	(51)
Minus: Deferred tax assets	(374)	(359)	(333)	(351)	(429)
Minus: Accounts payable to unrelated parties	(706)	(685)	(635)	(732)	(729)
Minus: Accounts payable to related parties	(94)	(102)	(105)	(95)	(132)
Minus: Provisions and other current liabilities ⁽¹⁾	(3,516)	(3,534)	(3,442)	(3,192)	(3,653)
Minus: Income tax liabilities	(224)	(218)	(232)	(197)	(269)
Invested capital	27,955	27,350	28,009	26,802	26,780
Average invested capital as of September 30, 2021	27,379				
Operating income ⁽³⁾	2,076				
Income tax expense ^{(2), (3)}	(557)				
NOPAT	1,519				
ROIC (excluding Impairment Loss)	5.5%				

Adjustments to average invested capital and ROIC for the Effect from IFRS 16

in € M, except where otherwise specified

2021	September 30, 2021	June 30, 2021 ⁽³⁾	March 31, 2021 ⁽³⁾	December 31, 2020 ⁽³⁾	September 30, 2020 ⁽³⁾
Total assets	(4,198)	(4,177)	(4,242)	(4,130)	(4,261)
Minus: Deferred tax assets	(39)	(35)	(30)	2	4
Minus: Provisions and other current liabilities ⁽¹⁾	(136)	(132)	(134)	(128)	(134)
Minus: Income tax liabilities	1	1	1	1	—
Invested capital	(4,372)	(4,343)	(4,405)	(4,255)	(4,391)
Adjustment to average invested capital as of September 30, 2021	(4,353)				
Adjustment to operating income	(119)				
Adjustment to income tax expense	32				
Adjustment to NOPAT	(87)				

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Reconciliation of average invested capital and ROIC (Non-IFRS Measure, excluding Impairment Loss and the Effect from IFRS 16)

in € M, except where otherwise specified

2021	September 30, 2021	June 30, 2021 ⁽³⁾	March 31, 2021 ⁽³⁾	December 31, 2020 ⁽³⁾	September 30, 2020 ⁽³⁾
Total assets	29,633	28,883	28,990	27,937	28,979
Plus: Cumulative goodwill amortization	604	602	598	388	405
Minus: Cash and cash equivalents	(1,562)	(1,408)	(1,073)	(1,085)	(1,602)
Minus: Loans to related parties	(4)	(6)	(1)	(1)	(51)
Minus: Deferred tax assets	(413)	(394)	(363)	(349)	(425)
Minus: Accounts payable to unrelated parties	(706)	(685)	(635)	(732)	(729)
Minus: Accounts payable to related parties	(94)	(102)	(105)	(95)	(132)
Minus: Provisions and other current liabilities ⁽¹⁾	(3,652)	(3,666)	(3,576)	(3,320)	(3,787)
Minus: Income tax liabilities	(223)	(217)	(231)	(196)	(269)
Invested capital	23,583	23,007	23,604	22,547	22,389
Average invested capital as of September 30, 2021	23,026				
Operating income ⁽³⁾	1,957				
Income tax expense ^{(2), (3)}	(525)				
NOPAT	1,432				
ROIC (excluding Impairment Loss and the Effect from IFRS 16)	6.2%				

Reconciliation of average invested capital and ROIC (Non-IFRS Measure, unadjusted)

in € M, except where otherwise specified

2020	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total assets	31,689	33,049	34,190	34,072	32,935
Plus: Cumulative goodwill amortization and Impairment Loss	583	405	421	430	420
Minus: Cash and cash equivalents	(1,082)	(1,599)	(1,890)	(1,405)	(1,008)
Minus: Loans to related parties	(1)	(51)	(49)	(40)	(72)
Minus: Deferred tax assets	(351)	(429)	(391)	(382)	(361)
Minus: Accounts payable to unrelated parties	(732)	(729)	(678)	(762)	(717)
Minus: Accounts payable to related parties	(95)	(132)	(135)	(134)	(119)
Minus: Provisions and other current liabilities ⁽¹⁾	(3,180)	(3,641)	(3,799)	(2,577)	(2,452)
Minus: Income tax liabilities	(197)	(269)	(212)	(200)	(180)
Invested capital	26,634	26,604	27,457	29,002	28,446
Average invested capital as of December 31, 2020	27,628				
Operating income	2,304				
Income tax expense ⁽²⁾	(688)				
NOPAT	1,616				
ROIC	5.8%				

FRESENIUS MEDICAL CARE AG & Co. KGaA

Adjustments to average invested capital and ROIC (excluding Impairment Loss)

in € M, except where otherwise specified

2020	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total assets	195	—	—	—	—
Plus: Impairment Loss	(195)	—	—	—	—
Invested capital	—	—	—	—	—
Adjustment to average invested capital as of December 31, 2020	—				
Adjustment to operating income	195				
Adjustment to income tax expense	19				
Adjustment to NOPAT	214				

Reconciliation of average invested capital and ROIC (Non-IFRS Measure, excluding Impairment Loss)

in € M, except where otherwise specified

2020	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total assets	31,884	33,049	34,190	34,072	32,935
Plus: Cumulative goodwill amortization	389	405	421	430	420
Minus: Cash and cash equivalents	(1,082)	(1,599)	(1,890)	(1,405)	(1,008)
Minus: Loans to related parties	(1)	(51)	(49)	(40)	(72)
Minus: Deferred tax assets	(351)	(429)	(391)	(382)	(361)
Minus: Accounts payable to unrelated parties	(732)	(729)	(678)	(762)	(717)
Minus: Accounts payable to related parties	(95)	(132)	(135)	(134)	(119)
Minus: Provisions and other current liabilities ⁽¹⁾	(3,180)	(3,641)	(3,799)	(2,577)	(2,452)
Minus: Income tax liabilities	(197)	(269)	(212)	(200)	(180)
Invested capital	26,634	26,604	27,457	29,002	28,446
Average invested capital as of December 31, 2020	27,628				
Operating income	2,499				
Income tax expense ⁽²⁾	(669)				
NOPAT	1,830				
ROIC (excluding Impairment Loss)	6.6%				

Adjustments to average invested capital and ROIC for the Effect from IFRS 16

in € M, except where otherwise specified

2020	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total assets	(4,130)	(4,261)	(4,421)	(4,388)	(4,356)
Minus: Deferred tax assets	2	4	3	3	2
Minus: Provisions and other current liabilities ⁽¹⁾	(128)	(134)	(140)	(143)	(140)
Minus: Income tax liabilities	1	—	—	—	—
Invested capital	(4,255)	(4,392)	(4,558)	(4,529)	(4,494)
Adjustment to average invested capital as of December 31, 2020	(4,445)				
Adjustment to operating income	(134)				
Adjustment to income tax expense	40				
Adjustment to NOPAT	(94)				

FRESENIUS MEDICAL CARE AG & Co. KGaA

Reconciliation of average invested capital and ROIC (Non-IFRS Measure, excluding Impairment Loss and the Effect from IFRS 16)

in € M, except where otherwise specified

2020	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total assets	27,754	28,788	29,769	29,684	28,579
Plus: Cumulative goodwill amortization	389	405	421	430	420
Minus: Cash and cash equivalents	(1,082)	(1,599)	(1,890)	(1,405)	(1,008)
Minus: Loans to related parties	(1)	(51)	(49)	(40)	(72)
Minus: Deferred tax assets	(349)	(426)	(388)	(380)	(359)
Minus: Accounts payable to unrelated parties	(732)	(729)	(678)	(762)	(717)
Minus: Accounts payable to related parties	(95)	(132)	(135)	(134)	(119)
Minus: Provisions and other current liabilities ⁽¹⁾	(3,309)	(3,775)	(3,940)	(2,720)	(2,592)
Minus: Income tax liabilities	(196)	(269)	(212)	(200)	(180)
Invested capital	22,379	22,212	22,899	24,473	23,952
Average invested capital as of December 31, 2020	23,183				
Operating income	2,365				
Income tax expense ⁽²⁾	(629)				
NOPAT	1,736				
ROIC (excluding Impairment Loss and the Effect from IFRS 16)	7.5%				

(1) Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.

(2) Adjusted for noncontrolling partnership interests.

(3) Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold.

Net cash provided by (used in) operating activities in % of revenue

Our consolidated statement of cash flows indicates how we generated and used cash and cash equivalents. In conjunction with our other primary interim financial statements, it provides information that helps us evaluate changes to our net assets and our financial structure (including liquidity and solvency). Net cash provided by (used in) operating activities is applied to assess whether a business can internally generate the cash required to make the necessary replacement and expansion of investments. This indicator is impacted by the profitability of our business and the development of working capital, mainly receivables. Net cash provided by (used in) operating activities in percent of revenue shows the percentage of our revenue that is available in terms of financial resources. This measure is an indicator of our operating financial strength.

Free cash flow in % of revenue (Non-IFRS Measure)

Free cash flow (which we define as net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments) refers to the cash flow we have at our disposal, including cash flows that may be restricted for other uses. This indicator shows the percentage of revenue available for acquisitions and investments, dividends to shareholders, reducing debt financing or for repurchasing shares.

For a reconciliation of cash flow performance indicators for the nine months ended September 30, 2021 and 2020 which reconciles free cash flow and free cash flow in percent of revenue to Net cash provided by (used in) operating activities and Net cash provided by (used in) operating activities in percent of revenue, see "IV. Results of operations, financial position and net assets - Financial position - Sources of Liquidity."

Net leverage ratio (Non-IFRS Measure)

The net leverage ratio is a performance indicator used for capital management. To determine the net leverage ratio, debt and lease liabilities less cash and cash equivalents (net debt) is compared to adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted for:

- the effects of acquisitions and divestitures made during the last twelve months with a purchase price above a €50 M threshold as defined in our €2 billion syndicated multicurrency sustainability-linked revolving and swingline credit facilities agreement ("Syndicated Credit Facility") (see note 6 included in this report),
- non-cash charges,
- impairment loss, and
- costs related to our FME25 program.

The ratio is an indicator of the length of time the Company needs to service the net debt out of its own resources. We believe that the net leverage ratio provides alternative information that management believes to be useful in assessing our ability to meet our payment obligations in addition to considering the absolute amount of our debt. We have a strong market position in a growing, global and mainly non-cyclical market. Furthermore, most of our customers have a high credit rating as the dialysis industry is characterized by stable and sustained cash flows. We believe this enables us to work with a reasonable proportion of debt.

For the calculation of the net leverage ratio as of September 30, 2021 and December 31, 2020, see "IV. Results of operations, financial position and net assets - Financial position - Sources of Liquidity."

III. Highlights

The following highlights had a significant impact on our business performance for the nine months ended September 30, 2021:

Impact of the COVID-19 pandemic

We have experienced that the COVID-19 pandemic in 2020 has resulted in an increased mortality of our patients. As a result of the global spread of the Delta variant, COVID-19-related incremental excess mortality has increased again in the nine months ended September 30, 2021 and amounted to approximately 18,200 patients since the start of the pandemic.

To be able to continue care for our patients and to maintain an adequate workforce, we implemented a number of measures, both operational and financial, to protect our patients and employees through expanded personal protective equipment protocols and expenses related to surge capacity for patients suspected or confirmed to have COVID-19.

Besides our comprehensive measures to reduce infection risks and maintain safe operations in our dialysis centers, vaccinations are crucial for containing the COVID-19 pandemic. In several countries we have made our dialysis clinics available for the direct vaccination of patients and, where requested, the general public.

We experienced a loss of revenue due to the pandemic in certain parts of our business, offset by increased demand for our services and products in other parts. Overall, COVID-19 resulted in a negative impact to net income attributable to shareholders of FMC-AG & Co. KGaA in the amount of €262 M for the nine months ended September 30, 2021, primarily driven by COVID-19-related impacts in certain of our operating segments, as well as various other effects from the pandemic including, but not limited to, increased costs for personal protective equipment and increased labor costs, partially offset by certain lower operating costs including patient screening, facilities management and marketing.

For more information see note 2 d) included in this report.

Financing

On May 18, 2021, we issued bonds with an aggregate principal amount of \$1.5 billion (€1.2 billion) across two tranches: a \$850 M (€695 M) bond with a five-year and seven-month maturity and a \$650 M (€532 M) bond with a ten-year and seven-month maturity. The proceeds have been used for general corporate purposes, including the refinancing of outstanding indebtedness.

On July 1, 2021, we entered into a new €2 billion sustainability-linked syndicated revolving credit facility with a term of five years plus two one-year extension options. It can be drawn in different currencies and will be used as a back-up line for general corporate purposes.

IV. Results of operations, financial position and net assets

The following sections summarize our results of operations, financial position and net assets as well as key performance indicators by reporting segment, as well as Corporate, for the periods indicated. We prepared the information consistent with the manner in which management internally disaggregates financial information to assist in making operating decisions and evaluating management performance.

We have updated our Company strategy to leverage our core strategic competencies in order to achieve our goal of providing health care for chronically and critically ill patients across the renal care continuum ("Strategy 2025"), which encompasses new renal care models, value-based care models, chronic kidney disease and transplantation as well as future innovations. Accordingly, we have adjusted the presentation of consolidated and operating segment data to reflect the integration of Dialysis and Care Coordination in our business model. Therefore, we do not present Dialysis and Care Coordination metrics separately. As such, Care Coordination information previously presented separately for the North America Segment and the Asia-Pacific Segment is now included within the corresponding Health Care metric. This presentation also more closely aligns our external financial reporting with the manner in which management reviews financial information to make operating decisions and evaluate performance of our business.

Results of operations

Segment data (including Corporate)

in € M

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Total revenue				
North America Segment	3,080	3,069	8,931	9,495
EMEA Segment	671	682	2,033	2,048
Asia-Pacific Segment	501	484	1,458	1,377
Latin America Segment	178	170	508	508
Corporate	11	9	42	31
Total	4,441	4,414	12,972	13,459
Operating income				
North America Segment	446	514	1,242	1,587
EMEA Segment	79	99	232	278
Asia-Pacific Segment	86	97	256	237
Latin America Segment	4	11	14	29
Corporate	(110)	(89)	(341)	(288)
Total	505	632	1,403	1,843
Interest income	16	8	45	27
Interest expense	(84)	(96)	(259)	(311)
Income tax expense	(105)	(124)	(274)	(362)
Net income	332	420	915	1,197
Net income attributable to noncontrolling interests	(59)	(66)	(174)	(210)
Net income attributable to shareholders of FMC-AG & Co. KGaA	273	354	741	987

Revenue and operating income generated in countries outside the eurozone are subject to currency fluctuations. The table below summarizes the development of the euro against the U.S. dollar as well as the revenue and the operating income, as a percentage of the consolidated results, generated in U.S. dollars for the three- and nine-month periods ended September 30, 2021 and 2020:

Currency development and portion of total revenue and operating income

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Currency development of euro against the U.S. dollar	relatively unaffected	negative impact	negative impact	relatively unaffected
Percentage of revenue in U.S. dollars	69 %	70 %	69 %	71 %
Percentage of operating income generated in U.S. dollars	88 %	81 %	89 %	86 %

Three months ended September 30, 2021 compared to three months ended September 30, 2020

Interim consolidated financials

Performance indicators for the interim consolidated financial statements

	For the three months ended		Change in %		
	September 30,		As reported	Currency translation effects	Constant Currency ⁽¹⁾
	2021	2020			
Revenue in € M	4,441	4,414	1%	0%	1%
Health care services	3,530	3,499	1%	(1%)	2%
Health care products	911	915	0%	1%	(1%)
Number of dialysis treatments	13,297,287	13,576,177	(2%)		
Same Market Treatment Growth ⁽²⁾	(2.4%)	1.8%			
Gross profit in € M	1,267	1,359	(7%)	(1%)	(6%)
Gross profit as a % of revenue	28.5%	30.8%			
Selling, general and administrative costs in € M	731	706	3%	1%	4%
Selling, general and administrative costs as a % of revenue	16.5%	16.0%			
Operating income in € M	505	632	(20%)	(1%)	(19%)
Operating income margin	11.4%	14.3%			
Net income attributable to shareholders of FMC-AG & Co. KGaA in € M	273	354	(23%)	(1%)	(22%)
Basic earnings per share in €	0.93	1.21	(23%)	(1%)	(22%)

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

(2) Same market treatment growth represents growth in treatments, adjusted for certain reconciling items including (but not limited to) treatments from acquisitions, closed or sold clinics and differences in dialysis days ("Same Market Treatment Growth").

Health care services revenue increased by 1% as compared to the three months ended September 30, 2020 (+2% at Constant Exchange Rates) driven by an increase in organic growth (+1%) despite impacts from COVID-19, including excess mortality rates among patients due to COVID-19 ("COVID-19-Related Impacts") in certain of our operating segments, which are further described in the discussions of our segments below, and despite lower reimbursement for calcimimetics. The increase was also driven by contributions from acquisitions (+1%), partially offset by a negative impact from foreign currency translation (-1%).

Dialysis treatments decreased by 2% as a result of a reduction in same market treatments (-2%). COVID-19-Related Impacts contributed significantly to the decreases in treatments and Same Market Treatment Growth.

At September 30, 2021, we owned, operated or managed 4,151 dialysis clinics compared to 4,073 dialysis clinics at September 30, 2020. During the three months ended September 30, 2021, we acquired 18 dialysis clinics, opened 16 dialysis clinics and combined or closed 8 clinics. The number of patients treated in dialysis clinics that we own, operate or manage decreased by 1% to 344,872 as of September 30, 2021 (September 30, 2020: 349,167). The decrease in patients was driven by COVID-19-Related Impacts.

Health care product revenue remained stable (-1% at Constant Exchange Rates) as lower sales of in-center disposables and peritoneal dialysis products were offset by a positive impact from foreign currency translation and higher sales of machines for chronic treatment.

Gross profit decreased by 7% (-6% at Constant Exchange Rates) primarily driven by unfavorable effects from COVID-19-Related Impacts (in particular, the absence of further U.S. federal relief funding under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in 2021) (all regions), inflationary cost increases (all regions) and higher implicit price concessions (North America Segment), partially offset by increased treatment volumes (including growth from acquisitions) as normalized for COVID-19 as well as a higher reimbursement rate driven by an increased number of patients with Medicare Advantage coverage and other payor mix effects (North America Segment).

Selling, general and administrative ("SG&A") expense increased by 3% (+4% at Constant Exchange Rates) primarily driven by higher cloud computing costs (North America Segment), unfavorable effects from COVID-19 Impacts (all regions), higher bad debt expense (primarily North America Segment and EMEA Segment), costs associated with the FME25 Program (Corporate) and an increase in travel expense (North America Segment), partially offset by lower contributions to the opposition of U.S. state ballot initiatives and a favorable impact from the revaluation of investments (North America Segment). Research and development expenses increased by 17% to €52 M from €45 M. The increase was largely driven by in-center program development as well as activities in the field of regenerative medicine, decreased capitalization of development costs and higher amortization of development costs during the quarter.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Income from equity method investees decreased by 13% to €21 M from €24 M. The decrease was primarily driven by lower income from Vifor Fresenius Medical Care Renal Pharma Ltd. ("VFMCRP"), an entity in which we have ownership of 45%.

Operating income decreased by 20% (-19% at Constant Exchange Rates) largely driven by the decrease in gross profit coupled with the increase in SG&A expenses, as discussed above, as well as a negative impact from foreign currency translation.

Net interest expense decreased by 22% to €68 M from €88 M primarily due to lower interest rates driven by refinancing activities (including the issuance of bonds at lower interest rates) and lower interest rates on lease liabilities as well as the recognition of interest income related to royalty receivables.

Income tax expense decreased to €105 M from €124 M. The effective tax rate increased to 24.1% from 22.9% for the same period of 2020 largely driven the absence of a prior year impact related to the release of a tax liability as well as an increase of non-tax deductible expenses, partially offset by a prior year impact from higher non-tax deductible expenses in the U.S.

Net income attributable to noncontrolling interests decreased by 12% (-12% at Constant Exchange Rates) to €59 M from €66 M due to lower earnings in entities in which we have less than 100% ownership.

Net income attributable to shareholders of FMC-AG & Co. KGaA decreased by 23% (-22% at Constant Exchange Rates) to €273 M from €354 M as a result of the combined effects of the items discussed above as well as a negative impact from foreign currency translation. COVID-19-Related Impacts reduced net income attributable to shareholders of FMC-AG & Co. KGaA in the amount of €108 M for the three months ended September 30, 2021 as compared to €13 M for the three months ended September 30, 2020, which was restated from €8 M during 2020 to include the look-back impact of excess mortality, primarily due to a significant decrease in government relief and advanced payments in the countries in which we operate (primarily in the U.S.) as compared to the three months ended September 30, 2020.

Basic earnings per share decreased by 23% (-22% at Constant Exchange Rates) primarily due to the decrease in net income attributable to shareholders of FMC-AG & Co. KGaA described above coupled with a negative impact from foreign currency translation. The average weighted number of shares outstanding for the period remained stable at 293.0 M on September 30, 2021 as compared to the prior year period (September 30, 2020: 292.8 M).

We employed 123,528 people (full-time equivalents) as of September 30, 2021 (September 30, 2020: 126,463). This 2% decrease is largely due to a labor shortage for employees in the health care sector of the North American Segment, including clinical staff, due to COVID-19 and a reduction in the number of temporary employees in the North America Segment that were hired to manage the COVID-19 pandemic.

Consolidated operating performance excluding Special Items

Management believes that there are Special Items which should be excluded from certain metrics to enhance transparency and comparability.

We believe the following results (excluding Special Items) should be analyzed in connection with the results presented above. For the three months ended September 30, 2021, we identified the costs related to the FME25 program as Special Item which, when excluded from the results disclosed above, may provide a reader with further useful information in assessing our performance. The Special Item FME25 program only affects Corporate, not the individual business segments.

The following table reconciles the performance indicators for the interim consolidated financial statements in accordance with IFRS to the performance indicators excluding Special Items. These results excluding Special Items should only be viewed as a supplement to our results disclosed in accordance with IFRS.

Consolidated operating performance excluding Special Items

in € M

	For the three months ended September 30,			Change in % excl. Special Items		
	Results 2021	FME25 Program	Results 2021 excl. Special Items	Results 2020	Current rate	Constant Currency ⁽¹⁾
Revenue	4,441	—	4,441	4,414	1 %	1 %
Operating income	505	5	510	632	(19 %)	(19 %)
Net income ⁽²⁾	273	4	277	354	(22 %)	(21 %)

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures - Non-IFRS measures" above.

(2) Net income attributable to shareholders of FMC-AG & Co. KGaA.

FRESENIUS MEDICAL CARE AG & Co. KGaA

The following discussions pertain to our operating and reportable segments and the measures we use to manage these segments.

North America Segment

Performance indicators for the North America Segment

	For the three months ended September 30,		Change in %		
			As reported	Currency translation effects	Constant Currency ⁽¹⁾
	2021	2020			
Revenue in € M	3,080	3,069	0%	(1%)	1%
Health care services	2,810	2,801	0%	(1%)	1%
Health care products	270	268	1%	0%	1%
Number of dialysis treatments	8,152,833	8,296,384	(2%)		
Same Market Treatment Growth	(2.2%)	1.0%			
Operating income in € M	446	514	(13%)	0%	(13%)
Operating income margin	14.5%	16.8%			

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

Revenue

Health care services revenue remained stable (+1% at Constant Exchange Rates) as a negative impact from foreign currency translation (-1%) was offset by contributions from acquisitions (+1%). Including the effects from COVID-19-Related Impacts and lower reimbursement for calcimimetics, organic growth remained stable as compared to the three months ended September 30, 2020.

Dialysis treatments decreased by 2% largely due to a reduction in same market treatments (-2%) and a decrease in dialysis days (-1%), partially offset by contributions from acquisitions (+1%). As of September 30, 2021, 209,651 patients, a decrease of 1% (September 30, 2020: 211,766), were treated in the 2,683 dialysis clinics (September 30, 2020: 2,620) that we own or operate in the North America Segment. COVID-19-Related Impacts contributed significantly to the decreases in treatments, Same Market Treatment Growth and patients.

Health care product revenue increased by 1% (+1% at Constant Exchange Rates) driven by higher sales of in-center disposables, partially offset by lower sales of products for acute care treatments.

Operating income

Operating income decreased by 13% (-13% at Constant Exchange Rates) primarily related to unfavorable effects from COVID-19-Related Impacts (in particular, the absence of further U.S. federal relief funding under the CARES Act in 2021), higher implicit price concessions and inflationary cost increases, partially offset by increased treatment volumes (including growth from acquisitions) as normalized for COVID-19 and a higher reimbursement rate driven by an increased number of patients with Medicare Advantage coverage and other payor mix effects.

EMEA Segment

Performance indicators for the EMEA Segment

	For the three months ended September 30,		Change in %		
			As reported	Currency translation effects	Constant Currency ⁽¹⁾
	2021	2020			
Revenue in € M	671	682	(2%)	0%	(2%)
Health care services	346	346	0%	0%	0%
Health care products	325	336	(3%)	0%	(3%)
Number of dialysis treatments	2,480,332	2,602,850	(5%)		
Same Market Treatment Growth	(4.0%)	1.7%			
Operating income in € M	79	99	(21%)	0%	(21%)
Operating income margin	11.7%	14.6%			

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

Revenue

Health care service revenue remained stable as reported and at Constant Exchange Rates with the effect of closed or sold clinics (-1%) being offset by contributions from acquisitions (+1%). Including the effects from COVID-19-Related Impacts, organic growth remained stable as compared to the three months ended September 30, 2021.

Dialysis treatments decreased by 5% mainly due to a reduction in same market treatments (-4%) and the effect of closed or sold clinics (-1%). As of September 30, 2021, 65,336 patients, a decrease of 3% (September 30, 2020: 67,623), were treated at the 816 dialysis clinics (September 30, 2020: 805) that we own, operate or manage in the EMEA Segment. COVID-19-Related Impacts contributed significantly to the decreases in treatments, Same Market Treatment Growth and patients.

Health care product revenue decreased by 3% (-3% at Constant Exchange Rates) primarily due to lower sales of in-center disposables and peritoneal dialysis products, partially offset by higher sales of products for acute care treatment and machines for chronic treatment.

Operating income

Operating income decreased by 21% (-21% at Constant Exchange Rates) primarily due to inflationary cost increases, unfavorable effects from COVID-19-Related Impacts, an unfavorable mix within our product business and an unfavorable effect from the timing of export sales, partially offset by favorable foreign currency transaction effects and an increase in reimbursement rates in certain countries in the region.

Asia-Pacific Segment

Performance indicators for the Asia-Pacific Segment

	For the three months ended September 30,		Change in %		
			As reported	Currency translation effects	Constant Currency ⁽¹⁾
	2021	2020			
Revenue in € M	501	484	4%	1%	3%
Health care services	239	227	5%	(2%)	7%
Health care products	262	257	2%	3%	(1%)
Number of dialysis treatments	1,201,888	1,184,850	1%		
Same Market Treatment Growth	3.4%	8.7%			
Operating income in € M	86	97	(11%)	(1%)	(10%)
Operating income margin	17.2%	20.0%			

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

Revenue

Health care services revenue increased by 5% (+7% at Constant Exchange Rates) largely as a result of an increase in organic growth, including a recovery in elective procedures, (+6%) and contributions from acquisitions (+1%), partially offset by a negative impact from foreign currency translation (-2%).

Dialysis treatments increased by 1% mainly due to growth in same market treatments (+3%), partially offset by the effect of closed or sold clinics (-1%) and lower contributions from acquisitions (-1%). As of September 30, 2021, 33,434 patients, an increase of 2% (September 30, 2020: 32,689) were treated at the 406 dialysis clinics (September 30, 2020: 397) that we own, operate or manage in the Asia-Pacific Segment.

Health care product revenue increased by 2% (-1% at Constant Exchange Rates) mainly due to a positive impact from foreign currency translation and higher sales of machines for chronic treatment, partially offset by lower sales of in-center disposables.

Operating income

Operating income decreased by 11% (-10% at Constant Exchange Rates) primarily due to unfavorable effects from COVID-19-Related Impacts and inflationary cost increases, partially offset by business growth, including the effect from a recovery of elective procedures.

Latin America Segment

Performance indicators for the Latin America Segment

	For the three months ended September 30,		Change in %		
			As reported	Currency translation effects	Constant Currency ⁽¹⁾
	2021	2020			
Revenue in € M	178	170	5%	(8%)	13%
Health care services	126	120	5%	(11%)	16%
Health care products	52	50	3%	(3%)	6%
Number of dialysis treatments	1,462,234	1,492,093	(2%)		
Same Market Treatment Growth	(5.2%)	1.8%			
Operating income in € M	4	11	(61%)	1%	(62%)
Operating income margin	2.4%	6.6%			

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

Revenue

Health care service revenue increased by 5% (+16% at Constant Exchange Rates) primarily as a result of an increase in organic growth (+13%), contributions from acquisitions (+2%) and the effect of closed or sold clinics (1%), partially offset by a negative impact from foreign currency translation (-11%).

Dialysis treatments decreased by 2% mainly due to a decrease in same market treatments (-5%), partially offset by contributions from acquisitions (+2%) and the effect of closed or sold clinics (+1%). As of September 30, 2021, 36,451 patients, a decrease of 2% (September 30, 2020: 37,089), were treated at the 246 dialysis clinics (September 30, 2020: 251) that we own, operate or manage in the Latin America Segment. COVID-19-Related Impacts contributed significantly to the decreases in treatments, Same Market Treatment Growth and patients.

Health care product revenue increased by 3% (+6% at Constant Exchange Rates) primarily due to higher sales of in-center disposables, partially offset by lower sales of machines for chronic treatment.

Operating income

Operating income decreased by 61% (-62% at Constant Exchange Rates) primarily due to inflationary cost increases and unfavorable effects from COVID-19-Related Impacts.

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Nine months ended September 30, 2021 compared to nine months ended September 30, 2020

Interim consolidated financials

Performance indicators for the interim consolidated financial statements

	For the nine months ended September 30,		Change in %		
	2021	2020	As reported	Currency translation effects	Constant Currency ⁽¹⁾
Revenue in € M	12,972	13,459	(4%)	(6%)	2%
Health care services	10,255	10,708	(4%)	(6%)	2%
Health care products	2,717	2,751	(1%)	(3%)	2%
Number of dialysis treatments	39,510,028	40,104,500	(1%)		
Same Market Treatment Growth	(1.9%)	2.7%			
Gross profit in € M	3,758	4,164	(10%)	(5%)	(5%)
Gross profit as a % of revenue	29.0%	30.9%			
Selling general and administrative costs in € M	2,273	2,228	2%	5%	7%
Selling, general and administrative costs as a % of revenue	17.5%	16.6%			
Operating income in € M	1,403	1,843	(24%)	(4%)	(20%)
Operating income margin	10.8%	13.7%			
Net income attributable to shareholders of FMC-AG & Co. KGaA in € M	741	987	(25%)	(4%)	(21%)
Basic earnings per share in €	2.53	3.35	(25%)	(4%)	(21%)

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

Health care services revenue decreased by 4% compared to the nine months ended September 30, 2020 (+2% at Constant Exchange Rates) driven by a negative impact from foreign currency translation (-6%), partially offset by contributions from acquisitions (+1%) and an increase in organic growth (+1%) despite COVID-19-Related Impacts in certain of our operating segments, which are further described in the discussions of our segments below, and despite lower reimbursement for calcimimetics.

Dialysis treatments decreased by 1% as a result of a reduction in same market treatments (-2%), partially offset by contributions from acquisitions (+1%). COVID-19-Related Impacts contributed significantly to the decreases in treatments and Same Market Treatment Growth.

Health care product revenue decreased by 1% (+2% at Constant Exchange Rates) driven by a negative impact from foreign currency translation and lower sales of products for acute care treatments, partially offset by higher sales of machines for chronic treatment, home hemodialysis products and renal pharmaceuticals.

Gross profit decreased by 10% (-5% at Constant Exchange Rates) primarily driven by COVID-19-Related Impacts (in particular, the absence of U.S. further federal relief funding under the CARES Act in 2021), a negative impact from foreign currency translation, inflationary cost increases and higher personnel expense across all regions as well as higher implicit price concessions (North America Segment). These impacts were partially offset by a higher reimbursement rate driven by an increased number of patients with Medicare Advantage coverage and other payor mix effects as well as increased treatment volumes (including growth from acquisitions) as normalized for COVID-19, both within in the North America Segment.

Selling, general and administrative ("SG&A") expense increased by 2% (+7% at Constant Exchange Rates) primarily driven by unfavorable effects from COVID-19 Impacts (all regions), unfavorable impacts from gains on the sale of vascular and cardiovascular clinics in the prior year (North America Segment), higher cloud computing costs (North America Segment and Corporate), inflationary cost increases (all regions) and an unfavorable impact from provisions recorded in 2021 for value-added tax positions related to prior years as well as costs associated with the FME 25 Program at Corporate. The increase was partially offset by a positive impact from foreign currency translation across all regions.

Research and development expenses increased by 8% to €153 M from €141 M. The increase was largely driven by in-center, home and critical care program development as well as activities in the field of regenerative medicine and research and development activities at NxStage Medical, Inc., our subsidiary, partially offset by a positive impact from foreign currency translation.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Income from equity method investees increased by 47% to €71 M from €48 M. The increase was primarily driven by a prior year impairment for a license held by VFMCPRP based on an unfavorable clinical trial.

Operating income decreased by 24% (-20% at Constant Exchange Rates) largely driven by the decrease in gross profit as well as a negative impact from foreign currency translation, coupled with the increase in SG&A expenses, as discussed above.

Net interest expense decreased by 25% to €214 M from €284 M primarily due to lower interest rates on lease liabilities and refinancing activities (including the issuance of bonds at lower interest rates), a positive impact from foreign currency translation, lower variable interest rates, a lower debt level and the recognition of interest related to royalty receivables.

Income tax expense decreased by 24% to €274 M from €362 M. The effective tax rate remained relatively stable at 23.0% as compared to 23.2% for the same period of 2020.

Net income attributable to noncontrolling interests decreased by 17% (-11% at Constant Exchange Rates) to €174 M from €210 M due to lower earnings in entities in which we have less than 100% ownership and a positive impact from foreign currency translation.

Net income attributable to shareholders of FMC-AG & Co. KGaA decreased by 25% (-21% at Constant Exchange Rates) to €741 M from €987 M as a result of the combined effects of the items discussed above as well as a negative impact from foreign currency translation. COVID-19-Related Impacts reduced net income attributable to shareholders of FMC-AG & Co. KGaA in the amount of €262 M for the nine months ended September 30, 2021 as compared to €22 M for the first nine months ended September 30, 2020, which was restated from €7 M during 2020 to include the look-back impact of excess mortality, primarily due to a significant decrease in government relief and advanced payments in the countries in which we operate (primarily in the U.S.) as compared to the nine months ended September 30, 2021.

Basic earnings per share decreased by 25% (-21% at Constant Exchange Rates) primarily due to the decrease in net income attributable to shareholders of FMC-AG & Co. KGaA described above coupled with a negative impact from foreign currency translation, partially offset by a decrease in the average weighted number of shares outstanding for the period. The average weighted number of shares outstanding for the period decreased to approximately 292.9 M on September 30, 2021 (September 30, 2020: 294.5 M), primarily as a result of our share buy-back program which concluded on April 1, 2020, partially offset by the exercise of stock options.

Consolidated operating performance excluding Special Items

Management believes that there are Special Items which should be excluded from certain metrics to enhance transparency and comparability.

We believe the following results (excluding Special Items) should be analyzed in connection with the results presented above. For the nine months ended September 30, 2021, we identified the costs related to the FME25 program as Special Item which, when excluded from the results disclosed above, may provide a reader with further useful information in assessing our performance. The Special Item FME25 program only affects Corporate, not the individual business segments.

The following table reconciles the performance indicators for the interim consolidated financial statements in accordance with IFRS to the performance indicators excluding Special Items. These results excluding Special Items should only be viewed as a supplement to our results disclosed in accordance with IFRS.

Consolidated operating performance excluding Special Items

in € M

	For the nine months ended September 30,				Change in % excl. Special Items	
	Results 2021	FME25 Program	Results 2021 excl. Special Items	Results 2020	Current rate	Constant Currency ⁽¹⁾
Revenue	12,972	—	12,972	13,459	(4 %)	2 %
Operating income	1,403	14	1,417	1,843	(23 %)	(19 %)
Net income ⁽²⁾	741	10	751	987	(24 %)	(20 %)

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures - Non-IFRS measures" above.

(2) Net income attributable to shareholders of FMC-AG & Co. KGaA.

FRESENIUS MEDICAL CARE AG & Co. KGaA

The following discussions pertain to our operating and reportable segments and the measures we use to manage these segments.

North America Segment

Performance indicators for the North America Segment

	For the nine months ended September 30,		Change in %		
			As reported	Currency translation effects	Constant Currency ⁽¹⁾
	2021	2020			
Revenue in € M	8,931	9,495	(6%)	(6%)	0%
Health care services	8,148	8,660	(6%)	(6%)	0%
Health care products	783	835	(6%)	(6%)	0%
Number of dialysis treatments	24,158,943	24,600,114	(2%)		
Same Market Treatment Growth	(2.5%)	2.1%			
Operating income in € M	1,242	1,587	(22%)	(5%)	(17%)
Operating income margin	13.9%	16.7%			

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

Revenue

Health care services revenue decreased by 6% (remained stable at Constant Exchange Rates) mainly due to a negative impact from foreign currency translation (-6%) and a negative impact from a prior year reversal of a revenue recognition adjustment for accounts receivable in legal dispute (-1%), partially offset by contributions from acquisitions (+1%). Including the effects from COVID-19-Related Impacts and lower reimbursement for calcimimetics, organic growth remained stable as compared to the nine months ended September 30, 2020.

Dialysis treatments decreased by 2% largely due to a reduction in same market treatments (-3%), partially offset by contributions from acquisitions (+1%). COVID-19-Related Impacts contributed significantly to the decreases in treatments and Same Market Treatment Growth.

Health care product revenue decreased by 6% (remained stable at Constant Exchange Rates) driven by a negative impact from foreign currency translation and lower sales of products for acute care treatments, partially offset by higher sales of in-center disposables, machines for chronic treatment and renal pharmaceuticals.

Operating income

Operating income decreased by 22% (-17% at Constant Exchange Rates) primarily related to unfavorable effects from COVID-19-Related Impacts (in particular, the absence of further U.S. federal relief funding under the CARES Act in 2021), inflationary cost increases, a negative impact from foreign currency translation, higher implicit price concessions and higher personnel expense, partially offset by a higher reimbursement rate driven by an increased number of patients with Medicare Advantage coverage and other payor mix effects as well as increased treatment volumes (including growth from acquisitions) as normalized for COVID-19.

EMEA Segment

Performance indicators for the EMEA Segment

	For the nine months ended September 30,		Change in %		
			As reported	Currency translation effects	Constant Currency ⁽¹⁾
	2021	2020			
Revenue in € M	2,033	2,048	(1%)	(2%)	1%
Health care services	1,020	1,028	(1%)	(2%)	1%
Health care products	1,013	1,020	(1%)	(2%)	1%
Number of dialysis treatments	7,384,018	7,659,111	(4%)		
Same Market Treatment Growth	(3.5%)	2.3%			
Operating income in € M	232	278	(17%)	(1%)	(16%)
Operating income margin	11.4%	13.6%			

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

Revenue

Health care service revenue decreased by 1% (+1% at Constant Exchange Rates) largely as a result of a negative impact resulting from foreign currency translation (-2%) and the effect of closed or sold clinics (-1%), partially offset by contributions from acquisitions (+2%). Including the effects from COVID-19-Related Impacts, organic growth remained stable as compared to the nine months ended September 30, 2020.

Dialysis treatments decreased by 4% mainly due to a reduction in same market treatments (-4%) and the effect of closed or sold clinics (-1%), partially offset by contributions from acquisitions (+1%). COVID-19-Related Impacts contributed significantly to the decreases in treatments and Same Market Treatment Growth.

Health care product revenue decreased by 1% (+1% at Constant Exchange Rates) primarily due to lower sales of in-center disposables, a negative impact from foreign currency translation, partially offset by higher sales of machines for chronic treatment, home hemodialysis products, renal pharmaceuticals.

Operating income

Operating income decreased by 17% (-16% at Constant Exchange Rates) mainly due to inflationary cost increases, unfavorable effects from COVID-19-Related Impacts, unfavorable mix within our product business, an unfavorable effect from the timing of export sales and a revaluation gain of an investment in the prior year which did not repeat in 2021, partially offset by the absence of a prior year impairment for a license held by VFMCRP based on an unfavorable clinical trial and reimbursement rate increases in certain countries.

Asia-Pacific Segment

Performance indicators for the Asia-Pacific Segment

	For the nine months ended September 30,		Change in %		
			As reported	Currency translation effects	Constant Currency ⁽¹⁾
	2021	2020			
Revenue in € M	1,458	1,377	6%	(2%)	8%
Health care services	694	641	8%	(4%)	12%
Health care products	764	736	4%	0%	4%
Number of dialysis treatments	3,559,846	3,471,451	3%		
Same Market Treatment Growth	5.5%	8.3%			
Operating income in € M	256	237	8%	(2%)	10%
Operating income margin	17.5%	17.2%			

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

Revenue

Health care services revenue increased by 8% (+12% at Constant Exchange Rates) largely as a result of an increase in organic growth, including a recovery in elective procedures, (+11%) and contributions from acquisitions (+2%), partially offset by a negative impact from foreign currency translation (-4%) and the effect of closed or sold clinics (-1%).

Dialysis treatments increased by 3% mainly due to growth in same market treatments (+6%) and contributions from acquisitions (+1%), partially offset by the effect of closed or sold clinics (-3%) and a decrease in dialysis days (-1%).

Health care product revenue increased by 4% (+4% at Constant Exchange Rates) mainly due to higher sales of machines for chronic treatment, in-center disposables and peritoneal dialysis products, partially offset by lower sales of products for acute care treatments.

Operating income

Operating income increased by 8% (+10% at Constant Exchange Rates) primarily due to business growth and a favorable effect from a recovery in elective procedures in certain countries in the region, partially offset by the prior year effect of a gain from the deconsolidation of clinics.

Latin America Segment

Performance indicators for the Latin America Segment

	For the nine months ended September 30,		Change in %		
			As reported	Currency translation effects	Constant Currency ⁽¹⁾
	2021	2020			
Revenue in € M	508	508	0%	(16%)	16%
Health care services	364	360	1%	(18%)	19%
Health care products	144	148	(3%)	(11%)	8%
Number of dialysis treatments	4,407,221	4,373,824	1%		
Same Market Treatment Growth	(1.0%)	3.4%			
Operating income in € M	14	29	(53%)	1%	(54%)
Operating income margin	2.7%	5.7%			

(1) For further information on Constant Exchange Rates, see "II. Discussion of measures – Non-IFRS measures" above.

Revenue

Health care service revenue increased by 1% (+19% at Constant Exchange Rates) as a result of an increase in organic growth (+16%) and contributions from acquisitions (+4%), partially offset by a negative impact from foreign currency translation (-18%) and the effect of closed or sold clinics (-1%).

Dialysis treatments increased by 1% mainly due to contributions from acquisitions (+3%), partially offset by the effect of closed or sold clinics (-1%) and decrease in same market treatments (-1%). COVID-19-Related Impacts contributed significantly to the decrease in Same Market Treatment Growth.

Health care product revenue decreased by 3% (+8% at Constant Exchange Rates) primarily due to a negative impact from foreign currency translation, partially offset by higher sales of in-center disposables.

Operating income

Operating income decreased by 53% (-54% at Constant Exchange Rates) primarily due to inflationary cost increases, higher bad debt expense and unfavorable effects from COVID-19-Related Impacts, partially offset by favorable foreign currency transaction effects.

Financial position

Sources of liquidity

Our primary sources of liquidity are typically cash provided by operating activities, cash provided by short-term debt, proceeds from the issuance of long-term debt and divestitures. We require this capital primarily to finance working capital needs, fund acquisitions, operate clinics, develop free-standing renal dialysis clinics and other health care facilities, purchase equipment for existing or new renal dialysis clinics and production sites, repay debt, pay dividends and repurchase shares, (see “Net cash provided by (used in) investing activities” and “Net cash provided by (used in) financing activities” below).

As of September 30, 2021, our available borrowing capacity under unutilized credit facilities amounted to approximately €2.8 billion, including €2.0 billion under the Syndicated Credit Facility, which we maintain as a backup for general corporate purposes.

In our long-term financial planning, we focus primarily on the net leverage ratio, a Non-IFRS measure, see “II. Discussion of measures – Non-IFRS measures – Net leverage ratio (Non-IFRS Measure)” above. The following table shows the reconciliation of adjusted EBITDA and net leverage ratio as of September 30, 2021 and December 31, 2020.

Reconciliation of adjusted EBITDA and net leverage ratio to the most directly comparable IFRS financial measure

in € M, except for net leverage ratio

	September 30, 2021	December 31, 2020
Debt and lease liabilities ⁽¹⁾	13,227	12,380
Minus: Cash and cash equivalents	(1,562)	(1,082)
Net debt	11,665	11,298
Net income ⁽²⁾	1,154	1,435
Income tax expense ⁽²⁾	413	501
Interest income ⁽²⁾	(59)	(42)
Interest expense ⁽²⁾	357	410
Depreciation and amortization ⁽²⁾	1,557	1,587
Adjustments ^{(2), (3)}	292	249
Adjusted EBITDA	3,714	4,140
Net leverage ratio	3.1	2.7

(1) Debt includes the following balance sheet line items: short-term debt, current portion of long-term debt and long-term debt, less current portion.

(2) Last twelve months.

(3) Acquisitions and divestitures made for the last twelve months with a purchase price above a €50 M threshold as defined in the Syndicated Credit Facility (2021: €18 M), non-cash charges, primarily related to pension expense (2021: €49 M; 2020: €50 M), impairment loss (2021: €211 M; 2020: €199 M) and costs related to the FME25 program (2021: €14 M).

At September 30, 2021, we had cash and cash equivalents of €1,562 M (December 31, 2020: €1,082 M).

Free cash flow (Net cash provided by (used in) operating activities, after capital expenditures, before acquisitions and investments) is a Non-IFRS Measure and is reconciled to net cash provided by (used in) operating activities, the most directly comparable IFRS measure, see “II. Discussion of measures – Non-IFRS measures – Net cash provided by (used in) operating activities in % of revenue” and “ – Free cash flow in % of revenue (Non-IFRS Measure)” above.

The following table shows the cash flow performance indicators for the nine months ended September 30, 2021 and 2020 and reconciles free cash flow and free cash flow in percent of revenue to Net cash provided by (used in) operating activities and Net cash provided by (used in) operating activities in percent of revenue, respectively:

FRESENIUS MEDICAL CARE AG & Co. KGaA

Cash flow measures

in € M, except where otherwise specified

	For the nine months ended September 30,	
	2021	2020
Revenue	12,972	13,459
Net cash provided by (used in) operating activities	1,820	3,649
Capital expenditures	(588)	(746)
Proceeds from sale of property, plant and equipment	27	10
Capital expenditures, net	(561)	(736)
Free cash flow	1,259	2,913
Net cash provided by (used in) operating activities in % of revenue	14.0%	27.1%
Free cash flow in % of revenue	9.7%	21.6%

Net cash provided by (used in) operating activities

In the first nine months of 2021, net cash provided by operating activities was €1,820 M, compared to €3,649 M in the first nine months of 2020. Net cash provided by operating activities in percent of revenue decreased to 14% for the first nine months of 2021 as compared to 27% for 2020. Net cash provided by (used in) operating activities is impacted by the profitability of our business, the development of our working capital, principally inventories, receivables and cash outflows that occur due to a number of specific items as discussed below. The decrease in net cash provided by operating activities was driven by nonrecurring payments received in the second quarter of 2020 under the Medicare Accelerated and Advance Payment Program in the amount of \$1,050 M (€933 M) (as well as the recoupment of these advanced payments beginning in the second quarter of 2021 in the amount of \$423 M (€354 M)), lower net income and the timing of certain other expense payments in 2021.

The profitability of our business depends significantly on reimbursement rates for our services. Approximately 79% of our revenue is generated by providing health care services, a major portion of which is reimbursed by either public health care organizations or private insurers. For the nine months ended September 30, 2021, approximately 28% of our consolidated revenue was attributable to reimbursements from U.S. federal health care benefit programs, such as Medicare and Medicaid. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide as well as the scope of Medicare coverage. A decrease in reimbursement rates or the scope of coverage could have a material adverse effect on our business, financial position and results of operations and thus on our capacity to generate cash flow. See "I. Macroeconomic and sector-specific environment," above.

We intend to continue to address our current cash and financing requirements using net cash provided by operating activities, issuances under our commercial paper program (see note 5 included in this report) as well as from the use of our Accounts Receivable Facility and our Syndicated Credit Facility and future credit agreements. In addition, to finance acquisitions or meet other needs, we expect to successfully complete long-term financing arrangements, such as the issuance of bonds.

Net cash provided by (used in) operating activities depends on the collection of accounts receivable. Commercial customers and government institutions generally have different payment cycles. Lengthening their payment cycles could have a material adverse effect on our capacity to generate cash flow. In addition, we could face difficulties enforcing and collecting accounts receivable under the legal systems of, and due to the economic conditions in, some countries. Accounts receivable balances, net of expected credit losses, represented Days Sales Outstanding ("DSO") of 59 days at September 30, 2021 (December 31, 2020: 50 days).

DSO by segment is calculated by dividing the respective segment's accounts and other receivables from unrelated parties and contract liabilities, converted to euro using the average exchange rate for the period presented, less any sales or value added tax included in the receivables, by the average daily sales for the last twelve months of that segment, converted to euro using the average exchange rate for the period. Receivables and revenues are adjusted for amounts related to acquisitions and divestitures made within the reporting period with a purchase price above a €50 M threshold, consistent with the respective adjustments in the determination of adjusted EBITDA (see "II. Discussion of measures — Non-IFRS measures — Net leverage ratio (Non-IFRS Measure)" above).

The development of DSO by reporting segment is shown in the table below:

FRESENIUS MEDICAL CARE AG & Co. KGaA

Development of days sales outstanding

<i>in days</i>	September 30, 2021	December 31, 2020	Increase/decrease primarily driven by:
North America Segment	38	26	CMS's recoupment of advanced payments received in 2020 under the Medicare Accelerated and Advance Payment Program and a shift in patients to Medicare Advantage plans which have longer payment cycles
EMEA Segment	89	90	Improvement of payment collections in the region
Asia-Pacific Segment	104	110	Improvement of payment collections in the region
Latin America Segment	143	134	Periodic delays in payment of public health care organizations in certain countries
FMC-AG & Co. KGaA average days sales outstanding	59	50	

Due to the fact that a large portion of our reimbursement is provided by public health care organizations and private insurers, we expect that most of our accounts receivable will be collectible.

For information regarding litigation exposure as well as ongoing and future tax audits, see note 9 included in this report.

Net cash provided by (used in) investing activities

Net cash used in investing activities in the first nine months of 2021 was €773 M as compared to net cash used in investing activities of €881 M in the comparable period of 2020. The following table shows our capital expenditures for property, plant and equipment and capitalized development costs, net of proceeds from sales of property, plant and equipment as well as acquisitions, investments and purchases of intangible assets for the first nine months of 2021 and 2020:

Capital expenditures (net), acquisitions, investments, purchases of intangible assets and investments in debt securities

in € M

	Capital expenditures, net		Acquisitions, investments, purchases of intangible assets and investments in debt securities	
	For the nine months ended September 30,			
	2021	2020	2021	2020
North America Segment	296	396	278	92
EMEA Segment	64	86	22	35
Asia-Pacific Segment	28	56	1	18
Latin America Segment	27	19	7	30
Corporate	146	179	25	10
Total	561	736	333	185

The majority of our capital expenditures in the first nine months of 2021 was used for maintaining existing clinics and centers, capitalization of machines provided to our customers, capitalization of certain development costs, equipping new clinics and centers and IT implementation costs. Capital expenditures accounted for approximately 4% of total revenue in the first nine months of 2021 as compared to approximately 5% of total revenue during the same period in 2020.

Investments in the first nine months of 2021 were primarily comprised of purchases of equity investments and debt securities. In the first nine months of 2021, we received €121 M from divestitures. These divestitures were mainly related to the divestment of debt securities. Acquisitions in the first nine months of 2021 relate primarily to the purchase of dialysis clinics.

Investments in the first nine months of 2020 were primarily comprised of purchases of debt securities. In the first nine months of 2020, we received €40 M from divestitures. These divestitures were mainly related to the divestment of debt securities and certain research & development investments. Acquisitions in the first nine months of 2020 relate primarily to the purchase of dialysis clinics.

In 2021 we anticipate capital expenditures of €0.9 to €1.1 BN and expect to make acquisitions and investments, excluding investments in debt securities, of approximately €0.5 to €0.7 BN.

Net cash provided by (used in) financing activities

In the first nine months of 2021, net cash used in financing activities was €667 M as compared to net cash used in financing activities of €2,095 M in the first nine months of 2020.

In the first nine months of 2021, cash was mainly used in the repayment of long-term debt (including the repayment at maturity of bonds in an aggregate principal amount of \$650 M (€473 M as of the date of issuance) and €300 M as well as the early repayment of the USD term loan 2017 / 2022 in the amount of \$1,050 M (€860 M as of the date of repayment) and EUR term loan 2017 / 2022 in the amount of €245 M, both under the Amended 2012 Credit Agreement), the repayment of lease liabilities (including lease liabilities from related parties), repayments of short-term debt from unrelated parties, payment of dividends, and distributions to noncontrolling interests, partially offset by proceeds from short-term debt (including borrowings under our commercial paper program) and proceeds from long-term debt (including proceeds from the issuance of bonds in an aggregate principal amount of \$1,500 M (€1,227 M)). See note 6 included in this report.

In the first nine months of 2020, cash was mainly used in the repayment of short-term debt (including repayments under our commercial paper program and short-term debt from related parties) and long-term debt (including the repayment of Convertible Bonds at maturity in January 2020, the early repayment of the EUR term loan 2017 / 2020 under the Amended 2012 Credit Agreement (originally due on July 30, 2020) on May 29, 2020, the early repayment of bonds (originally due on October 15, 2020) on July 17, 2020), the repayment of lease liabilities, repayments of the Accounts Receivable Facility, shares repurchased as part of a share buy-back program and payment of dividends, as well as distributions to noncontrolling interests, partially offset by proceeds from long-term debt (including proceeds from the issuance of bonds in an aggregate principal amount of €1,250 M on May 29, 2020 and the issuance of bonds in an aggregate principal amount of \$1,000 M on September 16, 2020) and short-term debt (including short-term debt from related parties).

On May 26, 2021, we paid a dividend with respect to 2020 of €1.34 per share (for 2019 paid in 2020 €1.20 per share). The total dividend payment was €392 M as compared to €351 M in the prior year.

Net Assets

Total assets as of September 30, 2021 increased by 7% to €33.8 billion as compared to €31.7 billion at December 31, 2020. In addition to a 5% positive impact resulting from foreign currency translation, total assets increased by 2% to €32.4 billion from €31.7 billion primarily due to an increase in goodwill related to acquisitions, cash and cash equivalents, increased inventory related to a higher demand for specific products and higher safety inventory levels, increased trade accounts and other receivables from unrelated parties related to timing of payments as well as an increase in equity investments, partially offset by a decrease in prepaid expenses and other current assets.

Current assets as a percent of total assets remained consistent period over period at 24% for September 30, 2021 and December 31, 2020, respectively. The equity ratio, the ratio of our equity divided by total liabilities and shareholders' equity, increased to 40% at September 30, 2021 as compared to 39% at December 31, 2020, primarily driven by an increase in equity from currency translation, a decrease in long term debt (including the current portion) and net income attributable to shareholders of FMC-AG & Co. KGaA, partially offset by an increase in short-term debt. ROIC decreased to 5.0% at September 30, 2021 as compared to 5.8% at December 31, 2020. Excluding the Impairment Loss as well as excluding both the Impairment Loss and the Effect from IFRS 16, ROIC was 5.5% and 6.2%, respectively, at September 30, 2021 (December 31, 2020: 6.6% and 7.5%, respectively). For further information on ROIC, see "II. Discussion of measures – Non-IFRS measures – Return on invested capital (ROIC) (Non-IFRS Measure)" above.

Management's general assessment

The COVID-19 pandemic is an unprecedented situation for all of us and still costs many lives day by day. The existence of the Delta variant has caused excess mortality among our patients to rise again in the third quarter. This means that we must absorb a sizably larger COVID-19 effect on our business than we projected at the beginning of the year and, at the same time, manage through an increasingly inflationary cost environment. Against this backdrop, we now expect to reach the lower end of our guidance ranges for both revenue and net income.

Report on post balance sheet date events

Refer to note 12 included in this report on post balance sheet date events.

Outlook

The Management Board oversees our Company by setting strategic and operational targets as well as measuring various financial key performance indicators used for internal management determined in euro based on IFRS (see chapter "Overview of the Group", section "performance management system" in the group management report of the Annual Report 2020). The following outlook for 2021 is calculated and presented at Constant Exchange Rates.

We confirm the Outlook 2021. Against the backdrop of the renewed increase in excess mortality among our patients due to the existence of the Delta variant in the COVID-19 pandemic and an increasingly inflationary cost environment we expect to reach the lower end of our guidance ranges for both revenue and net income. Outlook 2021 is inclusive of anticipated COVID-19 effects and excluding Special Items. Special Items include costs related to the FME25 program and effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. The growth rates are based on the results in 2020 excluding Special Item of Impairment Loss in the Latin America Segment.

Outlook key performance indicators 2021

	Outlook 2021 (at Constant Currency except for ROIC)
Revenue ⁽¹⁾	growth: low to mid single digit percentage rate
Revenue growth at Constant Currency ⁽¹⁾	growth: low to mid single digit percentage rate
Operating income ⁽¹⁾	decline: mid teens to low twenties percentage rate
Net income ^{(1), (2)}	decline: high teens to mid twenties percentage rate
Net income growth at Constant Currency ^{(1), (2)}	decline: high teens to mid twenties percentage rate
ROIC ⁽¹⁾	≥ 5.0%

(1) Outlook 2021 is inclusive of anticipated COVID-19 effects and excl. Special Items. Special Items include costs related to the FME25 program and effects that are unusual in nature and have not been foreseeable or not foreseeable in size or impact at the time of giving guidance. The growth rates are based on the results 2020 excl. Special Item of Impairment Loss.

(2) Net income attributable to shareholders of FMC-AG & Co. KGaA.

Risks and opportunities report

Risks report

For information regarding our risks please refer to notes 9 and 10 and the chapter “Interim management Report”, specifically the forward-looking statements and the Macroeconomic and sector-specific environment in this report. For additional information please see chapter “Risks and Opportunities Report” on pages 62-74 in the group management report of the Annual Report 2020.

Opportunities report

In comparison to the information contained within the Annual Report 2020, there have been no material changes in the first nine months of 2021. Please refer to chapter “Risks and Opportunities Report” on pages 74-77 in the group management report of the Annual Report 2020.

Corporate governance

The Management Board of the General Partner, represented by Fresenius Medical Care Management AG, and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA issued a compliance declaration pursuant to Section 161 of the German Stock Corporation Act (AktG). The Company has frequently made this declaration available to the public by publishing it on its website: <https://www.freseniusmedicalcare.com/en//investors/corporate-governance/declaration-of-compliance/>.

FRESENIUS MEDICAL CARE AG & Co. KGaA

**Interim Financial Statements
Consolidated statements of income
(unaudited)**

Consolidated statements of income

in € thousands ("THOUS"), except per share data

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2021	2020	2021	2020
Revenue:					
Health care services	2a	3,529,609	3,499,437	10,255,289	10,707,969
Health care products	2a	911,757	914,331	2,716,372	2,750,940
		4,441,366	4,413,768	12,971,661	13,458,909
Costs of revenue:					
Health care services		2,697,639	2,604,143	7,844,690	8,013,615
Health care products		476,510	450,453	1,369,104	1,281,713
		3,174,149	3,054,596	9,213,794	9,295,328
Gross profit		1,267,217	1,359,172	3,757,867	4,163,581
Operating (income) expenses:					
Selling, general and administrative		731,230	706,642	2,272,922	2,227,888
Research and development	2b	52,362	44,923	153,024	141,346
Income from equity method investees	11	(21,036)	(24,173)	(71,214)	(48,487)
Operating income		504,661	631,780	1,403,135	1,842,834
Other (income) expense:					
Interest income		(15,590)	(7,531)	(44,811)	(27,469)
Interest expense		84,026	95,223	258,528	311,320
Income before income taxes		436,225	544,088	1,189,418	1,558,983
Income tax expense		104,990	124,342	274,131	361,952
Net income		331,235	419,746	915,287	1,197,031
Net income attributable to noncontrolling interests		58,191	66,244	174,720	209,838
Net income attributable to shareholders of FMC-AG & Co. KGaA		273,044	353,502	740,567	987,193
Basic earnings per share	2c	0.93	1.21	2.53	3.35
Diluted earnings per share	2c	0.93	1.21	2.53	3.35

See accompanying notes to the unaudited interim consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA
Consolidated statements of comprehensive income
(unaudited)

Consolidated statements of comprehensive income

in € THOUS

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Net income	331,235	419,746	915,287	1,197,031
Other comprehensive income (loss):				
Components that will not be reclassified to profit or loss:				
Equity method investees - share of OCI	3,870	2,107	(45,384)	53,411
FVOCI equity investments	18,391	500	43,684	19,329
Actuarial gain (loss) on defined benefit pension plans	952	(24,617)	50,726	(19,417)
Income tax (expense) benefit related to components of other comprehensive income not reclassified	(5,247)	7,505	(27,207)	2,793
	<u>17,966</u>	<u>(14,505)</u>	<u>21,819</u>	<u>56,116</u>
Components that may be reclassified subsequently to profit or loss:				
Gain (loss) related to foreign currency translation	332,987	(637,272)	737,174	(809,871)
FVOCI debt securities	(1,542)	(595)	(8,610)	30,810
Gain (loss) related to cash flow hedges	801	(3,435)	(378)	3,183
Cost of hedging	128	2,203	(7)	2,416
Income tax (expense) benefit related to components of other comprehensive income that may be reclassified	14	341	1,546	(6,962)
	<u>332,388</u>	<u>(638,758)</u>	<u>729,725</u>	<u>(780,424)</u>
Other comprehensive income (loss), net of tax	350,354	(653,263)	751,544	(724,308)
Total comprehensive income	681,589	(233,517)	1,666,831	472,723
Comprehensive income attributable to noncontrolling interests	86,609	14,526	237,620	159,144
Comprehensive income (loss) attributable to shareholders of FMC-AG & Co. KGaA	594,980	(248,043)	1,429,211	313,579

See accompanying notes to the unaudited interim consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated balance sheets

(unaudited)

Consolidated balance sheets

in € THOUS, except share data

	Note	September 30, 2021	December 31, 2020
Assets			
Cash and cash equivalents		1,561,834	1,081,539
Trade accounts and other receivables from unrelated parties		3,323,596	3,153,045
Accounts receivable from related parties	3	126,263	91,438
Inventories	4	2,119,805	1,895,310
Other current assets		867,414	1,053,978
Total current assets		7,998,912	7,275,310
Property, plant and equipment		4,153,539	4,056,864
Right-of-use assets		4,237,677	4,129,888
Intangible assets		1,418,936	1,381,009
Goodwill		13,901,439	12,958,728
Deferred taxes		374,368	351,152
Investment in equity method investees	11	742,799	761,113
Other non-current assets		1,003,256	774,972
Total non-current assets		25,832,014	24,413,726
Total assets		33,830,926	31,689,036
Liabilities			
Accounts payable to unrelated parties		706,385	731,993
Accounts payable to related parties	3	94,080	95,401
Current provisions and other current liabilities		3,885,142	3,517,076
Short-term debt from unrelated parties	5	1,324,290	62,950
Short-term debt from related parties	5	39,000	16,320
Current portion of long-term debt	6	651,910	1,008,359
Current portion of lease liabilities from unrelated parties		621,012	588,492
Current portion of lease liabilities from related parties	3	20,843	20,664
Income tax liabilities		149,635	118,389
Total current liabilities		7,492,297	6,159,644
Long-term debt, less current portion	6	6,571,222	6,800,101
Lease liabilities from unrelated parties, less current portion		3,895,350	3,763,775
Lease liabilities from related parties, less current portion	3	103,506	119,356
Non-current provisions and other non-current liabilities		678,464	931,590
Pension liabilities		705,824	718,502
Income tax liabilities		74,445	78,872
Deferred taxes		863,900	785,886
Total non-current liabilities		12,892,711	13,198,082
Total liabilities		20,385,008	19,357,726
Shareholders' equity:			
Ordinary shares, no par value, €1.00 nominal value, 362,370,124 shares authorized, 292,994,209 issued and outstanding as of September 30, 2021 and 362,370,124 shares authorized, 292,876,570 issued and outstanding as of December 31, 2020		292,994	292,877
Additional paid-in capital		2,884,962	2,872,630
Retained earnings		10,567,699	10,254,913
Accumulated other comprehensive income (loss)		(1,515,975)	(2,205,340)
Total FMC-AG & Co. KGaA shareholders' equity		12,229,680	11,215,080
Noncontrolling interests		1,216,238	1,116,230
Total equity		13,445,918	12,331,310
Total liabilities and equity		33,830,926	31,689,036

See accompanying notes to the unaudited interim consolidated financial statements

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated statements of cash flows

(unaudited)

Consolidated statements of cash flows

in € THOUS

	Note	For the nine months ended September 30,	
		2021	2020
Operating activities			
Net income		915,287	1,197,031
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and impairment loss	11	1,186,568	1,203,993
Change in deferred taxes, net		(12,828)	14,420
(Gain) loss from the sale of fixed assets, right-of-use assets, investments and divestitures		(25,845)	(45,542)
Income from equity method investees	11	(71,214)	(48,487)
Interest expense, net		213,717	283,851
Changes in assets and liabilities, net of amounts from businesses acquired:			
Trade accounts and other receivables from unrelated parties		(60,469)	1,703
Inventories		(153,642)	(313,517)
Other current and non-current assets		131,972	(49,603)
Accounts receivable from related parties		(29,410)	16,870
Accounts payable to related parties		(5,740)	17,371
Accounts payable to unrelated parties, provisions and other current and non-current liabilities		(132,830)	1,469,513
Income tax liabilities		285,759	223,852
Received dividends from investments in equity method investees		57,680	89,204
Paid interest		(255,162)	(308,906)
Received interest		44,718	27,469
Paid income taxes		(268,110)	(130,251)
Net cash provided by (used in) operating activities		1,820,451	3,648,971
Investing activities			
Purchases of property, plant and equipment and capitalized development costs		(588,198)	(745,609)
Acquisitions and investments, net of cash acquired, and purchases of intangible assets		(270,580)	(155,181)
Investments in debt securities		(62,640)	(30,146)
Proceeds from sale of property, plant and equipment		26,964	10,125
Proceeds from divestitures		2,565	12,735
Proceeds from sale of debt securities		118,451	27,482
Net cash provided by (used in) investing activities		(773,438)	(880,594)
Financing activities			
Proceeds from short-term debt from unrelated parties		1,722,084	211,411
Repayments of short-term debt from unrelated parties		(462,529)	(1,058,160)
Proceeds from short-term debt from related parties		49,446	581,711
Repayments of short-term debt from related parties		(26,766)	(517,600)
Proceeds from long-term debt		1,231,756	2,109,272
Repayments of long-term debt		(2,067,228)	(1,540,548)
Repayments of lease liabilities from unrelated parties		(502,679)	(513,000)
Repayments of lease liabilities from related parties		(15,487)	(15,023)
Increase (decrease) of accounts receivable facility		—	(379,545)
Proceeds from exercise of stock options		6,005	10,466
Purchase of treasury stock		—	(365,988)
Dividends paid		(392,455)	(351,170)
Distributions to noncontrolling interests		(250,185)	(288,256)
Contributions from noncontrolling interests		41,189	20,991
Net cash provided by (used in) financing activities		(666,849)	(2,095,439)
Effect of exchange rate changes on cash and cash equivalents		100,131	(82,002)
Cash and cash equivalents:			
Net increase (decrease) in cash and cash equivalents		480,295	590,936
Cash and cash equivalents at beginning of period		1,081,539	1,007,723
Cash and cash equivalents at end of period		1,561,834	1,598,659

See accompanying notes to the unaudited interim consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

**Consolidated statements of shareholders' equity
For the nine months ended September 30, 2021 and 2020 (unaudited)**

Consolidated statements of shareholders' equity

in € THOUS, except share data

	Note	Ordinary shares		Treasury stock		Accumulated other comprehensive income (loss)					Total FMC-AG & Co. KGaA shareholders' equity	Noncontrolling interests	Total equity	
		Number of shares	No par value	Number of shares	Amount	Additional paid in capital	Retained earnings	Foreign currency translation	Cash flow hedges	Pensions				Fair value changes
Balance at December 31, 2019		304,436,876	304,437	(6,107,629)	(370,502)	3,607,662	9,454,861	(664,987)	(10,460)	(363,098)	—	11,957,913	1,269,324	13,227,237
Proceeds from exercise of options and related tax effects		192,049	192	—	—	9,874	—	—	—	—	—	10,066	—	10,066
Purchase of treasury stock		—	—	(5,687,473)	(365,988)	—	—	—	—	—	—	(365,988)	—	(365,988)
Dividends paid		—	—	—	—	—	(351,170)	—	—	—	—	(351,170)	—	(351,170)
Purchase/ sale of noncontrolling interests		—	—	—	—	(24,225)	—	—	—	—	—	(24,225)	(72,643)	(96,868)
Contributions from/ to noncontrolling interests		—	—	—	—	—	—	—	—	—	—	—	(193,174)	(193,174)
Put option liabilities	10	—	—	—	—	—	(47,064)	—	—	—	—	(47,064)	—	(47,064)
Transfer of cumulative gains/losses of equity investments		—	—	—	—	—	11,072	—	—	—	(11,072)	—	—	—
Net income		—	—	—	—	—	987,193	—	—	—	—	987,193	209,838	1,197,031
Other comprehensive income (loss) related to:														
Foreign currency translation		—	—	—	—	—	—	(764,864)	344	7,184	(1,841)	(759,177)	(50,694)	(809,871)
Cash flow hedges, net of related tax effects		—	—	—	—	—	—	—	3,990	—	—	3,990	—	3,990
Pensions, net of related tax effects		—	—	—	—	—	—	—	—	(14,328)	—	(14,328)	—	(14,328)
Fair value changes		—	—	—	—	—	—	—	—	—	95,901	95,901	—	95,901
Comprehensive income		—	—	—	—	—	—	—	—	—	—	313,579	159,144	472,723
Balance at September 30, 2020		304,628,925	304,629	(11,795,102)	(736,490)	3,593,311	10,054,892	(1,429,851)	(6,126)	(370,242)	82,988	11,493,111	1,162,651	12,655,762
Balance at December 31, 2020		292,876,570	292,877	—	—	2,872,630	10,254,913	(1,936,713)	(7,706)	(346,282)	85,361	11,215,080	1,116,230	12,331,310
Proceeds from exercise of options and related tax effects		117,639	117	—	—	5,308	—	—	—	—	—	5,425	—	5,425
Dividends paid		—	—	—	—	—	(392,455)	—	—	—	—	(392,455)	—	(392,455)
Purchase/ sale of noncontrolling interests		—	—	—	—	7,024	—	—	—	—	—	7,024	55,854	62,878
Contributions from/ to noncontrolling interests		—	—	—	—	—	—	—	—	—	—	—	(193,466)	(193,466)
Put option liabilities	10	—	—	—	—	—	(34,605)	—	—	—	—	(34,605)	—	(34,605)
Transfer of cumulative gains/losses of equity investments		—	—	—	—	—	(721)	—	—	—	721	—	—	—
Net income		—	—	—	—	—	740,567	—	—	—	—	740,567	174,720	915,287
Other comprehensive income (loss) related to:														
Foreign currency translation		—	—	—	—	—	—	681,051	(459)	(8,466)	2,148	674,274	62,900	737,174
Cash flow hedges, net of related tax effects		—	—	—	—	—	—	—	(234)	—	—	(234)	—	(234)
Pensions, net of related tax effects		—	—	—	—	—	—	—	—	36,236	—	36,236	—	36,236
Fair value changes		—	—	—	—	—	—	—	—	—	(21,632)	(21,632)	—	(21,632)
Comprehensive income		—	—	—	—	—	—	—	—	—	—	1,429,211	237,620	1,666,831
Balance at September 30, 2021		292,994,209	292,994	—	—	2,884,962	10,567,699	(1,255,662)	(8,399)	(318,512)	66,598	12,229,680	1,216,238	13,445,918

See accompanying notes to the unaudited interim consolidated financial statements.

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1. The Company and basis of presentation

The Company

Fresenius Medical Care AG & Co. KGaA ("FMC-AG & Co. KGaA" or the "Company"), a German partnership limited by shares (Kommanditgesellschaft auf Aktien) registered in the commercial registry of Hof an der Saale under HRB 4019, with its business address at Else-Kröner-Str. 1, 61352 Bad Homburg v. d. Höhe, is the world's leading provider of products and services for individuals with renal diseases, based on publicly reported revenue and number of patients treated. The Company provides dialysis care and related services to persons who suffer from End-Stage Kidney Disease ("ESKD"), as well as other health care services. The Company also develops, manufactures and distributes a wide variety of health care products. The Company's health care products include hemodialysis machines, peritoneal dialysis cyclers, dialyzers, peritoneal dialysis solutions, hemodialysis concentrates, solutions and granulates, bloodlines, renal pharmaceuticals, systems for water treatment, acute cardiopulmonary and apheresis products. The Company supplies dialysis clinics it owns, operates or manages with a broad range of products and also sells dialysis products to other dialysis service providers. The Company's other health care services include value and risk-based arrangements, pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology and cardiology services and ambulant treatment services.

In these unaudited notes, "FMC-AG & Co. KGaA," "Company" or the "Group" refers to the Company or the Company and its subsidiaries on a consolidated basis, as the context requires. "Fresenius SE" and "Fresenius SE & Co. KGaA" refer to Fresenius SE & Co. KGaA. "Management AG" and the "General Partner" refer to Fresenius Medical Care Management AG which is FMC-AG & Co. KGaA's general partner and is wholly owned by Fresenius SE. "Management Board" refers to the members of the management board of Management AG and, except as otherwise specified, "Supervisory Board" refers to the supervisory board of FMC-AG & Co. KGaA. The term "North America Segment" refers to the North America operating segment, the term "EMEA Segment" refers to the Europe, Middle East and Africa operating segment, the term "Asia-Pacific Segment" refers to the Asia-Pacific operating segment, and the term "Latin America Segment" refers to the Latin America operating segment. For further discussion of the Company's operating and reportable segments, see note 11.

Basis of presentation

The Company, as a stock exchange listed company in a member state of the European Union ("EU"), fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS"), as they are to be applied in the EU, as well as applying section 315e of the German Commercial Code ("HGB"), using the euro as the Company's reporting and functional currency.

The interim financial report is prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and contains condensed financial statements, in that it does not include all of the notes that would be required in a complete set of financial statements, but rather selected explanatory notes. However, the primary financial statements are presented in the format consistent with the consolidated financial statements as presented in our Annual Report 2020 in accordance with IAS 1, Presentation of Financial Statements.

Furthermore, the Company prepares interim consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), which is filed on Form 6-K with the Securities and Exchange Commission ("SEC").

The interim consolidated financial statements at September 30, 2021 and for the three- and nine-months ended September 30, 2021 and 2020 contained in this report are unaudited and should be read in conjunction with the consolidated financial statements as of December 31, 2020 in accordance with IFRS, applying Section 315e HGB, contained in the Company's Annual Report 2020. The preparation of interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Such interim financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the periods presented. All such adjustments are of a normal recurring nature.

The Company applies IAS 29, Financial Reporting in Hyperinflationary Economies, in its Argentine and Lebanese subsidiaries due to inflation in these countries. The table below details the specific inputs used to calculate the loss on net monetary position on a country-specific basis for the nine months ended September 30, 2021.

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Inputs for the calculation of losses on net monetary positions

	Argentina	Lebanon
Date of IAS 29 initial application	July 1, 2018	December 31, 2020
Consumer price index	Índice de precios al consumidor	Central Administration of Statistics
Index at September 30, 2021	528.5	614.0
Calendar year increase	37%	116%
Loss on net monetary position in € THOUS	20,168	2,639

The effective tax rate of 24.1% and 23.0% for the three and nine months ended September 30, 2021 is recognized on the basis of the best estimate made for the weighted average annual income tax rate expected for the full year and applied to income before income taxes reported in the interim financial statements.

In the consolidated statements of income, "Selling, general and administrative" expenses related to the amortization of internally developed software and other costs in the amount of €7,872 and €25,144 for the three- and nine-month periods ended September 30, 2020, respectively, have been reclassified to "Costs of Revenue" to conform to the current year's presentation.

In the consolidated statements of income, "(Gain) loss related to divestitures of Care Coordination activities" in the amount of €3,236 and €32,160 for the three- and nine-month periods ended September 30, 2020, respectively, which were previously presented separately, have been included within "Selling, general and administrative" expenses to conform to the current year's presentation.

The results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the results of operations for the year ending December 31, 2021.

On November 2, 2021, the Management Board authorized the issuance of the Company's unaudited interim consolidated financial statements.

New accounting pronouncements

Recently implemented accounting pronouncements

The Company has prepared its consolidated financial statements at and for the nine months ended September 30, 2021 in conformity with IFRS that must be applied for the interim periods starting on or after January 1, 2021. In the nine months ended September 30, 2021, there were no recently implemented accounting pronouncements that had a material effect on the Company's consolidated financial statements.

Recent accounting pronouncements not yet adopted

The IASB issued the following new standards which are relevant for the Company:

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts there was a lack of comparability among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using current values. The frequent updates to the insurance values are expected to provide more useful information to users of financial statements. On June 25, 2020, the IASB issued amendments to IFRS 17, which among others, defer the effective date to fiscal years beginning on or after January 1, 2023. Earlier adoption is permitted for entities that have also adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers. The Company is evaluating the impact of IFRS 17 on the consolidated financial statements.

Amendments to IAS 1, Classification of Liabilities as Current and Non-current

In January 2020, the IASB issued Amendments to IAS 1, Classification of Liabilities as Current and Non-current. The amendments clarify under which circumstances debt and other liabilities with an uncertain settlement date should be classified as current or non-current. Among others, the amendments state that liabilities shall be classified depending on rights that exist at the end of the reporting period and define under which conditions liabilities might be settled by cash, other economic resources or equity.

On July 15, 2020, the IASB deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from the amendments. The Amendments to IAS 1 are now effective for annual reporting periods beginning on or after January 1, 2023. Earlier adoption is permitted. The Company is currently evaluating the impact of the amendments to IAS 1 on the consolidated financial statements.

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The EU Commission's endorsements of IFRS 17 and of the Amendments to IAS 1 are still outstanding.

In the Company's view, no other pronouncements issued by the IASB are expected to have a material impact on the consolidated financial statements.

2. Notes to the consolidated statements of income

a) Revenue

The Company has recognized the following revenue in the consolidated statements of income for the three and nine months ended September 30, 2021 and 2020:

Revenue

in € THOUS

	For the three months ended September 30,					
	2021			2020		
	Revenue from contracts with customers	Other revenue	Total	Revenue from contracts with customers	Other revenue	Total
Health care services	3,424,066	105,543	3,529,609	3,427,404	72,033	3,499,437
Health care products	889,217	22,540	911,757	889,872	24,459	914,331
Total	4,313,283	128,083	4,441,366	4,317,276	96,492	4,413,768

	For the nine months ended September 30,					
	2021			2020		
	Revenue from contracts with customers	Other revenue	Total	Revenue from contracts with customers	Other revenue	Total
Health care services	9,962,881	292,408	10,255,289	10,477,945	230,024	10,707,969
Health care products	2,629,629	86,743	2,716,372	2,675,220	75,720	2,750,940
Total	12,592,510	379,151	12,971,661	13,153,165	305,744	13,458,909

b) Research and development expenses

Research and development expenses of €153,024 for the nine months ended September 30, 2021 (for the nine months ended September 30, 2020: €141,346) included research and non-capitalizable development costs as well as depreciation and amortization expenses related to capitalized development costs of €4,380 (for the nine months ended September 30, 2020: €3,777).

c) Earnings per share

The following table contains reconciliations of the numerators and denominators of the basic and diluted earnings per share computations for the three and nine months ended September 30, 2021 and 2020:

Reconciliation of basic and diluted earnings per share

in € THOUS, except share and per share data

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net income attributable to shareholders of FMC-AG & Co. KGaA	273,044	353,502	740,567	987,193
Denominators:				
Weighted average number of shares outstanding	292,986,093	292,817,296	292,926,425	294,458,296
Potentially dilutive shares	144,984	251,979	136,811	230,751
Basic earnings per share	0.93	1.21	2.53	3.35
Diluted earnings per share	0.93	1.21	2.53	3.35

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d) Impacts of severe acute respiratory syndrome coronavirus 2 (“COVID-19”)

The Company provides life-sustaining dialysis treatments and other critical healthcare services and products to patients. The Company’s patients need regular and frequent dialysis treatments, or else they face significant adverse health consequences that could result in hospitalization or death. To be able to continue care for its patients in light of COVID-19, the Company determined that it needed to implement a number of measures, both operational and financial, to maintain an adequate workforce, to protect its patients and employees through expanded personal protective equipment protocols and to develop surge capacity for patients suspected or confirmed to have COVID-19. Additionally, the Company experienced a loss of revenue due to the pandemic in certain parts of its business, partially offset by increased demand for its services and products in other parts. Various governments in regions in which the Company operates have provided economic assistance programs to address the consequences of the pandemic on companies and support healthcare providers and patients.

The Company received government grants in various regions in which it operates in the amount of €20,416 and €224,449 for the nine months ended September 30, 2021 and September 30, 2020, respectively. In addition to the costs incurred which are eligible for government funding in various countries, the Company has been affected by impacts that COVID-19 had on the global economy and financial markets as well as effects related to lockdowns.

The remaining amounts of U.S. government grants received under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (“CARES Act”) recorded in deferred income were \$6,799 (€5,872) and \$22,473 (€18,314) at September 30, 2021 and December 31, 2020, respectively. In 2020, the Company also recorded a contract liability for advance payments received under the CMS Accelerated and Advance Payment program within current provisions and other current liabilities and non-current provisions and other non-current liabilities. Contract liabilities related to the CMS Accelerated and Advance Payment program were \$622,984 (€538,029) and \$1,046,025 (€852,437) as of September 30, 2021 and December 31, 2020, respectively.

3. Related party transactions

Fresenius SE is the Company’s largest shareholder and owns 32.2% of the Company’s outstanding shares at September 30, 2021. The Else Kröner-Fresenius-Stiftung is the sole shareholder of Fresenius Management SE, the general partner of Fresenius SE, and has sole power to elect the supervisory board of Fresenius Management SE. The Company has entered into certain arrangements for services and products with Fresenius SE or its subsidiaries and with certain of the Company’s equity method investees as described in item a) below. The arrangements for leases with Fresenius SE or its subsidiaries are described in item b) below. The Company’s terms related to the receivables or payables for these services, leases and products are generally consistent with the normal terms of the Company’s ordinary course of business transactions with unrelated parties and the Company believes that these arrangements reflect fair market terms. The Company utilizes various methods to verify the commercial reasonableness of its related party arrangements. Financing arrangements as described in item c) below have agreed-upon terms which are determined at the time such financing transactions occur and reflect market rates at the time of the transaction. The relationship between the Company and its key management personnel who are considered to be related parties is described in item d) below. The Company’s related party transactions are settled through Fresenius SE’s cash management system where appropriate.

a) Service agreements and products

The Company is party to service agreements with Fresenius SE and certain of its affiliates (collectively “Fresenius SE Companies”) to receive services, including, but not limited to: administrative services, management information services, employee benefit administration, insurance, information technology services, tax services and treasury management services. The Company also provides central purchasing services to Fresenius SE Companies. These related party agreements generally have a duration of 1 to 5 years and are renegotiated on an as needed basis when the agreement comes due. The Company also provides administrative services to one of its equity method investees.

The Company sells products to Fresenius SE Companies and purchases products from Fresenius SE Companies and equity method investees. In addition, Fresenius Medical Care Holdings, Inc. (“FMCH”) purchases heparin supplied by Fresenius Kabi USA, Inc. (“Kabi USA”), through an independent group purchasing organization (“GPO”). Kabi USA is an indirect, wholly-owned subsidiary of Fresenius SE. The Company has no direct supply agreement with Kabi USA and does not submit purchase orders directly to Kabi USA. FMCH acquires heparin from Kabi USA, through the GPO contract, which was negotiated by the GPO at arm’s length on behalf of all members of the GPO.

In December 2010, the Company and Galenica Ltd. (now known as Vifor Pharma Ltd.) formed the renal pharmaceutical company Vifor Fresenius Medical Care Renal Pharma Ltd., an equity method investee of which the Company owns 45%. The Company has entered into exclusive supply agreements to purchase certain pharmaceuticals from, as well as certain exclusive distribution agreements with, Vifor Fresenius Medical Care Renal Pharma Ltd.

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Under the Centers for Medicare and Medicaid Services' ("CMS") Comprehensive End-Stage Renal Disease ("ESRD") Care Model, the Company and participating physicians formed entities known as ESRD Seamless Care Organizations ("ESCOs") as part of a payment and care delivery model that seeks to deliver better health outcomes for Medicare ESKD patients while lowering CMS's costs. The Company entered into participation/service agreements with these ESCOs, which are accounted for as equity method investees.

Below is a summary, including the Company's receivables from and payables to the indicated parties, resulting from the above described transactions with related parties.

Service agreements and products with related parties

in € THOUS

	For the nine months ended September 30, 2021		For the nine months ended September 30, 2020		September 30, 2021		December 31, 2020	
	Sales of goods and services	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Service agreements ⁽¹⁾								
Fresenius SE	158	27,988	182	19,965	141	4,036	251	3,655
Fresenius SE affiliates	3,163	75,676	2,997	77,560	678	6,956	824	7,944
Equity method investees	39,664	—	13,793	—	110,387	—	74,935	—
Total	42,985	103,664	16,972	97,525	111,206	10,992	76,010	11,599
Products								
Fresenius SE	1	—	—	—	—	—	—	—
Fresenius SE affiliates	35,136	22,991	31,883	34,040	10,244	5,194	10,330	5,732
Equity method investees	—	344,397	—	365,682	—	73,511	—	57,207
Total	35,137	367,388	31,883	399,722	10,244	78,705	10,330	62,939

(1) In addition to the above shown accounts payable, accrued expenses for service agreements with related parties amounted to €8,217 and €5,368 at September 30, 2021 and December 31, 2020, respectively.

b) Lease agreements

In addition to the above-mentioned product and service agreements, the Company is a party to real estate lease agreements with Fresenius SE Companies, which mainly include leases for the Company's corporate headquarters in Bad Homburg, Germany and production sites in Schweinfurt and St. Wendel, Germany. The leases have maturities up to the end of 2029.

Below is a summary resulting from the above described lease agreements with related parties.

Lease agreements with related parties

in € THOUS

	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020			September 30, 2021		December 31, 2020	
	Depreciation	Interest expense	Lease expense ⁽¹⁾	Depreciation	Interest expense	Lease expense ⁽¹⁾	Right-of-use asset	Lease liability	Right-of-use asset	Lease liability
Fresenius SE	5,937	493	859	6,033	556	627	52,131	52,839	58,073	58,610
Fresenius SE affiliates	9,842	833	38	9,946	972	263	70,162	71,510	80,188	81,410
Total	15,779	1,326	897	15,979	1,528	890	122,293	124,349	138,261	140,020

(1) Short-term leases and expenses relating to variable lease payments as well as low value leases are exempted from balance sheet recognition.

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c) Financing

The Company receives short-term financing from and provides short-term financing to Fresenius SE. The Company also utilizes Fresenius SE's cash management system for the settlement of certain intercompany receivables and payables with its subsidiaries and other related parties. As of September 30, 2021 and December 31, 2020, the Company had accounts receivable from Fresenius SE related to short-term financing in the amount of €4,398 and €1,037, respectively. The interest rates for these cash management arrangements are set on a daily basis and are based on the then-prevailing overnight reference rate, with a floor of zero, for the respective currencies.

On August 19, 2009, the Company borrowed €1,500 from the General Partner on an unsecured basis at 1.335%. The loan repayment has been extended periodically and is currently due on August 19, 2022 with an interest rate of 0.6%. On November 28, 2013, the Company borrowed an additional €1,500 with an interest rate of 1.875% from the General Partner. The loan repayment has been extended periodically and is currently due on November 23, 2021 with an interest rate of 1.025%.

At September 30, 2021, the Company borrowed from Fresenius SE €36,000 on an unsecured basis at an interest rate of 0.6%. At December 31, 2020, the Company borrowed from Fresenius SE in the amount of €13,320 on an unsecured basis at an interest rate of 0.825%. For further information on this loan agreement, see note 5.

d) Key management personnel

Due to the Company's legal form of a German partnership limited by shares, the General Partner holds a key management position within the Company. In addition, as key management personnel, members of the Management Board and the Supervisory Board, as well as their close relatives, are considered related parties.

The Company's Articles of Association provide that the General Partner shall be reimbursed for any and all expenses in connection with management of the Company's business, including remuneration of the members of the General Partner's supervisory board and the members of the Management Board. The aggregate amount reimbursed to the General Partner was €25,885 and €21,282 for its management services during the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021 and December 31, 2020, the Company had accounts receivable from the General Partner in the amount of €415 and €4,061, respectively. As of September 30, 2021 and December 31, 2020, the Company had accounts payable to the General Partner in the amount of €4,383 and €20,863, respectively.

4. Inventories

At September 30, 2021 and December 31, 2020, inventories consisted of the following:

Inventories

in € THOUS

	September 30, 2021	December 31, 2020
Finished goods	1,292,707	1,088,311
Health care supplies	473,885	473,164
Raw materials and purchased components	237,954	232,422
Work in process	115,259	101,413
Inventories	2,119,805	1,895,310

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5. Short-term debt

At September 30, 2021 and December 31, 2020, short-term debt consisted of the following:

Short-term debt

in € THOUS

	September 30, 2021	December 31, 2020
Commercial paper program	845,198	19,995
Borrowings under lines of credit	478,543	42,442
Other	549	513
Short-term debt from unrelated parties	1,324,290	62,950
Short-term debt from related parties (see note 3 c)	39,000	16,320
Short-term debt	1,363,290	79,270

The Company and certain consolidated entities operate a multi-currency notional cash pooling management system. The Company met the conditions to offset balances within this cash pool for reporting purposes. At September 30, 2021 and December 31, 2020, cash and borrowings under lines of credit in the amount of €871,424 and €998,044, respectively, were offset under this cash management system.

Commercial paper program

The Company maintains a commercial paper program under which short-term notes of up to €1,000,000 can be issued. At September 30, 2021, the outstanding commercial paper amounted to €845,000 (December 31, 2020: €20,000). For further information on the commercial paper program, see note 12.

Short-term debt from related parties

The Company and FMCH are parties to an unsecured loan agreement, as borrowers, with Fresenius SE, as lender, under which the Company and FMCH may request and receive one or more short-term advances up to an aggregate amount of €600,000 until maturity on July 31, 2022. For further information on short-term debt from related parties, see note 3 c).

6. Long-term debt

As of September 30, 2021 and December 31, 2020, long-term debt consisted of the following:

Long-term debt

in € THOUS

	September 30, 2021	December 31, 2020
Amended 2012 Credit Agreement	—	1,162,342
Bonds	6,991,003	6,408,118
Other	232,129	238,000
Long-term debt	7,223,132	7,808,460
Less current portion	(651,910)	(1,008,359)
Long-term debt, less current portion	6,571,222	6,800,101

Credit facilities

On July 1, 2021, the Company entered into a new €2,000,000 sustainability-linked syndicated revolving credit facility with a group of 34 core relationship banks ("Syndicated Credit Facility"). The Syndicated Credit Facility has a term of five years plus two one-year extension options and can be drawn in different currencies. The Syndicated Credit Facility is currently undrawn and will be used as a back-up line for general corporate purposes. The Syndicated Credit Facility replaces the existing \$900,000 and €600,000 revolving credit facilities in the Amended 2012 Credit Agreement. A sustainability component has been embedded in the credit facility, with the margin increasing or decreasing depending on the company's sustainability performance.

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The following table shows the available and outstanding amounts under the Amended 2012 Credit Agreement at December 31, 2020:

Amended 2012 Credit Agreement ⁽¹⁾ - maximum amount available and balance outstanding

in THOUS

	Maximum amount available		Balance outstanding	
	December 31, 2020		December 31, 2020 ⁽²⁾	
Revolving credit USD 2017 / 2022	\$ 900,000	€ 733,436	\$ —	€ —
Revolving credit EUR 2017 / 2022	€ 600,000	€ 600,000	€ —	€ —
USD term loan 2017 / 2022 ⁽³⁾	\$ 1,110,000	€ 904,572	\$ 1,110,000	€ 904,572
EUR term loan 2017 / 2022 ⁽³⁾	€ 259,000	€ 259,000	€ 259,000	€ 259,000
		€ 2,497,008		€ 1,163,572

(1) The Amended 2012 Credit Agreement was terminated on July 1st, 2021 and was replaced by the Syndicated Credit Facility.

(2) Amounts shown are excluding debt issuance costs.

(3) USD term loan 2017 / 2022 in the amount of \$1,050,000 (€860,444 as of the date of repayment) and EUR term loan 2017 / 2022 in the amount of €245,000 originally due on July 31, 2022 were repaid on May 20, 2021.

Bonds

The bonds issued by Fresenius Medical Care US Finance, Inc. in the amount of \$650,000 (€472,889 as of the date of issuance on February 3, 2011) were redeemed at maturity on February 15, 2021. Additionally, the bonds issued by Fresenius Medical Care Finance VII S.A. on February 3, 2011 in the amount of €300,000 were redeemed at maturity on February 15, 2021.

On May 18, 2021, the Company issued bonds in two tranches with an aggregate principal amount of \$1,500,000 (€1,227,295 as of the date of issuance):

- bonds of \$850,000 (€695,467 as of the date of issuance) with a maturity of 5 years and 7 months and a coupon rate of 1.875%, and
- bonds of \$650,000 (€531,828 as of the date of issuance) with a maturity of 10 years and 7 months and a coupon rate of 3.000%.

The proceeds have been used for general corporate purposes, including the refinancing of outstanding indebtedness.

Accounts Receivable Facility

On August 11, 2021, the Company amended and restated the Accounts Receivable Facility, extending it until August 11, 2024. The maximum capacity, \$900,000 (€768,049 at August 11, 2021), will remain unchanged under the restated Accounts Receivable Facility.

The following table shows the available and outstanding amounts under the Accounts Receivable Facility at September 30, 2021 and December 31, 2020:

Accounts Receivable Facility - maximum amount available and balance outstanding

in THOUS

	Maximum amount available		Balance outstanding	
	September 30, 2021 ⁽¹⁾		September 30, 2021 ⁽²⁾	
Accounts Receivable Facility	\$ 900,000	€ 777,269	\$ —	€ —
		€ 733,437		€ —
	Maximum amount available		Balance outstanding	
	December 31, 2020 ⁽¹⁾		December 31, 2020 ⁽²⁾	
Accounts Receivable Facility	\$ 900,000	€ 733,437	\$ —	€ —

(1) Subject to availability of sufficient accounts receivable meeting funding criteria.

(2) Amounts shown are excluding debt issuance costs.

The Company also had letters of credit outstanding under the Accounts Receivable Facility in the amount of \$12,532 and \$12,522 (€10,823 and €10,205) at September 30, 2021 and December 31, 2020, respectively. These letters of credit are not included above as part of the balance outstanding at September 30, 2021 and December 31, 2020; however, the letters reduce available borrowings under the Accounts Receivable Facility.

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7. Capital management

As of September 30, 2021 and December 31, 2020 total equity in percent of total assets was 39.7% and 38.9%, respectively, and debt and lease liabilities in percent of total assets was 39.1% and 39.1%, respectively.

An important financial performance indicator for the Company is the net leverage ratio, defined as the ratio of net debt/EBITDA. To determine the net leverage ratio, debt and lease liabilities less cash and cash equivalents (net debt) is compared to EBITDA (adjusted for acquisitions and divestitures made during the last twelve months with a purchase price above a €50,000 threshold as defined in the Syndicated Credit Facility, non-cash charges, impairment losses and costs related to the FME25 program). At September 30, 2021 and December 31, 2020, the net debt/EBITDA ratio, was 3.1 and 2.7, respectively. Further information on the Company's capital management is available in the consolidated financial statements contained in the Annual Report 2020.

The Company's financing structure and business model are reflected in the investment grade ratings. The Company is rated investment grade by Moody's, Standard & Poor's and Fitch.

Rating ⁽¹⁾

	Standard & Poor's	Moody's	Fitch
Corporate credit rating	BBB	Baa3	BBB-
Outlook	stable	stable	stable

(1) A rating is not a recommendation to buy, sell or hold securities of the Company, and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

8. Share-based plans

On July 26, 2021, 891,682 performance shares with a total fair value of €57,585 were granted under the Fresenius Medical Care AG & Co. KGaA Long Term Incentive Plan 2019. This amount will be amortized over the three-year vesting period. The weighted average fair value per performance share at the grant date was €64.58.

9. Commitments and contingencies

Legal and regulatory matters

The Company is routinely involved in claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Company currently deems to be material or noteworthy are described below. The Company records its litigation reserves for certain legal proceedings and regulatory matters to the extent that the Company determines an unfavorable outcome is probable and the amount of loss can be reasonably estimated. For the other matters described below, the Company believes that the loss is not probable and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with the Company's view of the merits can occur. The Company believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Beginning in 2012, the Company received certain communications alleging conduct in countries outside the United States that might violate the Foreign Corrupt Practices Act or other anti-bribery laws. The Company conducted investigations with the assistance of outside counsel and, in a continuing dialogue, advised the Securities and Exchange Commission ("SEC") and the United States Department of Justice ("DOJ") about these investigations. The DOJ and the SEC also conducted their own investigations, in which the Company cooperated.

In the course of this dialogue, the Company identified and reported to the DOJ and the SEC, and took remedial actions with respect to, conduct that resulted in the DOJ and the SEC seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around the Company's products business in countries outside the United States.

On March 29, 2019, the Company entered into a non-prosecution agreement ("NPA") 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. Both agreements included terms starting August 2, 2019. The DOJ NPA is scheduled to terminate on August 2, 2022 and the dismissal of the SEC Order is scheduled to occur on November 30, 2022. The Company paid a combined total in penalties and disgorgement of approximately \$231,715 (€205,854) to the DOJ and the SEC in connection with these agreements. The entire amount paid to the DOJ and the SEC was reserved for in charges that the Company recorded in 2017 and 2018 and announced in 2018. As part of the resolution, the Company agreed to certain self-reporting obligations and to retain an independent compliance monitor. Due to COVID-19 pandemic restrictions, the monitorship program faced certain delays, but the Company is working to complete all its obligations under the resolution with the DOJ and SEC in 2022.

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In 2015, the Company self-reported to the German prosecutor conduct with a potential nexus to Germany and continues to cooperate with government authorities in Germany in their review of the conduct that prompted the Company's and United States government investigations.

Since 2012, the Company has made and continues to make further significant investments in its compliance and financial controls and in its compliance, legal and financial organizations. The Company's remedial actions included separation from those employees responsible for the above-mentioned conduct. The Company is dealing with post-FCPA review matters on various levels. The Company continues to be fully committed to compliance with the FCPA and other applicable anti-bribery laws.

FMCH's insurers agreed to the settlement in 2017 of personal injury litigation related to FMCH's Granuflo® and Naturalyte® acid concentrate products and funded \$220,000 (€179,284) of the settlement fund under a reciprocal reservation of rights. FMCH accrued a net expense of \$60,000 (€48,896) in connection with the settlement, including legal fees and other anticipated costs. Following the settlement, FMCH's insurers in the AIG group initiated litigation against FMCH seeking to be indemnified by FMCH for their \$220,000 (€179,284) outlay and FMCH initiated litigation against the AIG group to recover defense and indemnification costs FMCH had borne. *National Union Fire Insurance v. Fresenius Medical Care*, 2016 Index No. 653108 (Supreme Court of New York for New York County).

Discovery in the litigation is complete. The AIG group abandoned certain of its coverage claims and submitted expert reports on damages asserting that, if AIG prevails on all its remaining claims, it should recover \$60,000 (€48,896). FMCH contests all of AIG's claims and submitted expert reports supporting rights to recover \$108,000 (€88,012) from AIG, in addition to the \$220,000 (€179,284) already funded. A trial date has not been set in the matter.

In August 2014, FMCH received a subpoena from the United States Attorney's Office ("USAO") for the District of Maryland inquiring into FMCH's contractual arrangements with hospitals and physicians involving contracts relating to the management of in-patient acute dialysis services. On August 27, 2020, after the USAO declined to pursue the matter by intervening, the United States District Court for Maryland unsealed a 2014 relator's qui tam complaint that gave rise to the investigation. The relator thereafter served the complaint and proceeded on his own in part by filing an amended complaint making broad allegations about financial relationships between FMCH and nephrologists. FMCH's motion to dismiss the amended complaint remains pending. On October 5, 2021, the District Court for Maryland granted FMCH's motion to transfer the case to the United States District Court for Massachusetts, where the litigation continues. *Flanagan v. Fresenius Medical Care Holdings, Inc.*, 1:21-cv-11627-DPW.

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act alleging a conspiracy pursuant to which certain Liberty Dialysis subsidiaries of FMCH overbilled Hawaii Medicaid for Liberty's Epopen® administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. *Hawaii v. Liberty Dialysis—Hawaii, LLC et al.*, Case No. 15-1-1357-07 (Hawaii 1st Circuit). The State alleges that Liberty acted unlawfully by relying on incorrect and unauthorized billing guidance provided to Liberty by Xerox State Healthcare LLC, which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during the relevant period. With discovery concluded, the State has specified that its demands for relief relate to \$7,700 (€6,275) in overpayments on approximately twenty thousand "claims" submitted by Liberty. After prevailing on motions by Xerox to preclude it from doing so, FMCH is pursuing third-party claims for contribution and indemnification against Xerox. The State's False Claims Act complaint was filed after Liberty initiated an administrative action challenging the State's recoupment of alleged overpayments from sums currently owed to Liberty. The civil litigation and administrative action are proceeding in parallel. Trial in the civil litigation has been postponed because of COVID-19-related administrative issues and has been rescheduled for August 2022.

On August 31, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) inquiring into FMCH's participation in and management of dialysis facility joint ventures in which physicians are partners. FMCH has cooperated in the Denver USAO investigation, which has come to focus on purchases and sales of minority interests in ongoing outpatient facilities between FMCH and physician groups.

On November 25, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) also inquiring into FMCH's involvement in certain dialysis facility joint ventures in New York. On September 26, 2018, the Brooklyn USAO declined to intervene on the qui tam complaint filed under seal in 2014 that gave rise to this investigation. *CKD Project LLC v. Fresenius Medical Care*, 2014 Civ. 06646 (E.D.N.Y. November 12, 2014). The District Court unsealed the complaint, allowing the relator to proceed on its own. On August 3, 2021, the District Court granted FMCH's motion to dismiss the relator's amended complaint, dismissed the case with prejudice and declined to allow further amendment. On August 27, 2021, the relator appealed to the United States Court of Appeals for the Second Circuit.

Beginning October 6, 2015, the United States Attorney for the Eastern District of New York (Brooklyn) has led an investigation, through subpoenas issued under the False Claims Act, of utilization and invoicing by FMCH's subsidiary Azura Vascular Care for a period beginning after FMCH's acquisition of American Access Care LLC ("AAC") in October 2011. FMCH is cooperating in the Brooklyn USAO investigation. The Brooklyn USAO has indicated that its investigation is nationwide in scope and is focused on whether certain access procedures performed

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at Azura facilities were medically unnecessary and whether certain physician assistants employed by Azura exceeded their permissible scope of practice. Allegations against AAC arising in districts in Connecticut, Florida and Rhode Island relating to utilization and invoicing were settled in 2015.

On November 18, 2016, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) seeking documents and information relating to the operations of Shiel Medical Laboratory, Inc. ("Shiel"), which FMCH acquired in October 2013. In the course of cooperating in the investigation and preparing to respond to the subpoena, FMCH identified falsifications and misrepresentations in documents submitted by a Shiel salesperson that relate to the integrity of certain invoices submitted by Shiel for laboratory testing for patients in long term care facilities. On February 21, 2017, FMCH terminated the employee and notified the United States Attorney of the termination and its circumstances. The terminated employee's conduct is expected to result in demands for FMCH to refund overpayments and to pay related penalties under applicable laws, but the monetary value of such payment demands cannot yet be reasonably estimated. FMCH contends that, under the asset sale provisions of its 2013 Shiel acquisition, it is not responsible for misconduct by the terminated employee or other Shiel employees prior to the date of the acquisition. The Brooklyn USAO continues to investigate a range of issues involving Shiel, including allegations of improper compensation (kickbacks) to physicians, and has disclosed that multiple sealed qui tam complaints underlie the investigation.

On December 12, 2017, FMCH sold to Quest Diagnostics certain Shiel operations that are the subject of this Brooklyn subpoena, including the misconduct reported to the United States Attorney. Under the Quest Diagnostics sale agreement, FMCH retains responsibility for responding to the Brooklyn investigation and for liabilities arising from conduct occurring after its 2013 acquisition of Shiel and prior to its sale of Shiel to Quest Diagnostics. FMCH is cooperating in the investigation.

In May 2017, the United States Attorney for the Middle District of Tennessee (Nashville) issued identical subpoenas to FMCH and two subsidiaries under the False Claims Act concerning FMCH's retail pharmaceutical business. The subpoenas, and the subsequent investigation in which FMCH cooperated, were apparently predicated on but were not limited to a complaint filed on November 6, 2015 by two former employees. United States ex rel. Keasler et al. v. Fresenius Medical Care Rx, LLC, 03:15-Civ-01183 (M.D. Tenn. 2015). On August 17, 2021, the District Court dismissed the case without prejudice after the Nashville USAO declined to intervene and the relators elected not to proceed.

On March 12, 2018, Vifor Fresenius Medical Care Renal Pharma Ltd. and Vifor Fresenius Medical Care Renal Pharma France S.A.S. (collectively, "VFMCRP") (see note 3), filed a complaint for patent infringement against Lupin Atlantis Holdings SA and Lupin Pharmaceuticals Inc. (collectively, "Lupin"), and Teva Pharmaceuticals USA, Inc. ("Teva") in the U.S. District Court for the District of Delaware (Case 1:18-cv-00390-MN, "first complaint"). The patent infringement action is in response to Lupin and Teva's filings of Abbreviated New Drug Applications ("ANDA") with the U.S. Food and Drug Administration ("FDA") for generic versions of Velphoro®. Velphoro® is protected by patents listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book. The complaint was filed within the 45-day period provided for under the Hatch-Waxman legislation, and triggered a stay of FDA approval of the ANDAs for 30 months (specifically, up to July 29, 2020 for Lupin's ANDA; and August 6, 2020 for Teva's ANDA. In response to another ANDA being filed for a generic Velphoro®, VFMCRP filed a complaint for patent infringement against Annora Pharma Private Ltd., and Hetero Labs Ltd. (collectively, "Annora"), in the U.S. District Court for the District of Delaware on December 17, 2018. The case was settled among the parties, thus terminating the court action on August 4, 2020. On May 26, 2020, VFMCRP filed a further complaint for patent infringement against Lupin in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00697-MN) in response to Lupin's ANDA for a generic version of Velphoro® and on the basis of a newly listed patent in the Orange Book. On July 6, 2020, VFMCRP filed an additional complaint for patent infringement against Lupin and Teva in the U.S. District Court for the District of Delaware (Case No. 1:20-cv-00911-MN, "second complaint") in response to the companies' ANDA for generic versions of Velphoro® and on the basis of two newly listed patents in the Orange Book. All cases involving Lupin as defendant were settled among the parties, thus terminating the corresponding court actions on December 18, 2020. In relation to the remaining pending cases and the defendant Teva, trial took place for the first complaint between January 19 and 22, 2021. Another patent newly listed in the Orange Book was added to the second complaint on June 23, 2021. Trial is scheduled for the second complaint for June 2022.

On December 17, 2018, FMCH was served with a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) as part of an investigation of allegations against DaVita, Inc. involving transactions between FMCH and DaVita. The subject transactions include sales and purchases of dialysis facilities, dialysis-related products and pharmaceuticals, including dialysis machines and dialyzers, and contracts for certain administrative services. FMCH has cooperated in the investigation.

On June 28, 2019, certain FMCH subsidiaries filed a complaint against the United States seeking to recover monies owed to them by the United States Department of Defense under the Tricare program, and to preclude Tricare from recouping monies previously paid. Bio-Medical Applications of Georgia, Inc., et al. v. United States, CA 19-947, United States Court of Federal Claims. Tricare provides reimbursement for dialysis treatments and other medical care provided to members of the military services, their dependents and retirees. The litigation challenges

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unpublished administrative actions by Tricare administrators reducing the rate of compensation paid for dialysis treatments provided to Tricare beneficiaries based on a recasting or “crosswalking” of codes used and followed in invoicing without objection for many years. Tricare administrators have acknowledged the unpublished administrative action and declined to change or abandon it. On July 8, 2020, the U.S. government filed its answer (and confirmed their position) and litigation is continuing. The court has not yet set a date for trial in this matter. FMCH has imposed a constraint on revenue otherwise recognized from the Tricare program that it believes, in consideration of facts currently known, sufficient to account for the risk of this litigation.

On August 21, 2020, FMCH was served with a subpoena from the United States Attorney for the District of Massachusetts requesting information and documents related to urgent care centers that FMCH owned, operated, or controlled as part of its ChoiceOne and Medspring urgent care operations prior to its divestiture of and exit from that line of business in 2018. The subpoena appears to be related to an ongoing investigation of alleged upcoding in the urgent care industry, which has resulted in certain published settlements under the federal False Claims Act. FMCH is cooperating in the investigation.

On March 25, 2021, FMCH received a grand jury subpoena issued from the United States District Court for the Northern District of Texas (Dallas). The subpoena sought documents comprising communications between employees of FMCH and DaVita and partially overlaps in content the 2018 Denver subpoena. The Dallas subpoena is part of a separate investigation by the Anti-Trust Division of the Department of Justice into possible employee “no poaching” and similar agreements to refrain from competition and is related to the indictments in United States v. Surgical Care Affiliates, 3:2021-Cr-0011 (N.D. Tex.) and United States v. DaVita, Inc. et al., 1:21-cr00229 (D. Col.). The unnamed co-conspirators described in the Surgical Care Affiliates and DaVita indictments do not include FMCH, the Company, or any of their employees. FMCH understands that it has completed production of material sought under the subpoena.

From time to time, the Company is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Management regularly analyzes current information including, as applicable, the Company's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Company, like other health care providers, insurance plans and suppliers, conducts its operations under intense government regulation and scrutiny. The Company must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories, dialysis clinics and other health care facilities, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Company could be subject to significant adverse regulatory actions by the FDA and comparable regulatory authorities outside the U.S. These regulatory actions could include warning letters or other enforcement notices from the FDA, and/or comparable foreign regulatory authority which may require the Company to expend significant time and resources in order to implement appropriate corrective actions. If the Company does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the U.S., these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of the Company's products and/or criminal prosecution. FMCH completed remediation efforts with respect to one pending FDA warning letter and is awaiting confirmation as to whether the letter is now closed. The Company must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law, the federal Civil Monetary Penalties Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from the Company's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, the Company's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to the Company's compliance with applicable laws and regulations. The Company may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

The Company operates many facilities and handles the personal data (“PD”) of its patients and beneficiaries throughout the United States and other parts of the world and engages with other business associates to help it carry out its health care activities. In such a 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 its business associates. On occasion, the Company or its business associates may experience a breach under the Health Insurance Portability and Accountability Act Privacy Rule and Security Rules, the EU's General Data Protection Regulation and or other similar laws (“Data Protection Laws”) when there has been impermissible use, access, or disclosure of unsecured PD or when the Company or its business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or a data breach that results

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in impermissible use, access or disclosure of personal identifying information of its employees, patients and beneficiaries. On those occasions, the Company must comply with applicable breach notification requirements.

The Company relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of its employees. On occasion, the Company may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene the Company's policies or violate applicable law. The actions of such persons may subject the Company and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act, Data Protection Laws, the Health Information Technology for Economic and Clinical Health Act and the Foreign Corrupt Practices Act, among other laws and comparable state laws or laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Company has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Company maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Company or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

The Company has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Company has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

In Germany, the tax audits for the years 2006 through 2009 have been substantially completed. The German tax authorities have indicated a re-qualification of dividends received in connection with intercompany mandatorily redeemable preferred shares into fully taxable interest payments for these and subsequent years until 2013. The Company has defended its position and will avail itself of appropriate remedies. The Company is also subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions in the ordinary course of business. Tax authorities routinely pursue adjustments to the Company's tax returns and disallowances of claimed tax deductions. When appropriate, the Company defends these adjustments and disallowances and asserts its own claims. A successful tax related claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition and results of operations.

Other than those individual contingent liabilities mentioned above, the current estimated amount of the Company's other known individual contingent liabilities is immaterial.

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10. Financial instruments

The following tables show the carrying amounts and fair values of the Company's financial instruments at September 30, 2021 and December 31, 2020:

Carrying amount and fair value of financial instruments

in € THOUS

September 30, 2021

	Carrying amount					Fair value		
	Amortized cost	FVPL	FVOCI	Not classified	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	905,826	656,008	—	—	1,561,834	655,856	152	—
Trade accounts and other receivables from unrelated parties	3,248,256	—	—	75,340	3,323,596	—	—	—
Accounts receivable from related parties	126,263	—	—	—	126,263	—	—	—
Derivatives - cash flow hedging instruments	—	—	—	625	625	—	625	—
Derivatives - not designated as hedging instruments	—	49,608	—	—	49,608	—	49,608	—
Equity investments	—	249,890	121,457	—	371,347	246,525	66,021	58,801
Debt securities	—	78,420	289,688	—	368,108	362,966	5,142	—
Other financial assets	140,750	—	—	124,938	265,688	—	—	—
Other current and non-current assets	140,750	377,918	411,145	125,563	1,055,376	—	—	—
Financial assets	4,421,095	1,033,926	411,145	200,903	6,067,069	—	—	—
Accounts payable to unrelated parties	706,385	—	—	—	706,385	—	—	—
Accounts payable to related parties	94,080	—	—	—	94,080	—	—	—
Short-term debt	1,363,290	—	—	—	1,363,290	—	—	—
Long-term debt	7,223,132	—	—	—	7,223,132	7,256,777	232,129	—
Lease liabilities	—	—	—	4,640,711	4,640,711	—	—	—
Derivatives - cash flow hedging instruments	—	—	—	3,995	3,995	—	3,995	—
Derivatives - not designated as hedging instruments	—	13,443	—	—	13,443	—	13,443	—
Variable payments outstanding for acquisitions	—	51,247	—	—	51,247	—	—	51,247
Put option liabilities	—	—	—	966,926	966,926	—	—	966,926
Other financial liabilities	936,703	—	—	—	936,703	—	—	—
Other current and non-current liabilities	936,703	64,690	—	970,921	1,972,314	—	—	—
Financial liabilities	10,323,590	64,690	—	5,611,632	15,999,912	—	—	—

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Carrying amount and fair value of financial instruments

in € THOUS

December 31, 2020

	Carrying amount					Fair value		
	Amortized cost	FVPL	FVOCI	Not classified	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	781,029	300,510	—	—	1,081,539	300,367	143	—
Trade accounts and other receivables from unrelated parties	3,080,770	—	—	72,275	3,153,045	—	—	—
Accounts receivable from related parties	91,438	—	—	—	91,438	—	—	—
Derivatives - cash flow hedging instruments	—	—	—	1,130	1,130	—	1,130	—
Derivatives - not designated as hedging instruments	—	5,367	—	—	5,367	—	5,367	—
Equity investments	—	191,739	56,911	—	248,650	11,911	48,221	188,518
Debt securities	—	103,387	297,954	—	401,341	396,392	4,949	—
Other financial assets	195,926	—	—	108,830	304,756	—	—	—
Other current and non-current assets	195,926	300,493	354,865	109,960	961,244	—	—	—
Financial assets	4,149,163	601,003	354,865	182,235	5,287,266	—	—	—
Accounts payable to unrelated parties	731,993	—	—	—	731,993	—	—	—
Accounts payable to related parties	95,401	—	—	—	95,401	—	—	—
Short-term debt	79,270	—	—	—	79,270	—	—	—
Long-term debt	7,808,460	—	—	—	7,808,460	6,764,681	1,404,640	—
Lease liabilities	—	—	—	4,492,287	4,492,287	—	—	—
Derivatives - cash flow hedging instruments	—	—	—	1,667	1,667	—	1,667	—
Derivatives - not designated as hedging instruments	—	39,281	—	—	39,281	—	39,281	—
Variable payments outstanding for acquisitions	—	66,359	—	—	66,359	—	—	66,359
Put option liabilities	—	—	—	882,422	882,422	—	—	882,422
Other financial liabilities ⁽¹⁾	800,714	—	—	—	800,714	—	—	—
Other current and non-current liabilities	800,714	105,640	—	884,089	1,790,443	—	—	—
Financial liabilities	9,515,838	105,640	—	5,376,376	14,997,854	—	—	—

(1) Other financial liabilities have been revised for the prior year to conform to the current year's presentation.

Derivative and non-derivative financial instruments are categorized in the following three-tier fair value hierarchy that reflects the significance of the inputs in making the measurements. Level 1 inputs are quoted prices for similar instruments in active markets. Level 2 is defined as using valuation models (i.e. mark-to-model) with input factors that are inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as using valuation models (i.e. mark-to-model) with input factors that are unobservable inputs for which little or no market data exists, therefore requiring the Company to develop its own assumptions. Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of fair value due to the relatively short period of maturity of these instruments. This includes cash and cash equivalents measured at amortized costs, trade accounts and other receivables from unrelated parties, accounts receivable from related parties, other financial assets as well as accounts payable to unrelated parties, accounts payable to related parties, short-term debt and other financial liabilities. At September 30, 2021, the Company transferred its investment in Humacyte with a carrying amount of €158,551 from Level 3 to Level 1, after Humacyte completed its merger with Alpha Healthcare Acquisition Corporation, a special purpose acquisition company. The shares in Alpha Healthcare Acquisition Corporation (now called Humacyte) received by the Company as a result of this merger and in a contemporaneous private placement are quoted in an active market. Transfers between levels of the fair value hierarchy have not occurred as of December 31, 2020. The Company accounts for transfers at the end of the reporting period.

Derivative financial instruments

In order to manage the risk of currency exchange rate and interest rate fluctuations, the Company enters into various hedging transactions by means of derivative instruments with highly rated financial institutions. The Company primarily enters into foreign exchange forward contracts and interest rate swaps. In certain instances, the Company enters into derivative contracts that do not qualify for hedge accounting but are utilized for economic purposes ("economic hedges"). The Company does not use financial instruments for trading purposes.

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Non-derivative financial instruments

The significant methods and assumptions used for the classification and measurement of non-derivative financial instruments are as follows:

The Company assessed its business models and the cash flow characteristics of its financial assets. The vast majority of the non-derivative financial assets are held in order to collect the contractual cash flows. The contractual terms of the financial assets allow the conclusion that the cash flows represent payment of principle and interest only. Trade accounts and other receivables from unrelated parties, Accounts receivable from related parties and Other financial assets are consequently measured at amortized cost.

Cash and cash equivalents are comprised of cash funds and other short-term investments. Cash funds are measured at amortized cost. Short-term investments are highly liquid and readily convertible to known amounts of cash. Short-term investments are measured at fair value through profit or loss ("FVPL"). The risk of changes in fair value is insignificant.

Equity investments are not held for trading. At initial recognition the Company elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic investments in OCI. If equity instruments are quoted in an active market, the fair value is based on price quotations at the period-end-date. From time to time the Company engages external valuation firms to determine the fair value of Level 3 equity investments. The external valuation uses a discounted cash flow model, which includes significant unobservable inputs such as investment specific forecasted financial statements, weighted average cost of capital, that reflects current market assessments as well as a terminal growth rate.

The majority of the debt securities are held within a business model whose objective is achieving both contractual cash flows and sell the securities. The standard coupon bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount. Subsequently these financial assets have been classified as fair value through other comprehensive income ("FVOCI"). The smaller part of debt securities does not give rise to cash flows that are solely payments of principle and interest. Consequently, these securities are measured at FVPL. In general, most of the debt securities are quoted in an active market.

Long-term debt is initially recognized at its fair value. The fair values of major long-term debt are calculated on the basis of market information. Liabilities for which market quotes are available are measured using these quotes. The fair values of the other long-term debt are calculated at the present value of the respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Company as of the balance sheet date are used.

Variable payments outstanding for acquisitions are recognized at their fair value. The estimation of the individual fair values is based on the key inputs of the arrangement that determine the future contingent payment as well as the Company's expectation of these factors. The Company assesses the likelihood and timing of achieving the relevant objectives. The underlying assumptions are reviewed regularly.

Put option liabilities are recognized at the present value of the exercise price of the option. The exercise price of the option is generally based on fair value. The methodology the Company uses to estimate the fair values assumes the greater of net book value or a multiple of earnings, based on historical earnings, development stage of the underlying business and other factors. From time to time the Company engages external valuation firms for the valuation of the put options. The external valuation estimates the fair values using a combination of discounted cash flows and a multiple of earnings and/or revenue. The put option liabilities are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The estimated fair values of these put options can also fluctuate, and the discounted cash flows as well as the implicit multiple of earnings and/or revenue at which these obligations may ultimately be settled could vary significantly from the Company's current estimates depending upon market conditions. For the purpose of analyzing the impact of changes in unobservable inputs on the fair value measurement of put option liabilities, the Company assumes an increase on earnings of 10% compared to the actual estimation as of the balance sheet date. The corresponding increase in fair value of €67,820 is then compared to the total liabilities and the shareholder's equity of the Company. This analysis shows that an increase of 10% in the relevant earnings would have an effect of less than 1% on the total liabilities and less than 1% on the shareholder's equity of the Company.

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Following is a roll forward of Level 3 financial instruments at September 30, 2021 and December 31, 2020:

Reconciliation from beginning to ending balance of level 3 financial instruments

in € THOUS

	2021			2020		
	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities	Equity investments	Variable payments outstanding for acquisitions	Put option liabilities
Beginning balance at January 1,	188,518	66,359	882,422	183,054	89,677	934,425
Transfer to level 1	(158,551)	—	—	—	—	—
Increase	20,899	8,116	68,728	—	17,253	51,388
Decrease	—	(19,841)	(19,134)	—	(35,764)	(99,877)
Gain / loss recognized in profit or loss ⁽¹⁾	(3,895)	(4,178)	—	22,489	(1,996)	—
Gain / loss recognized in equity	—	—	(14,989)	—	—	73,993
Foreign currency translation and other changes	11,830	791	49,899	(17,025)	(2,811)	(77,507)
Ending balance at September 30, and December 31,	58,801	51,247	966,926	188,518	66,359	882,422

(1) Includes realized and unrealized gains / losses.

11. Segment and corporate information

The Company's operating and reportable segments are the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment. The operating segments are determined based upon how the Company manages its businesses with geographical responsibilities. All segments are primarily engaged in providing health care services and the distribution of products and equipment for the treatment of ESKD and other extracorporeal therapies.

Management evaluates each segment using measures that reflect all of the segment's controllable revenues and expenses. With respect to the performance of business operations, management believes that the most appropriate measures are revenue and operating income. The Company does not include income taxes as it believes taxes are outside the segments' control. Financing is a corporate function, which the Company's segments do not control. Therefore, the Company does not include interest expense relating to financing as a segment measurement. Similarly, the Company does not allocate certain costs, which relate primarily to certain headquarters' overhead charges, including accounting and finance as well as certain legal costs, because the Company believes that these costs are also not within the control of the individual segments. Production of products, production asset management, quality and supply chain management as well as procurement related to production are centrally managed. Products transferred to the segments are transferred at cost; therefore, no internal profit is generated. The associated internal revenue for the product transfers and their elimination are recorded as corporate activities. Capital expenditures for production are based on the expected demand of the segments and consolidated profitability considerations. The Company's global research and development team as well as its Global Medical Office, which seek to optimize medical treatments and clinical processes within the Company, are also centrally managed. These corporate activities ("Corporate") do not fulfill the definition of a segment according to IFRS 8, Operating Segments. In addition, certain revenues, investments and intangible assets, as well as any related expenses, are not allocated to a segment but are accounted for as Corporate.

Information pertaining to the Company's segment and Corporate activities for the three and nine months ended September 30, 2021 and 2020 is set forth below:

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Segment and corporate information

in € THOUS

	North America Segment	EMEA Segment	Asia- Pacific Segment	Latin America Segment	Segment Total	Corporate ⁽¹⁾	Total
Three months ended September 30, 2021							
Revenue from health care services	2,704,091	346,490	239,321	126,170	3,416,072	7,994	3,424,066
Revenue from health care products	266,151	315,552	253,227	50,907	885,837	3,380	889,217
Revenue from contracts with customers	2,970,242	662,042	492,548	177,077	4,301,909	11,374	4,313,283
Other revenue external customers	109,673	8,911	8,724	775	128,083	—	128,083
Revenue external customers	3,079,915	670,953	501,272	177,852	4,429,992	11,374	4,441,366
Inter-segment revenue	4,377	—	194	—	4,571	(4,571)	—
Revenue	3,084,292	670,953	501,466	177,852	4,434,563	6,803	4,441,366
Operating income	445,892	78,771	86,266	4,349	615,278	(110,617)	504,661
Interest							(68,436)
Income before income taxes							436,225
Depreciation and amortization	(247,594)	(48,566)	(25,359)	(9,673)	(331,192)	(65,212)	(396,404)
Impairment loss	(6,434)	—	—	—	(6,434)	5	(6,429)
Income (loss) from equity method investees	16,690	3,300	630	416	21,036	—	21,036
Additions of property, plant and equipment, intangible assets and right of use assets	206,081	32,668	18,298	13,586	270,633	59,755	330,388
Three months ended September 30, 2020							
Revenue from health care services	2,728,512	346,373	227,183	120,116	3,422,184	5,220	3,427,404
Revenue from health care products	262,896	328,331	246,204	49,245	886,676	3,196	889,872
Revenue from contracts with customers	2,991,408	674,704	473,387	169,361	4,308,860	8,416	4,317,276
Other revenue external customers	77,830	7,449	10,510	703	96,492	—	96,492
Revenue external customers	3,069,238	682,153	483,897	170,064	4,405,352	8,416	4,413,768
Inter-segment revenue	8,217	1,831	184	58	10,290	(10,290)	—
Revenue	3,077,455	683,984	484,081	170,122	4,415,642	(1,874)	4,413,768
Operating income	514,226	99,464	96,892	11,181	721,763	(89,983)	631,780
Interest							(87,692)
Income before income taxes							544,088
Depreciation and amortization	(244,800)	(47,073)	(33,430)	(8,301)	(333,604)	(62,575)	(396,179)
Impairment loss	(389)	3,542	—	—	3,153	1	3,154
Income (loss) from equity method investees	22,934	1,114	162	(36)	24,174	(1)	24,173
Additions of property, plant and equipment, intangible assets and right of use assets	285,348	55,336	32,528	13,735	386,947	73,693	460,640

(1) Includes inter - segment consolidation adjustments.

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Segment and corporate information (continued)

in € THOUS

	North America Segment	EMEA Segment	Asia- Pacific Segment	Latin America Segment	Segment Total	Corporate ⁽¹⁾	Total
Nine months ended September 30, 2021							
Revenue from health care services	7,855,557	1,020,400	693,951	364,072	9,933,980	28,901	9,962,881
Revenue from health care products	771,863	974,380	729,388	141,717	2,617,348	12,281	2,629,629
Revenue from contracts with customers	8,627,420	1,994,780	1,423,339	505,789	12,551,328	41,182	12,592,510
Other revenue external customers	304,017	38,485	34,641	2,008	379,151	—	379,151
Revenue external customers	8,931,437	2,033,265	1,457,980	507,797	12,930,479	41,182	12,971,661
Inter-segment revenue	26,243	—	361	—	26,604	(26,604)	—
Revenue	8,957,680	2,033,265	1,458,341	507,797	12,957,083	14,578	12,971,661
Operating income	1,241,989	232,030	255,780	13,583	1,743,382	(340,247)	1,403,135
Interest							(213,717)
Income before income taxes							1,189,418
Depreciation and amortization	(727,271)	(146,943)	(76,855)	(28,040)	(979,109)	(192,061)	(1,171,170)
Impairment loss	(9,349)	—	—	—	(9,349)	(6,049)	(15,398)
Income (loss) from equity method investees	69,303	(248)	1,489	670	71,214	—	71,214
Total assets	22,991,521	3,964,433	2,904,586	787,526	30,648,066	3,182,860	33,830,926
thereof investments in equity method investees	434,975	182,138	101,222	24,464	742,799	—	742,799
Additions of property, plant and equipment, intangible assets and right of use assets	655,916	136,054	61,272	38,916	892,158	188,813	1,080,971
Nine months ended September 30, 2020							
Revenue from health care services	8,429,881	1,028,071	640,902	360,165	10,459,019	18,926	10,477,945
Revenue from health care products	819,728	998,490	699,772	145,060	2,663,050	12,170	2,675,220
Revenue from contracts with customers	9,249,609	2,026,561	1,340,674	505,225	13,122,069	31,096	13,153,165
Other revenue external customers	245,641	21,414	36,329	2,360	305,744	—	305,744
Revenue external customers	9,495,250	2,047,975	1,377,003	507,585	13,427,813	31,096	13,458,909
Inter-segment revenue	22,240	4,408	212	248	27,108	(27,108)	—
Revenue	9,517,490	2,052,383	1,377,215	507,833	13,454,921	3,988	13,458,909
Operating income	1,587,051	278,140	237,012	28,959	2,131,162	(288,328)	1,842,834
Interest							(283,851)
Income before income taxes							1,558,983
Depreciation and amortization	(758,967)	(141,824)	(86,417)	(25,547)	(1,012,755)	(187,971)	(1,200,726)
Impairment loss	(993)	(2,241)	—	—	(3,234)	(33)	(3,267)
Income (loss) from equity method investees	73,448	(23,441)	(1,273)	(67)	48,667	(180)	48,487
Total assets	22,680,229	3,855,469	2,781,200	906,905	30,223,803	2,825,332	33,049,135
thereof investments in equity method investees	394,756	185,696	100,466	26,076	706,994	—	706,994
Additions of property, plant and equipment, intangible assets and right of use assets	891,954	174,912	104,801	44,434	1,216,101	297,917	1,514,018

(1) Includes inter - segment consolidation adjustments.

12. Events occurring after the balance sheet date

On October 15, 2021, the Company amended its commercial paper program and increased the available borrowing capacity from €1,000,000 to €1,500,000 (see note 5).

No other significant activities have taken place subsequent to the balance sheet date September 30, 2021 that have a material impact on the key figures and earnings presented. Currently, there are no significant changes in the Company's structure, management, legal form or personnel.

Review report

The consolidated interim financial statements as of and for the period ended September 30, 2021 and the interim management report for the three and nine months ended September 30, 2021 were not audited nor reviewed.

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