



HEALTH CARE VITALITY

ANNUAL REPORT 2019

Key Performance Indicators

	2019	2018
Orders on hand (€m)	2,865.3	2,420.0
Sales (€m)	2,206.0	1,688.5
International sales (%)	78.3	75.0
EBIT (€m)	133.6	109.7
EBT (€m)	112.9	100.9
Staff (as at Dec. 31)	18,592	17,299

Acc. to International Financial Reporting Standards (IFRS)

Disclaimer

This annual report also includes forward-looking statements based on current assumptions and estimates that are made to the best of its knowledge by the management of VAMED AG. If the underlying premises for these forecasts fail to materialize or risks indicated in the risk report arise, actual results may deviate from these estimates. We do not assume any warranty or liability that the future development or actual results will coincide with the assumptions and estimates contained in this annual report. It is neither our intention nor do we assume any separate obligation to update forward-looking statements in order to reflect events or developments occurring after the date of this annual report.

Calculation differences may arise when rounded amounts and percentages are summed.

We attach great importance to gender equality. However, to improve readability, we largely dispense with simultaneous references to female and male persons in this report. Of course, the texts refer to women and men equally, without any discrimination whatsoever.

The annual report was prepared with the greatest possible diligence to ensure that the information provided in all parts is correct and complete. Nevertheless, rounding, typesetting and printing errors can not be completely excluded.

THE VISION OF VAMED



The VAMED Group is the leading international planner, builder and manager of complex health facilities and is known for its competencies and experiences as a partner for the public health sector.

“Our international overall implementation models set new standards for planning, constructing and efficiently operating health care facilities. The wide range of services we offer reflects our holistic approach to human health: from health tourism and preventive medicine through treatment, care and rehabilitation to attending to the elderly. We combine professional consultation, project management, financial engineering, management competencies and a commitment to quality, efficiency and reliability, which ensures the lasting success of our projects and partners in the health sector worldwide. Work related to health, our most valuable asset, is especially meaningful for the VAMED staff. Our mission, values and principles are important components of our activities to reach the ambitious goals we set for ourselves and ensure the uniqueness of our company.”



create health.

From the very beginning, the development, planning and construction of healthcare projects with subsequent operational management have been part and parcel of VAMED's core competencies. VAMED enjoys an outstanding reputation around the world thanks to its unique customer-specific solutions, cost discipline, schedule adherence and reliability. The comprehensive service and country portfolios as well as the commitment to operating in line with the "think global – act local" principle are additional factors contributing to transforming VAMED into a leading international healthcare provider.

enjoy vitality.

The facilities of preventive medicine as well as thermal spas and health resorts operated by VAMED offer medical-therapeutic applications to improve the physical and mental well-being of patients and guests. The prevention portfolio plays a considerable role in increasing both life expectancy and the number of healthy years. Many years of experience in the healthcare sector enable VAMED to bridge the gap between preventive medicine and health tourism.



manage care.

As an integrated healthcare provider, VAMED offers all management services for healthcare facilities on a global basis. The offering encompasses all aspects of technical, commercial and infrastructural facility management, especially high-end services including the full range of biomedical equipment management, mechanical and electrical engineering, sterile supply services and IT solutions. The optimal management and operation of every facility over its entire life cycle are essential to sustainability of all healthcare facilities. The Total Operational Management segment featuring multifaceted medical and nursing services puts a clear focus on people and their health. The highest level of medical competence, cutting-edge technology combined with a holistic approach featuring interdisciplinary, individual and personalized treatment offerings are among the signature quality characteristics of VAMED healthcare facilities.



FOREWORD BY THE EXECUTIVE BOARD

VAMED impressively continued its growth path in 2019, with sales increasing by 31% and EBIT rising by 22%. The company also registered a record high order intake and orders on hand. VAMED successfully integrated the post-acute facilities in Germany acquired in 2018, which in turn significantly strengthened its role as one of the leading providers of rehabilitation and nursing services in Europe. The company's market position in the segment of high-end services was further expanded on the basis of numerous new orders and an acquisition in the field of sterile supply services.

VAMED can once again report a very successful financial year in 2019. We have further raised our profile as a leading global provider in all areas and all services of the healthcare industry, and again generated substantial growth this year. Our order books are well filled, and the orders on hand totalling EUR 2.87 billion and the order intake of EUR 1.31 billion combine to comprise a good foundation for future growth.

IMPORTANT MILESTONE REACHED IN THE LARGEST PPP-PROJECT IN GERMAN HEALTHCARE

A significant milestone achieved in the 2019 financial year is the new construction, modernization and expansion of two of Europe's most important university hospitals, without interrupting ongoing hospital operations. At Vienna General Hospital – Medical University Campus (AKH), we will be implementing until 2030 numerous expansion projects as well as structural and functional modernization.

At the University Hospital Schleswig-Holstein (UKSH), VAMED handed over for patient admission the two new central clinics in Kiel and Lübeck which were newly constructed in 2019. Germany's second largest university hospital at two locations is a future-oriented reference project for VAMED and international healthcare systems in many ways. This is the largest Public Private Partnership project in Germany's healthcare sector. It will not only fulfill the highest standards for future patient care but encompasses total operational management for a period of 30 years in addition to the construction work. Such life cycle models within which VAMED

plans, finances, constructs, subsequently maintains and ensures the permanent availability of healthcare facilities comprise an appropriate response to the major challenges facing the healthcare sector.

SUCCESSFUL INTEGRATION OF THE NEW POST-ACUTE CARE FACILITIES AND EXPANSION OF OUTPATIENT REHABILITATION SERVICES

In recent years, VAMED has been able to strongly expand its position in the field of post-acute care, especially in rehabilitation and nursing. The rehabilitation and nursing facilities acquired in Germany in 2018 were successfully integrated into VAMED in the course of the past financial year. Furthermore, VAMED is working to satisfy the increasing demand for local outpatient rehabilitation services and will expand its offering in this area accordingly in upcoming years.

HIGH-END SERVICE BUSINESS CONTINUES TO GROW

Meanwhile, VAMED Service Business provides technical services to about 890 healthcare facilities with a total of 205,000 patient beds. In terms of total operational management, VAMED is in charge of 100 facilities with around 15,000 beds. We are making a fundamental contribution to frictionless patient care, especially due to the high-end services such as a full range of medical equipment management and entire mechanical and electrical engineering for hospitals, including sterile supply services. In recent years, VAMED emerged as one of the international leading providers in this significant segment. In addition to organic growth in this field, VAMED has consolidated

its position by acquiring London-based IHSS Ltd, a specialist in sterile supply services. As a result, we are now also one of the major providers of sterile supply services in Great Britain.

MASTERING THE CHALLENGES OF THE FUTURE

VAMED is excellently positioned to meet the challenges posed by the medicine of the future. Decades-long experience in construction and operation of healthcare facilities – from prevention and acute care to rehabilitation and nursing – is integrated in every new project. Whoever is familiar with the operation of healthcare facilities from past experience is in a position to leverage this experience for the sustainable construction of healthcare facilities.

State-of-the-art standards, such as the use of building information modelling (BIM) in the construction of healthcare facilities and new concepts of operational management based on the application of innovative technologies and digitalization measures, contribute

towards improving medicine care and relieving the burden on medical professionals. The customers of VAMED benefit from a bundled know-how derived from about 960 health projects realized in 95 countries around the world.

This one-of-a-kind competence in all areas of the healthcare sector is an incentive for us not to rest on our laurels, but also to develop new, individually adjusted and customized solutions in the future in order to put healthcare projects of the 21st century on the right track from a financial, functional and technical perspective. For this purpose, we need committed people who are the key to our success. We would like to thank our employees who energetically supported us in our efforts to contribute to the improvement of people's health around the world. We express our gratitude and appreciation to our customers, partners and shareholders for the confidence in and support of our company. We are convinced that we will be able to continue the success path of VAMED in the years ahead.



Mag. Gottfried Koos
Member of the
Executive Board

MMag. Andrea Raffaseder
Member of the
Executive Board

Dr. Ernst Wastler
Chairman of the
Executive Board

Dipl.-Ing. (FH) Andreas Wortmann, M.Sc.
Member of the
Executive Board

REPORT OF THE SUPERVISORY BOARD

Based on a currently valid resolution, the Supervisory Board now consists of five shareholder representatives, i.e. Dr. Gerd KRICK, Dkfm. Stephan STURM, KR Karl SAMSTAG, Mag. Andreas SCHMIDRADNER and Dr. Robert HINK, who were all elected to serve on the Supervisory Board until the end of the Annual General Meeting resolving upon the discharging of the Executive and Supervisory Boards for the 2022 financial year.

The deliberations of the Supervisory Board in the 2019 financial year focused on project and corporate acquisitions, activities designed to strengthen the Service and Total Operational Management business segments as well as on measures aimed at further expanding and consolidating the market position of the VAMED Group in the healthcare sectors of Central Europe and across the globe.

The Executive Board informed the Supervisory Board in writing and verbally about future business policies, the future development of the assets, financial position and earnings of VAMED Aktiengesellschaft and the VAMED Group as well as the status of ongoing operations and the current business and financial situation of the company and the entire VAMED Group. The formal approval of the Supervisory Board was granted in those cases in which authorization is required in accordance with the Austrian Stock Corporation Act, the company's by-laws and Articles of Association.

The financial statements and Management Report of VAMED Aktiengesellschaft were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, which issued an unqualified audit opinion. With respect to the preparation of separate consolidated financial statements, the Executive Board made use of the exemption provisions contained in Section 245 of the Austrian Commercial Code. Accordingly, separate financial statements were not necessary due to the inclusion of the Group's results in the consolidated financial statements of the majority shareholder. (Condensed) subgroup financial statements were presented to the Supervisory Board, corresponding to the VAMED segment in the consolidated financial

statements of the majority shareholder.

The last consolidated financial statements of the majority shareholder were also submitted to the Supervisory Board.

The Supervisory Board also set up an Audit Committee to review the annual financial statements of VAMED Aktiengesellschaft as well as the (condensed) subgroup financial statements of the VAMED Group. The Audit Committee meeting held on March 6, 2020 resolved to recommend that the Supervisory Board approve the annual financial statements on the basis of the committee's extensive review.

Therefore, the Supervisory Board approved the financial statements as well as the Management Report of VAMED Aktiengesellschaft, thereby formally adopting them in line with the stipulations contained in Section 96 Para 4 of the Austrian Stock Corporation Act.

The Supervisory Board concurs with the Executive Board's proposal on the appropriation of the balance sheet profit. The Supervisory Board proposes the appointment of PwC Wirtschaftsprüfung GmbH, Donau-City-Straße 7, 1220 Vienna, Austria as auditors for the 2020 financial statements of VAMED Aktiengesellschaft.

The Supervisory Board expresses its gratitude and appreciation to the staff of the company for their dedicated work in the course of the 2019 financial year.



Dr. Gerd Krick
Chairman of the
Supervisory Board

CORPORATE BODIES OF VAMED AG

Executive Board

CHAIRMAN OF THE EXECUTIVE BOARD	Dr. Ernst Wastler
MEMBER OF THE EXECUTIVE BOARD	Mag. Gottfried Koos
MEMBER OF THE EXECUTIVE BOARD	MMag. Andrea Raffaseder
MEMBER OF THE EXECUTIVE BOARD	Dipl.-Ing. (FH) Andreas Wortmann, M.Sc. (as of September 16, 2019)

Supervisory Board

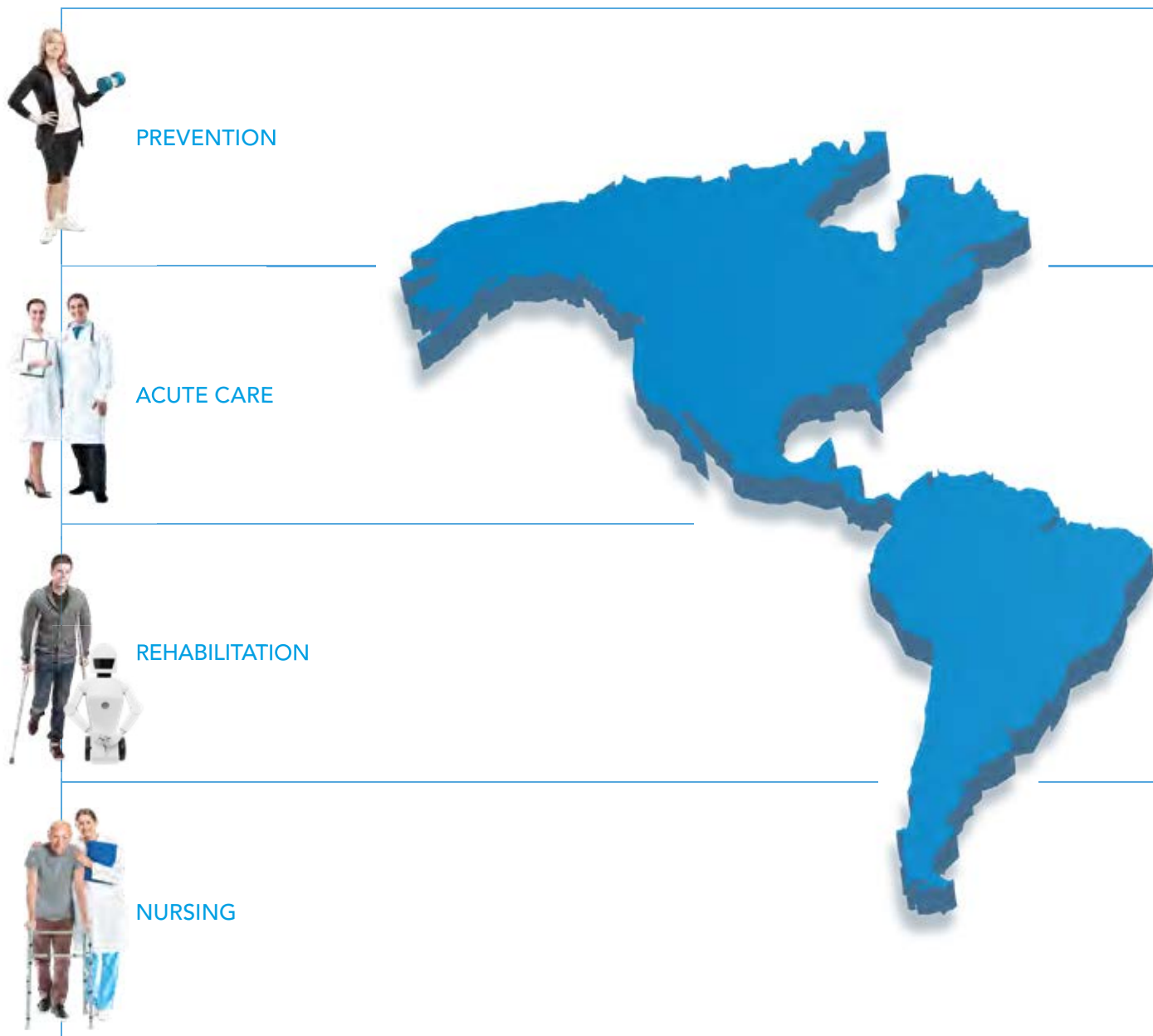
CHAIRMAN	Dr. Gerd Krick Chairman of the Supervisory Board of Fresenius SE & Co. KGaA Chairman of the Supervisory Board of Fresenius Management SE
DEPUTY CHAIRMAN	Dkfm. Stephan Sturm Chairman of the Executive Board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA
MEMBERS	Dr. Robert Hink Secretary General of the Austrian Association of Municipalities (ret.)
	KR Karl Samstag CEO of Bank Austria Creditanstalt AG (ret.)
	Mag. Andreas Schmidradner Authorized Signatory of B&C Holding GmbH
APPOINTED BY THE WORKS COUNCIL	Josef Artner (up to July 31, 2019)
	Mag. (FH) Thomas Hehle
	Dipl.-Ing (FH) Harald Steer, M.Sc. (as of August 1, 2019)
	Ing. Robert Winkelmayer

THE VAMED VALUE CHAIN

The international healthcare group VAMED operates in all areas of the health-care sector i.e. prevention, acute care, rehabilitation and nursing.

In all these areas, VAMED offers a portfolio of services which is unique in this combination around the world. The services range from project development, planning, project management and construction to technical, commercial and infrastructural services

as well as total operational management. The comprehensive offering in all areas of the horizontal and vertical healthcare value chain is a unique selling proposition making VAMED a highly regarded partner for all healthcare issues across the globe.





PROJECT DEVELOPMENT

PLANNING

PROJECT MANAGEMENT AND CONSTRUCTION

SERVICES

OPERATIONAL MANAGEMENT



THE VAMED LIFE CYCLE MODEL

VAMED's unique service portfolio enables it to plan, build and operate healthcare facilities on an integrated basis across the entire life cycle – from prevention and acute care to rehabilitation and nursing.




VAMED is committed to a holistic approach and always keeps in mind the interaction between all processes in patient care. Therefore VAMED's responsibility for healthcare projects in life cycle models does not end with the successful handover of the project and training of staff but forms a sustainable healthcare cycle together with the subsequent maintenance and operational management services. This goes all the way from consulting, project development, planning, and financial engineering to project management, construction, and back again to expansion/renovation.

The experience gained from a large number of projects and in all areas of operational management including total operational management is a key requirement for the highest quality in the international healthcare industry. We consistently work on sharing our know-how for the benefit of our customers and patients in order to sustainably strengthen healthcare systems.



GLOBAL VAMED PROJECTS



“We do much more than fulfill a contract. We see ourselves as a partner providing customers with individual, tailor-made solutions to ensure that a project is heading in the right direction functionally, technically and financially.”

From individual services to full-scale implementation of projects and operational management: VAMED is a well-known partner for all healthcare projects where detailed expertise and overall solution competence are required – worldwide.

VAMED has extensive international expertise in planning, building, and operating healthcare facilities in prevention, rehabilitation, acute care, and nursing. The combination and integration of these competencies and areas of activity enable VAMED to provide state-of-the-art healthcare models fit for the 21st century, and to offer a comprehensive service portfolio for the entire healthcare sector.

The experience gained from about 960 realized healthcare projects, ranging from polyclinics in remote

regions to university hospitals, makes VAMED a strong healthcare partner all around the world. VAMED is always on the lookout for new and innovative ideas to increase efficiency and ensure its competitive edge, e.g. partnership-based implementation models, such as Public Private Partnership (PPP) projects. VAMED also makes use of life cycle models, structured global financial engineering, or the continuous further development of integrated processes for the implementation and operational management of complex healthcare facilities.

The following pages present a representative selection of our current projects.





UKSH Kiel



UKSH Lübeck



UNIVERSITY HOSPITAL SCHLESWIG-HOLSTEIN KIEL/LÜBECK, GERMANY

The handover of the newly constructed central clinics at the sites in Kiel and Lübeck in 2019 represents two important milestones of the largest Public Private Partnership project in the German healthcare sector.

The University Hospital Schleswig-Holstein (UKSH) with its locations in Kiel and Lübeck is the largest center of university medicine in northern Germany. Although the two medical sites are located about 80 kilometers apart from each other, the planning teams of VAMED and its partners were able to design both central buildings to appear as if cast from the same mould. Apart from its unique design, the new buildings of UKSH were successfully integrated into the already existing and partially listed infrastructure, both in terms of esthetics and functionality. The technical equipment of the hospital facilities was developed to deal with the medical challenges of the 21st century. Special attention was thus attributed to the opportunities of digitalization as well as upgraded logistics in order to increase the success of medical treatments and reduce stress of routine work for the medical staff.

One such innovation is the time-saving self-check-in, before the in-house navigation system guides the patients to their appointments within the building and the healthcare facility. Each hospital bed is equipped with a tablet computer, which provides patients with information and entertainment as well as healthcare professionals with medical findings during their rounds. After the successful handover, the next few years will be defined by adaptation and renovation work. The project is scheduled to be completed by 2022. VAMED has been commissioned with the technical operational management of UKSH until 2044.

119,690 m²
NEW FLOOR
SPACE

2,400
NUMBER
OF BEDS

VAMED services

- Life cycle and PPP model
- Project management
- New construction and modernization
- Construction of 26 operating theaters
- Renovation of 16 operating theaters
- Construction of two central sterile services departments
- Technical operational management
- Assurance of availability
- Reinvestment

TARNOBRZEG RADIATION THERAPY CENTER TARNOBRZEG, POLAND



Opening of the new radiation therapy center in Tarnobrzeg.

A total of 16 months was all it took for VAMED to build a radiation therapy center with two next-generation linear accelerators, a CT scanner and a computer system for planning and implementing treatments in Tarnobrzeg in Southern Poland. VAMED was also commissioned to take care of all building permits and construction planning, including the definition of technical specifications, bills of materials, cost estimates and energy efficiency calculations for the entire hospital based on BIM 3D- and BIM 4D-modeling technology.

VAMED services

- Planning in BIM 3D and BIM 4D
- Project management
- Turnkey construction
- Biomedical equipment
- Training
- Putting into operation

JENDOUBA ONCOLOGY CENTER JENDOUBA, TUNISIA



Handover of the oncology and radiotherapy center in the provincial capital Jendouba.

The oncology and radiotherapy center in Jendouba in Northwestern Tunisia was handed over to the Tunisian department of health in July 2019. This is the first opportunity for people in region to gain access to medical treatment with state-of-the-art linear accelerators. VAMED's first contract from Tunisia comprised the turnkey planning and construction of an independent oncology and radiotherapy center on the premises of the existing general hospital. In addition, VAMED will be in charge of servicing and maintaining the building, non-medical devices and biomedical equipment.

VAMED services

- Planning
- Project management
- Financial engineering
- Turnkey construction
- Biomedical equipment
- Training
- Putting into operation
- Maintenance

RADIATION ONCOLOGY DEPARTMENT HIETZING HOSPITAL AND SMZ OST VIENNA, AUSTRIA



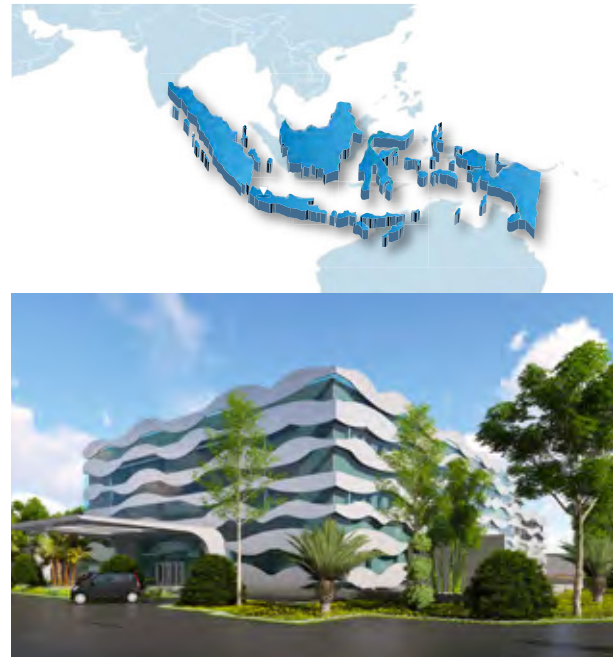
Handover of the radiation therapy center at Sozialmedizinisches Zentrum Ost - Donauspital (SMZ Ost).

In the short period of just two years, VAMED managed to hand over two new radiation therapy centers to Wiener Krankenanstaltenverbund: at Hietzing Hospital in fall 2017 and at Donauspital in 2019. Based on the VAMED Public Private Partnership (PPP) model, the contract of Wiener Krankenanstaltenverbund comprised not only planning and construction but also technical and infrastructural operational management of the facilities as well as maintenance of biomedical equipment and administration of reinvestments. This involves the assurance of availability for 25 (SMZ Ost) and 15 (Hietzing Hospital) years respectively.

VAMED services

- Life cycle and PPP model
- Planning
- Project management
- Turnkey construction
- Biomedical equipment
- Training
- Technical operational management
- Infrastructural operational management
- Maintenance of biomedical equipment
- Reinvestment

PROTON THERAPY CENTER, PRESIDENTIAL HOSPITAL JAKARTA, INDONESIA



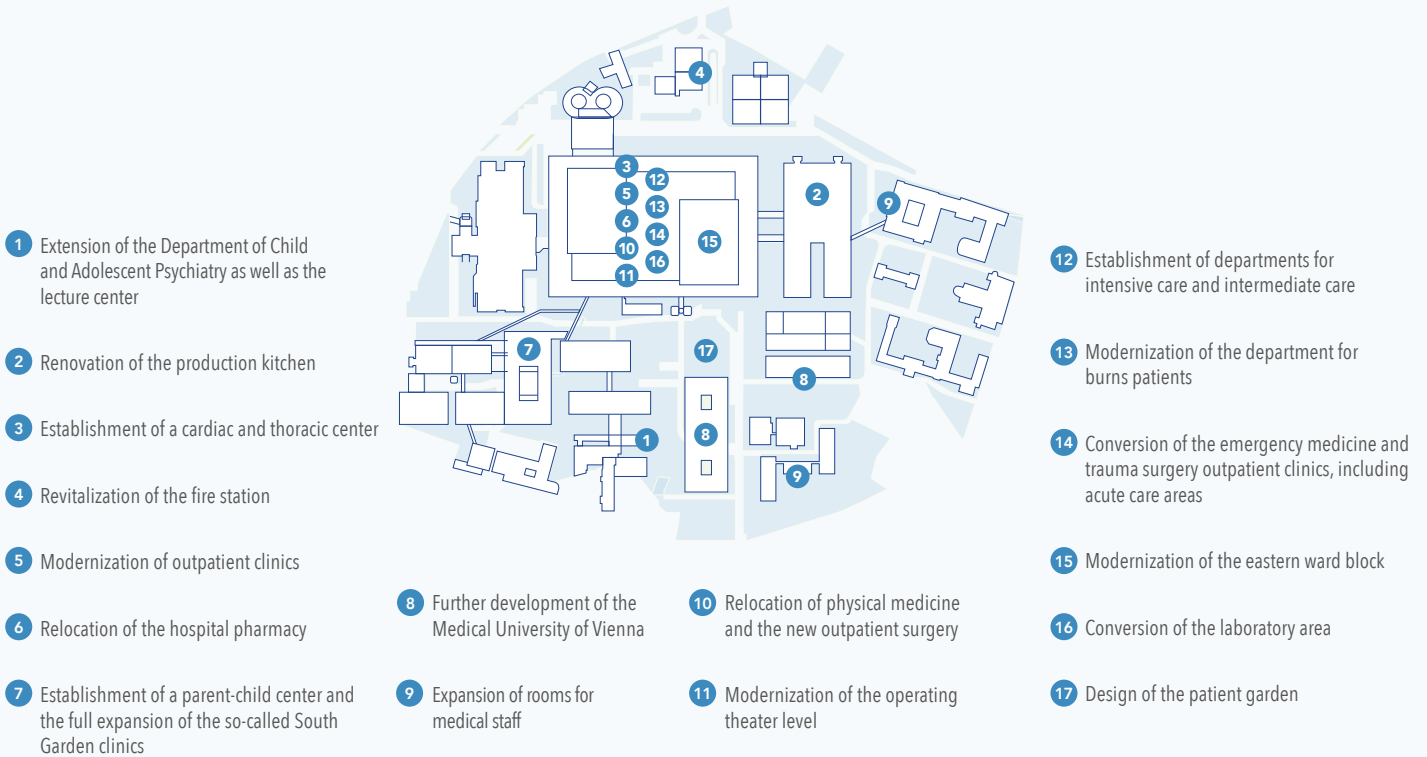
Construction of a proton therapy center in Jakarta.

In Indonesia, VAMED was commissioned with detailed planning of a proton therapy center. The contract also comprises all matters of supply, installation and putting into operation as well as mechanical and electrical engineering including training and maintenance. It is the first center of its kind in Southeast Asia and one of just about 100 all around the world. Apart from proton therapy, the center will be equipped with two linear accelerators and a cyclotron. As an important reference project, it emphasizes VAMED's competence in the field of radiation therapy.

VAMED services

- Planning
- Project management
- Financial engineering
- Biomedical equipment
- Training and instruction program including international training elements
- Putting into operation
- Maintenance
- Quality management

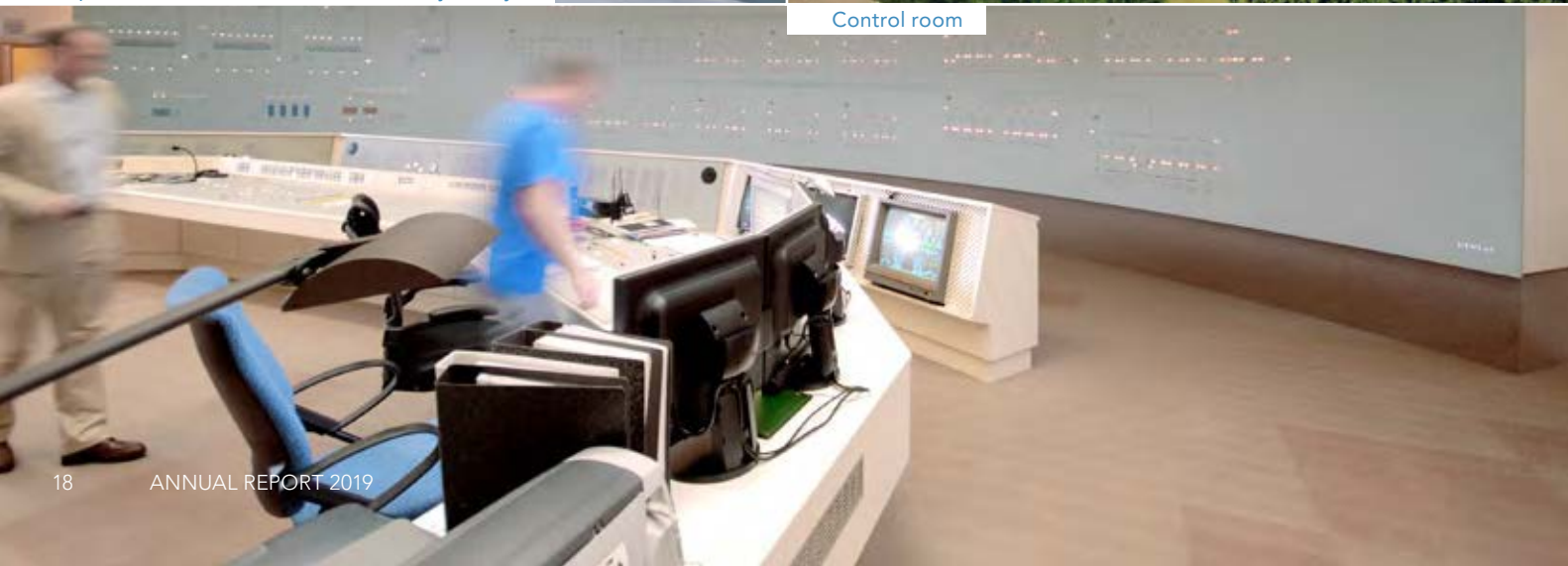
Adaptation and new construction work at the Vienna General Hospital until 2030



New construction and modernization of the Department of Child and Adolescent Psychiatry



Control room



VIENNA GENERAL HOSPITAL (AKH) VIENNA, AUSTRIA

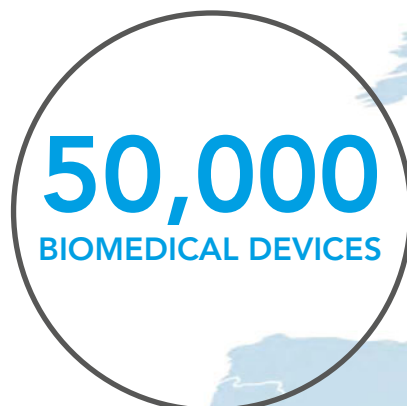
The Vienna General Hospital – Medical University Campus (AKH) is the largest hospital in Austria. With its approximately 8,000 students, it is also the largest medical training institute in the German-speaking region of Europe.

VAMED has been a quality partner of the Vienna General Hospital and been taking care of its technical operational management since more than 30 years.

The Vienna General Hospital is currently in the process of extensive renovation work that is scheduled to be completed by 2030. VAMED implements all conversions, additions and new construction without interrupting ongoing hospital operations as part of the Construction Master Plan 2030, thereby successfully supporting the Vienna General Hospital in realizing the greatest transformation since its establishment in 1994. Current projects include the extension of child and adolescent psychiatry, which is scheduled to be

handed over in 2020, the modernization of one of the largest and highest performing hospital kitchens in Europe and the relocation of the hospital pharmacy. In addition, the establishment of a parent-child center and the creation of a new research center were initiated in 2019.

Moreover, the new cardiac and thoracic center was constructed without interrupting operations and completed according to plan by the end of 2019.



50,000
BIOMEDICAL DEVICES

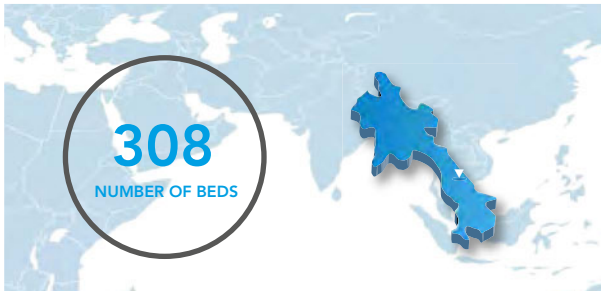


1,800
NUMBER
OF BEDS

VAMED services

- Planning
- Project management
- Infrastructure and construction engineering
- Commercial facility management
- Biomedical equipment- and instrument engineering
- Technical operational management

PAKSE HOSPITAL NO. 106 LAOS



Contract for the construction and modernization of Hospital No. 106 in Pakse, provincial capital of Champasak in Southern Laos.

VAMED has been realizing various healthcare projects in Laos since 2011. Construction work on the new hospital in Vientiane with 308 beds was successfully completed in October 2018. In 2019 VAMED was commissioned with the construction and modernization of Hospital No. 106 in Pakse. The project includes the modernization of the emergency outpatient clinic, radiology, rehabilitation and the central sterile services department without interrupting ongoing hospital operations.

VAMED services

- Planning
- Project management
- Turnkey construction
- Biomedical equipment: supply and installation
- Training
- Guarantee (2 years)

SANGRE GRANDE HOSPITAL TRINIDAD AND TOBAGO



VAMED was commissioned with the construction of another hospital in Trinidad and Tobago.

After the successful construction of the General Hospital in Point Fortin, which is scheduled to be handed over in the first quarter of 2020, VAMED was granted another contract for the construction of a hospital in the Caribbean island state off the coast of Venezuela. The new general hospital will be equipped with around 100 beds and will focus on general medicine, surgery, trauma and orthopedics as well as intensive-care medicine to improve the provision of medical care in Sangre Grande and the greater region.

VAMED services

- Turnkey contractor
- Planning
- Project management
- Turnkey construction
- Biomedical equipment: supply and installation
- Training
- Putting into operation
- Maintenance

GENERAL HOSPITALS IVORY COAST



Contract for the construction of four general hospitals in the West African Republic of Ivory Coast.

The Republic of Ivory Coast with a population of approximately 24 million people awarded VAMED with a contract for the construction of four general hospitals in the cities Pédro, Méagui, Man and Danané. All four hospitals are located in the western part of the country near the border to Liberia. Each hospital will specialize on specific medical disciplines. Thanks to its many years of experience in the construction and operation of hospitals, VAMED is thoroughly familiar with the various challenges in the region. The hospitals are scheduled to be completed in 2021.

VAMED services

- Turnkey contractor
- Planning
- Project management
- Financial engineering
- Turnkey construction
- Biomedical equipment: supply and installation
- Putting into operation
- Maintenance

E-HEALTH TONGA TONGA



Contract for the introduction of an IT-based healthcare system in Tonga.

As part of a project initiated by the Asian Development Bank, the Kingdom of Tonga commissioned VAMED with the implementation of a national information system to interlink all public primary, secondary and tertiary healthcare providers. The system will also serve as an early detection tool for epidemics and widespread diseases for the kingdom consisting of 169 islands, of which 36 are inhabited, and support Tonga in the realization of its healthcare reform.

VAMED services

- Planning
- Design
- Software configuration
- Testing and implementation
- Training
- Data migration
- Maintenance and support

UPGRADING MATERNITY UNITS IN KENYA

Comprehensive contribution of VAMED to reduce the infant mortality rate in rural Kenya.

The assistance of trained medical professionals plays a decisive role in the reduction of maternal and neonatal morbidity.

The United Nations Sustainable Development Goals Report 2019 gives some indication of related facts and figures: 81 per cent of all births globally took place in the presence of skilled health personnel. In Sub-Saharan Africa, where two thirds of the world's maternal deaths occur, only 60 per cent of births were assisted by skilled attendants. For this reason, countries like Kenya require more attention as well as higher investments in order to meet the global target of reducing maternal and child mortality rates as defined by the United Nations. VAMED improves the situation of mothers and newborn children in Kenya in the context of a project funded with support of the Austrian government.

VAMED was commissioned with the upgrading of maternity units as well as with the planning, supply and installation of new biomedical equipment in three hospitals in rural and economically weak regions: the Makindu Sub-County Hospital (Makueni County), the Chepkorio Health Centre (Elgeyo-Marakwet

County) and the Kapenguria District Hospital (West Pokot County). Moreover, VAMED offers an extensive training program to share theoretical and practical key know-how. The first stage of training took place on site and addressed the field of hygiene, including the development of hygiene standards for the respective sites as well as for the departments of gynecology and neonatology. In a second and more specialized stage, selected participants from all three maternity units were trained in Austria in cooperation with a partner hospital of VAMED.

Pre- and posttests have shown significant improvements in theoretical and practical know-how of participants. The successfully completed project in Kenya will not only improve the situation of mothers and children but will also serve as a reference project for the entire region.

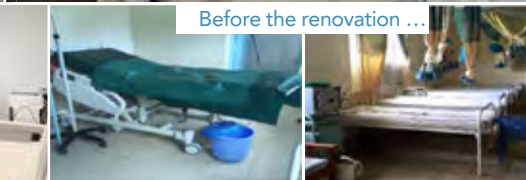


VAMED services

- Planning
- Construction/renovation
- Financial engineering
- Biomedical equipment: supply and installation
- On-site training of medical and healthcare professionals
- Training abroad of medical and healthcare professionals
- Putting into operation
- Maintenance



Before the renovation ...



... after the renovation



VAMED STRENGTHENS ITS POSITION AS A PROVIDER OF POST-ACUTE CARE

VAMED ranks among the leading private providers of post-acute services with 71 rehabilitation and nursing facilities in Europe.

VAMED boasts exceptional healthcare competence in the field of post-acute care. As one of its primary objectives, VAMED strives to share latest findings and opportunities from applied research and digitalization with the people in all healthcare facilities. VAMED is able to bundle knowledge and expertise of more than 9,600 doctors, therapists and nurses within the context of its International Medical Board (IMB).

Amongst other accomplishments in 2019, VAMED laid the foundation for the extension of outpatient rehabilitation services, including the frictionless transition from inpatient rehabilitation or special rehabilitation offers for patients close to where they live and work.

Widely accepted among both patients and staff, the service robot "Lio" assists in everyday operations and offers practical help at the Zihlschlacht Rehabilitation Clinic.

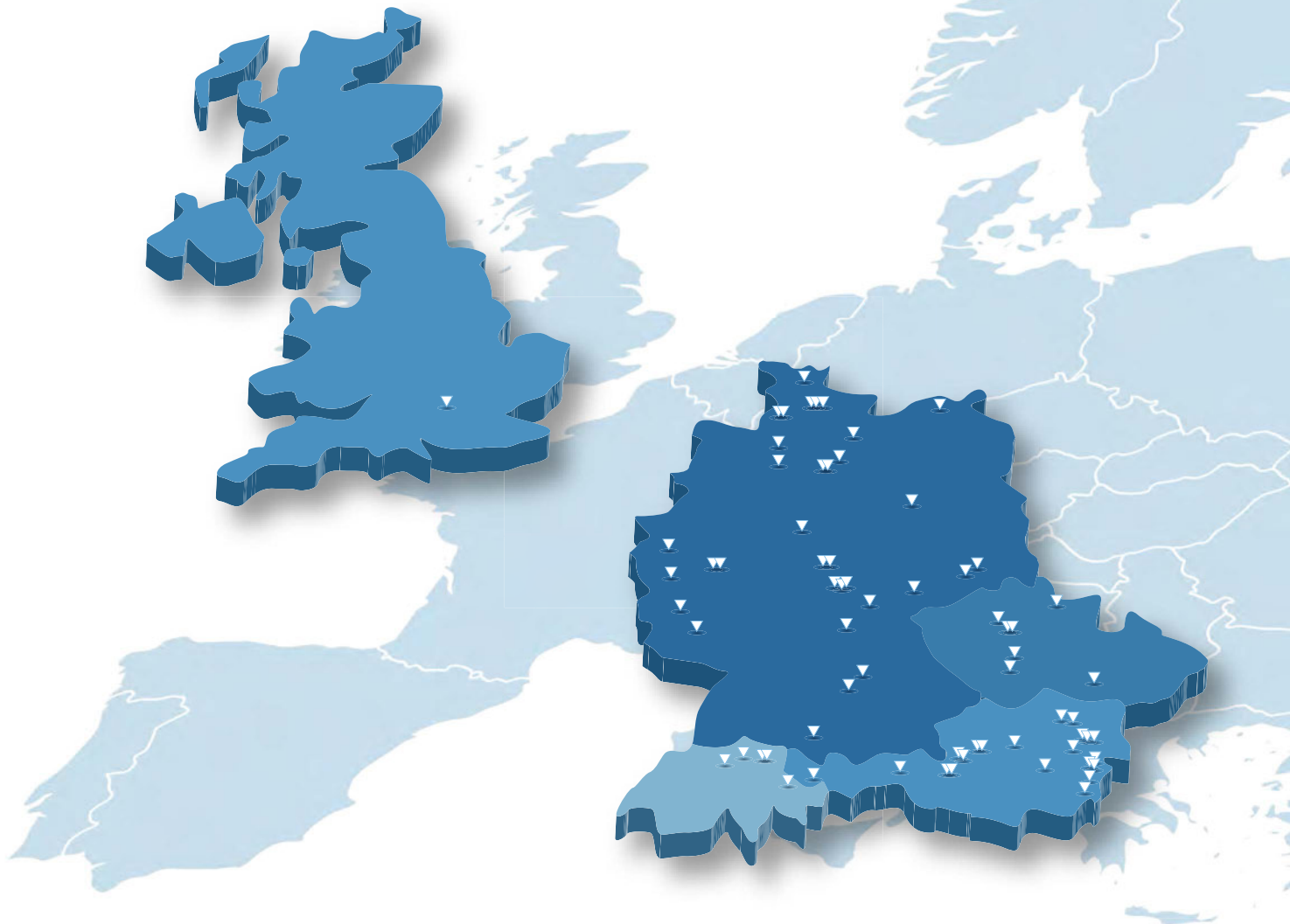




In Germany, the digital health app “Curalie” was developed in cooperation with medical and therapeutic experts of the German VAMED rehabilitation clinics and centers as well as the Helios clinics. Curalie has been used as a pilot app in digital follow-up

care of orthopedic patients at the VAMED Damp Rehabilitation Clinic since November. The app will also be available as a personalized, barrier-free and digital follow-up care service in Austria and Switzerland.

LEADING PROVIDER OF REHABILITATION AND NURSING CARE IN CENTRAL EUROPE



Rehabilitation facilities for

- Neurology including Pediatric and Adolescent Early-Neurorehabilitation
- Orthopedics and Traumatology
- Oncology including Pediatric and Adolescent Oncology
- Family-oriented therapy
- Psychosomatics
- Cardiology
- Geriatrics
- Hearing loss, tinnitus and vertigo
- Gastroenterology
- Nephrology
- Pneumology, Pulmology
- Metabolic diseases

Nursing facilities for

- Inpatient and short-time care, especially
 - Basic nursing
 - Medical treatment care
 - Comprehensive social care
 - Day-structuring measures
 - Care of patients with dementia
- Special care for patients with serious neurological disorders (persistent vegetative state), patients with psychiatric or gerontological psychiatric disorders, diseases associated with addiction as well as of children, adolescents and young adults suffering from brain damage



THE VAMED REHABILITATION CONCEPT

VAMED combines personal treatment, individualized rehabilitation goals and state-of-the-art medicine in order to minimize any restraints to patients caused by illness or accidents.

The application of cutting-edge and resource-oriented approaches, such as the International Classification of Functioning, Disability and Health (ICF) or the Computer-Based Health Evaluation System (CHES), enables patients, even after serious illness, to accomplish the best-possible and evidence-based functional improvement to increase their independent activity and participation in all aspects of life. The following factors are essential to the VAMED rehabilitation concept:

- **Specialized rehabilitation facilities covering several indications**
- **Inpatient and outpatient rehabilitation services**
- **Competent interdisciplinary teams of doctors, nurses and therapists**
- **Personalized therapeutic approach**
- **Tele-rehabilitation**
- **Integrated therapeutic services**
- **Latest diagnostic techniques**
- **Holistic approach**



FURTHER EXTENSION OF VAMED HIGH-END SERVICES

The efficient management of high-end services is considered to become a key success factor in the healthcare sector of the future.

VAMED recognized the relevance of this important segment for healthcare facilities early on. Over the past few years, VAMED has become a leading provider of high-end services for healthcare facilities in Europe. The range of services encompasses medical equipment management, sterile supply services, mechanical and electrical engineering, and IT solutions. The training and continuing education of healthcare professionals with regard to biomedical equipment is an essential component of the extensive range of services offered by VAMED.

In Germany, the Instruclean Academy of VAMED offers a wide range of training programs and seminars, while the Avensys UK Group Ltd of VAMED in Great Britain is known for its renowned training academy which offers on the one hand numerous courses of continuing education and on the other hand trains biomedical equipment specialists. In Czech Republic, VAMED

operates a nursing school in Mělník and offers attractive training programs to contribute to the training of nursing professionals. Within the context of its international training and continuing education programs, VAMED currently manages projects in Great Britain, Ghana, China, Mongolia and Libya.

VAMED is responsible for all aspects of high-end services in technical operational management of about 890 hospitals with overall 205,000 beds. Special attention is given to sterile supply services as foundation of safe, efficient and successful patient treatment. Sterile supply services require the highest degree of quality as well as hygiene, precision, reliability and specialized know-how. VAMED is the market leader in sterile supply services in Germany. After acquisition of the London-based company IHSS Ltd, VAMED has also become a leading service provider in Great Britain.



VAMED VITALITY WORLD (VWW)

Expansion of the TauernSPA in Zell am See/Kaprun was successfully completed.

The topic of preventive medicine is continuously gaining in importance, particularly with regard to increasing the number of healthy years of life. Due to its many years of experience in healthcare, VAMED is able to bridge the gap between preventive medicine and health tourism and thus assumes a leading position not only in the market but also in the development of new and pioneering services.

The VAMED thermal spas and health resorts offer medical and therapeutic methods as well as extensive applications to improve physical and mental well-being

of their guests. The resorts under the competence brand “VAMED Vitality World” currently offer more than 60 different health services and treatments. VAMED ensures regular investments in the expansion of its facilities in order to satisfy the increasing demand and high expectations in society. In 2019 VAMED was able to expand 52 new hotel rooms as well as a new and extensive spa portfolio at the TauernSPA in Zell am See/Kaprun. The expansion project focused on core values of nature, sports, cuisine and recreation. In consequence, TauernSPA features more than 220 rooms and a water world of 20,000 m² in twelve pools.

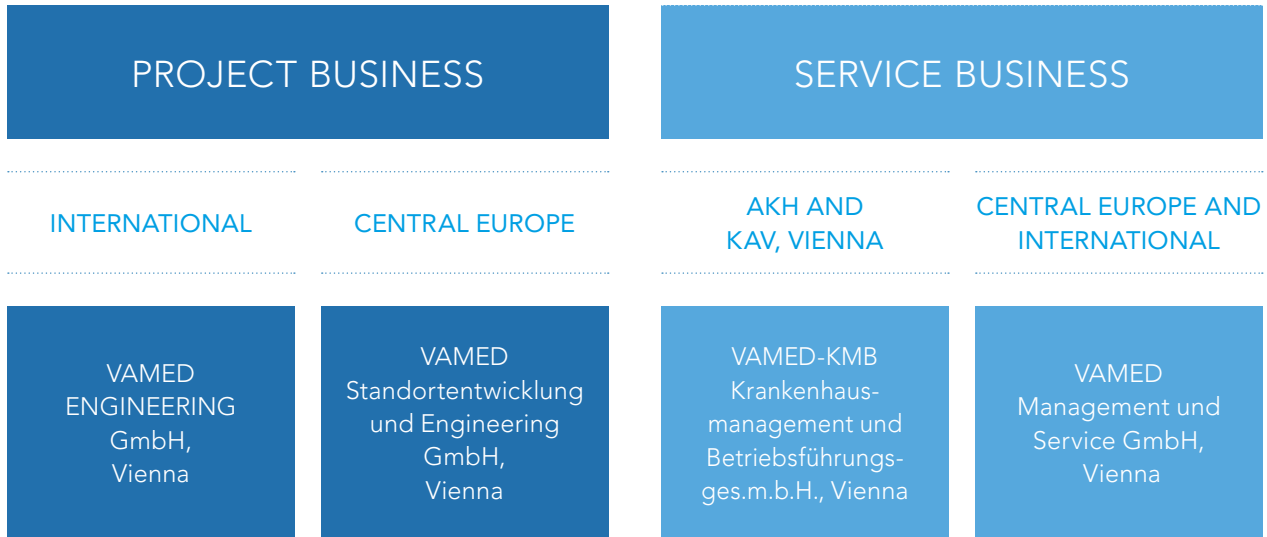




— RESORT | SPA | BERGE —



STRUCTURE OF THE VAMED GROUP



GROUP MANAGEMENT REPORT 2019

Company continues positive trend of past years with extraordinary growth again.

VAMED concluded a successful 2019 financial year, maintaining its consistent dynamic development. Sales increased by 30.6%, EBIT was up 21.8% and the earnings before tax (EBT) improved by 11.9%. In 2019, VAMED successfully integrated the 38 healthcare facilities and thirteen service companies acquired from Helios in Germany in 2018, contributing to VAMED's positioning as the leading provider of post-acute care in Europe. The increases in the order intake (+7.1%) and orders on hand (+18.4%) comprise an additional solid basis for further growth.

1. Economic report

1.1. Healthcare sector

The healthcare industry ranks among the most important branches of the global economy. In 2019, health expenditures were primarily driven by increased life expectancy and population growth, expansion of developing markets, technological progress and rising costs.

For the period 2018 – 2022, the Economic Intelligence Unit anticipates an annual rise of 5.4% in worldwide health spending, compared with 2.9% growth p.a. in the years 2013 – 2017. In turn, this poses major challenges to public health systems across the globe, including rising cost pressure on healthcare facilities, access to adequate healthcare, not only in urban centers but in rural areas as well, the affordability of health services, also for individuals with a low income, a lack of or an inadequate infrastructure and the growing shortage of medical staff.

1.2. Business model

As one of the leading healthcare providers in the world, there is no other company with a comparable range of services across the entire life cycle of its managed facilities that is in a position to compete with VAMED. Since its founding, VAMED has been operating in 95 countries on five continents, realizing about 960 projects. It provides technical services for around 205,000 beds in 890 hospitals and is also in charge of the total operational management of 100 healthcare facilities with around 15,000 beds.

VAMED's range of services comprises the complete value chain in the healthcare sector and covers everything from project development, planning, turn-key completion and maintenance to highly specialized technical, commercial and infrastructural services as well as total operational management. These extensive competencies also enable VAMED to provide efficient support even to complex healthcare facilities over their entire life cycles. Furthermore, VAMED is also a pioneer in the area of Public Private Partnership (PPP) models for hospitals and other healthcare facilities. The University Hospital Schleswig-Holstein, the largest PPP project in the German healthcare sector, is one of VAMED's reference projects.

The various business segments of VAMED cater to all different healthcare fields, from prevention and healthcare tourism to acute care, rehabilitation and care. VAMED ranks among the leading private providers in post-acute care business in Europe, particularly in rehabilitation and nursing segments. In addition, VAMED is the largest operator of thermal spas and health resorts via VAMED Vitality World in Austria.

1.3. Order situation and sales performance

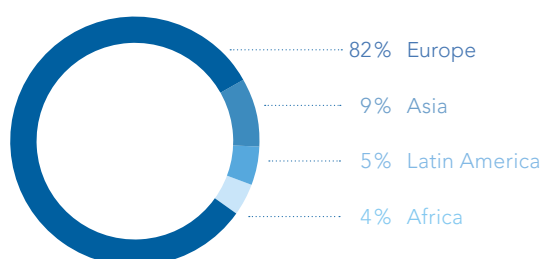
Demand for VAMED services continued to develop exceptionally well during the reporting period. Accordingly, the order intake of € 1,314 million in the Project Business was 7.1% higher than in the previous year, whereas end-of-year orders on hand increased by 18.4% to € 2,865 million.

Against this backdrop, VAMED succeeded in generating a 30.6% increase in sales to € 2,206 million (2018: € 1,688 million) in the 2019 financial year.

The individual business segments showed the following development:

in T€	2019	2018	Change
Project Business	807,476	711,859	13.4 %
Service Business	1,398,483	976,633	43.2 %
Total	2,205,959	1,688,492	30.6 %

In terms of geographical distribution, Europe continues as the strongest business region with a share of 82% in total sales. Asia, Latin America and Africa accounted for 9%, 5% and 4% respectively of total sales.



1.4. Business segments in greater detail

Project Business

The VAMED Project Business comprises consulting, development, planning, financial engineering as well as the project management and turnkey completion of healthcare facilities. VAMED's expertise of biomedical equipment is also increasingly in demand, frequently encompassing not only project management, planning and procurement of medical technology but also installation and training. Moreover, VAMED is a leader in the area of Public Private Partnership (PPP) models, in which public and private partners set up a joint project company to plan, build, finance and operate hospitals and other healthcare facilities. Up to the present time, VAMED can cite 26 PPP models as reference projects.

The following section provides information on key projects in the most important markets of VAMED's Project Business.

Europe

In Austria, VAMED is realizing renovation, enlargement and new construction work at the Vienna General Hospital within the context of the Reinvestment and Master Plan 2030 of the Wiener Krankenanstaltenverbund (renamed Wiener Gesundheitsverbund as of 2020). Due to the project's framework, VAMED began construction work in 2019 on the new cardiac and thoracic center, the relocation of the hospital pharmacy, the establishment of the parent-child center and the creation of new research centers, amongst other activities.

The expansion of radiotherapy in Vienna as a Public Private Partnership project of the Wiener Krankenanstaltenverbund in cooperation with VAMED is proceeding on schedule. The radiation oncology unit of Hietzing Hospital in Vienna has proven to be a success and has been operating at full capacity since May 2018. The second such unit located in the Sozialmedizinisches Zentrum Ost - Donauspital (SMZ Ost) could be handed over as planned in 2019. VAMED has also been contracted to carry out the long-term technical operation and reinvestments at both sites within the context of a life cycle project. The construction order for St. Pölten University Hospital is also proceeding on schedule.

In Germany, an important milestone for the University Hospital Schleswig-Holstein was successfully completed. The central clinics in Kiel and Lübeck were handed over, and patient admission was commenced.

The total order is conceived as a life cycle model and encompasses technical operational management including maintenance of the buildings up to the year 2044.

VAMED was granted the contract for the turnkey construction of a Reprocessing Unit for Medical Devices (RUMED) in Ansbach.

Since 2018, VAMED has been responsible for project management and general contracting services for building construction, building services, biomedical equipment management and sterile supply services for all Helios clinics in Germany. Within this framework, a general contractor assignment was signed in 2019 for construction of a new hospital building in Velbert, North Rhine-Westphalia, amongst other projects.

VAMED also received a new construction order from Russia in 2019.

Africa

Work is progressing on current construction projects for polyclinics and regional hospitals in Ghana as well as on projects in Kenya. VAMED received an order from the Ivory Coast to build four hospitals, which also encompasses technical services. VAMED also received new orders from Ghana for the turnkey construction of a regional hospital and ten polyclinics. VAMED was contracted by Mozambique with the turnkey construction of a district hospital.

Middle East and Asia

On the Arabian Peninsula, construction work was continued on the Al Reem Integrated Health & Care Center in Abu Dhabi in 2019. The order for medical equipment at the Royal Oman Police Hospital is proceeding as planned.

VAMED was granted contracts to construct a general hospital in Jordan and to supply biomedical equipment to the United Arab Emirates.

VAMED has already been operating with great success in important Asian markets for many years. Current contracts being realized in China, Mongolia, Sri Lanka and Malaysia are progressing according to plan, as is the order received in 2018 to plan, procure and deliver biomedical equipment and provide training for the first proton therapy center in Indonesia.

In Laos, VAMED was granted a contract to modernise and enlarge a hospital. New orders to supply biomedical equipment were successfully concluded in China, Sri Lanka, Turkmenistan and Thailand.

VAMED also received a new construction order in Thailand. The company's very first contract in India involves turnkey construction of a regional hospital.

Latin America

VAMED has been continuously strengthening its market position in Latin America for several years. In Argentina, turnkey construction of a regional hospital in Córdoba is progressing according to plan. VAMED is implementing further projects in Bolivia.

In Nicaragua, work on the turnkey construction of a regional hospital in Ocotal is proceeding on schedule.

The construction orders from Trinidad and Tobago in Point Fortin and Sangre Grande are also moving ahead as planned.

Service Business

In its Service Business, VAMED offers a broadly diversified portfolio of services for healthcare facilities. Accordingly, it successfully operates on a global basis.

VAMED offering in its Service Business is based on a modular design and encompasses all aspects of technical, commercial and infrastructural management for facilities in the healthcare sector, ranging from building and equipment maintenance to medical technology management, technical operations and total operational management. In addition, VAMED provides services in the fields of energy management, waste management, the cleaning of buildings and outside installations, and security.

The area of highly specialized services encompasses, for example, the complete management of biomedical technology, the entire mechanical and electrical engineering for hospitals and sterile supply services. VAMED also offers internationally sought-after expertise in the increasingly crucial field of highly specialized IT services in healthcare.

The issue of digitalization is also gaining in importance, as for instance the application of state-of-the-art technology in operational management or building information modelling (BIM), where VAMED is a trailblazer in the hospital sector. The integrated solutions provided by VAMED ensure the optimal management and operation of healthcare facilities over their entire life cycle – from the construction of buildings and the end of their primary use to their modernization and extension. Furthermore, VAMED also offers procurement and logistics services in the healthcare sector. The optimization of procedures contributes to the

minimization of logistics costs and at the same time ensures the required quality of supply.

The numerous national and international certificates and awards underline the fact that VAMED is able to meet even the highest quality standards.

The VAMED portfolio also includes various healthcare training and education programs, offered all around the world from Africa to the Middle East and Asia.

The following section outlines the most important developments in the key markets of the VAMED Service Business.

Total operational management

VAMED is responsible for the total operational management of about 100 healthcare facilities with around 15,000 beds. In 2019, VAMED once again further strengthened its position as one of Europe's leading providers of rehabilitation and care services, and operates inpatient healthcare facilities in Austria, Germany, Switzerland, Czech Republic and Great Britain. VAMED's offering, particularly in the region of Austria, Germany and Switzerland, encompasses the major indications and enables the company to rank among the market leaders in the field of private rehabilitation services. In 2019, the key foundations were laid in Austria for expanding the supply of outpatient rehabilitation facilities.

In Germany, the integration of the post-acute care facilities acquired from Helios in 2018 was successfully concluded.

In Switzerland, VAMED operates renowned rehabilitation clinics in Zihlschlacht and Dussnang in Thurgau and in Seewis in Graubünden. VAMED is responsible for the operation of the training, education and development center Revigo, a collaboration of the Rehabilitation Clinic Zihlschlacht with Hocoma (manufacturer of robotic and sensor-based devices for functional movement therapy) and the ZHAW Zurich University of Applied Sciences. The objective of the center is to develop forward-looking research and development projects.

In Czech Republic, the Mediterra Hospitals provide services in the fields of acute care, rehabilitation, and long-term care at eight locations with a total of around 1,000 beds. The decision was made in 2019 to extend and modernize the hospital in Mělník. It will feature around 425 beds after a four-year implementation phase for new building construction and

renovation. The integration of the Mělník School of Nursing acquired in 2018 by the VAMED Mediterra Group is proceeding on schedule.

Technical operational management

VAMED is in charge of the technical operation of around 890 hospitals around the world with a total of 205,000 beds.

In Austria, VAMED successfully continued its decades-long partnership with the Vienna General Hospital – Medical University Campus (AKH) in 2019. VAMED has already been in charge of the AKH's technical operations since 1986. As one of Europe's largest university hospitals, AKH Vienna comprises 28 clinics and institutes with around 1,800 beds.

As part of Vienna's first PPP life cycle model project, VAMED took over technical operations of the radiation oncology department at Hietzing Hospital and at the Sozialmedizinisches Zentrum Ost - Donauspital (SMZ Ost). In total, VAMED is responsible for the technical operation of 46 hospitals in Austria with more than 15,000 beds.

In Germany, VAMED and a consortium partner continued the technical operation of the University Hospital Schleswig-Holstein with a total of 2,400 beds at the two locations in Kiel and Lübeck. The total operational management (biomedical technology, operational and medical engineering and central sterilization) for all Helios clinics in Germany is also continuing.

New orders for total operational management were received from the German Malteser Gruppe, the Knappschaft Kliniken and the Charité in Berlin.

In Spain, VAMED is in charge of rendering biomedical technology services for the Quirónsalud clinics, consisting of more than 43 hospitals with a total of 6,400 beds.

VAMED provides technical services for 33 healthcare facilities with 4,200 patient beds in Switzerland and 130 healthcare facilities with around 32,300 beds in Italy. VAMED was granted a new technical operational management contract from Croatia for six hospitals featuring a total of 1,800 beds.

In Great Britain, VAMED acquired IHSS Ltd, a biomedical technology specialist headquartered in London. This enables VAMED to further expand upon its market position as a leading provider of highly specialized services in Europe.

Middle East and Asia

In the United Arab Emirates, VAMED renders management services for the Al Reem Hospital. A new order was received from Kuwait.

Oceania

In the Kingdom of Tonga, VAMED won the tender for an IT contract to implement a new electronic health system.

Africa

Other ongoing contracts in the fields of technical services, training of medical staff and management assistance are being realized in Africa.

VAMED Vitality World

The issue of preventive medicine is gaining in importance. Thanks to VAMED's decades of experience in healthcare, VAMED Vitality World with its nine thermal spas and health resorts is able to bridge the gap between preventive medicine and health tourism. In December 2019, the TauernSPA in Zell am See/Kaprun, Austria, expanded by 52 rooms and a new spacious spa area, was formally opened.

1.5. Results of operations, assets and liabilities, financial position

1.5.1. Results of operations

In the 2019 financial year, consolidated sales could be increased by 30.6% year-on-year, from T€ 1,688,492 to T€ 2,205,959.

Earnings before interest and tax (EBIT) in the 2019 financial year rose by 21.8%, from € 109.7 million to € 133.6 million, or by 18.8% to € 130.3 million when adjusted for the effects of IFRS 16.

The financial result amounted to approximately € -20.8 million (2018: € -8.8 million), particularly as a result of debt-financed acquisitions as well as the interest expense in connection with lease liabilities related to the initial application of IFRS 16 in the 2019 financial year.

Earnings before tax and non-controlling interests (EBT) totalled € 112.9 million, comprising a rise of € 12.0 million or 11.9% from the previous year.

Income taxes rose by about € 0.2 million to about € 27.7 million, equalling a tax ratio in relation to EBT of 24.5% (2018: 27.3%).

1.5.2. Assets and liabilities

in T€	Dec. 31. 2019	%	Dec. 31. 2018	%
ASSETS				
Current assets	1,404,731	51.6%	1,251,952	58.0%
Property, plant and equipment, rights-of-use from leases, goodwill and intangible assets	1,115,211	41.0%	719,518	33.3%
Other non-current assets	200,921	7.4%	188,089	8.7%
Balance sheet total	2,720,863	100.0%	2,159,559	100.0%
LIABILITIES				
Current liabilities	1,071,642	39.4%	923,264	42.8%
Non-current liabilities	920,026	33.8%	570,612	26.4%
Shareholders' equity	729,195	26.8%	665,683	30.8%
Balance sheet total	2,720,863	100.0%	2,159,559	100.0%

Investments

The following investments in property, plant and equipment and intangible assets were made by the VAMED Group:

in T€	2019	2018
Property, plant and equipment	50,909	31,666
Other intangible assets	4,985	11,934
Total	55,894	43,600

The increase in property, plant and equipment mainly refers to replacement and renewal investments in VAMED's hospitals and rehabilitation facilities.

1.5.3. Financial position

in T€	2019	2018	Change
Order intake (Project Business)	1,314,218	1,226,878	7.1%
Sales	2,205,959	1,688,492	30.6%
Operating result before interest, tax, depreciation and amortization (EBITDA)	205,212	133,172	54.1%
EBITDA margin	9.3%	7.9%	
Operating result (EBIT)	133,627	109,673	21.8%
EBIT margin	6.1%	6.5%	
Earnings before tax and non-controlling interests (EBT)	112,866	100,890	11.9%
EBT margin	5.1%	6.0%	
Results attributable to shareholders of VAMED AG	83,100	72,053	15.3%
Balance sheet total	2,720,863	2,159,559	26.0%
Shareholders' equity	729,195	665,683	9.5%
Equity ratio	26.8%	30.8%	

2. Non-financial performance indicators

From the very beginning, sustainability and corporate social responsibility have been fundamental aspects – and embedded elements in the day-to-day operations as a healthcare provider – in all of VAMED's business activities. Due to its one-of-a-kind value chain, VAMED has played a fundamental role in the development of healthcare systems in numerous countries – and often made sure to enable or even guarantee adequate access to healthcare services for all people, frequently despite extremely difficult conditions. The well-being of patients and guests in the facilities operated by VAMED is at the center of everything VAMED stands for. With its high-end services, VAMED ensures smooth operation of the healthcare facilities it manages.

The past record of success and the future potential of VAMED are essentially based on the following key factors:

- Unparalleled competencies in the entire healthcare sector
- High level of performance on the part of staff members as a result of their training, expertise, and project experience, and their readiness to extend cooperation across organizational and geographical boundaries
- Internationality as the foundation for the development of customized solutions across the globe
- Product and producer neutrality for optimal customer benefits
- Ability of the entire VAMED Group to operate as a "learning organization" and thus apply and further develop the experience gained from projects
- Management's willingness – which it sees as an obligation – to demand outstanding performance from the staff and promote key talents
- Innovation leadership based on experiences from more than 960 successfully completed projects across the globe
- Life cycle approach and sustainability

VAMED is well aware of the effects of its business operations on the society and environment. For this reason, the following issues were identified as key priorities which will be discussed below:

- Patient well-being and safety
- Attractiveness as an employer
- Protection of nature as the basis of life

2.1. Patient satisfaction, quality management and data protection

Patient satisfaction

VAMED continuously measures the level of guest and patient satisfaction in all its healthcare facilities in a structured process. Appropriate targeted measures are implemented following an internal analysis and evaluation of the compiled data.

Quality management

VAMED orients its processes towards established quality standards, including ISO 9001, ISO 14001 and ISO 13458 as well as the standards of the European Foundation for Quality Management (EFQM). Moreover, the VAMED Group certified its healthcare facilities according to international standards e.g. JCI (Joint Commission International) or QMS-Reha. VAMED guarantees these quality standards by carrying out regular internal audits as well as external recertifications.

The post-acute care facilities in Germany, acquired in 2018, are members of the independent supra-regional clinic portal www.qualitaetskliniken.de, which publishes data on the quality of the participating institutions.

Data protection

VAMED attaches top priority to protecting the personal data of guests, patients, staff members and business partners with particular care. Confidence in VAMED's ability to ensure conscientious data protection comprises the foundation of a successful business relationship.

The loss of sensitive data or the failure to comply with data protection laws, regulations and standards could damage the reputation of VAMED and the entire company. In order to ensure adherence to these rules, VAMED has implemented a comprehensive data protection management system which stipulates relevant technical and organizational measures and control designed to protect personal data.

2.2. Employees

In 2019, the consolidated companies of the VAMED Group had an average of 1,521 wage earners, 16,281 salaried employees and 297 apprentices (2018: 1,217 wage earners, 11,599 salaried employees and 215 apprentices).

One of VAMED's key success factors is the individual performance of its staff members on the basis of their education and training, specialized know-how and experience in the Project Business and Service Business.

Training and development

For this reason, a top priority in VAMED's human resources management is the further professional development of staff based on comprehensive need-based training programs and targeted staff development measures. The broad-based course and training portfolio of the VAMED Academy provides all VAMED staff members with a wide range of both professional and personal training and continuing education opportunities. Apart from specialized modules, the Academy also offers personal development courses and training in leadership skills, social competence, and methodological expertise.

In addition, several knowledge platforms, including the International Medical Board (IMB), bundle know-how for the benefit of the staff working for VAMED. Within the scope of strategic human resources planning, VAMED implements programs specifically for the identification and individual further development of high potentials. An important example for this is the VAMED Human Capital Management (HCM) program designed to prepare high potentials for assuming leadership and executive responsibilities. The trainee programs are dedicated to the qualification and training of young staff members with an above-average development potential.

Occupational health and safety management

The health and safety of staff members comprise an integral element of VAMED's corporate culture and are firmly anchored in the company's mission statement. All locations of the VAMED Group are subject to local laws and regulations relating to occupational health and safety management. Compliance with these regulations is guaranteed on the local level for each individual site. Apart from regular occupational health and safety inspections, all VAMED staff members have the possibility to benefit from individual occupational healthcare as well as preventive medical examinations.

In addition, the VAMED occupational health management includes a wide range of health-promoting offers.

2.3. Respect for human rights

VAMED respects and promotes human rights in accordance with international standards as part of its corporate social responsibility. Two fundamental aspects are of special importance based on the activities of the VAMED Group:

- VAMED has implemented about 960 projects since its founding in the year 1982 and has thus contributed to providing patients with access to healthcare facilities all around the world.
- VAMED is working intensively to ensure safe working conditions for all staff members in all its various healthcare facilities.

2.4. Ethics and compliance

VAMED is committed to respecting ethical standards (compliance rules) with regard to staff members, customers, suppliers and all other business partners. In order to ensure that these high requirements are reached, VAMED implemented a group-wide compliance system to monitor adherence to all (self-imposed) obligations as stipulated in the VAMED Code of Conduct.

The VAMED Clinical Code of Conduct governs the professional relationship between medical staff and patients. The code imposes demanding ethical standards for the responsible operation of healthcare facilities. Moreover, training courses in IT security are also carried out on an ongoing basis for the entire staff. All newly employed staff members must complete the e-learning modules for the training which is relevant to them. In addition, all staff members are obliged to repeat the modules on the VAMED Code of Conduct, the VAMED Clinical Code of Conduct, and the IT Security Guideline every year, thereby ensuring an adequate level of knowledge in the long run.

VAMED also expects its suppliers and business partners to observe ethical standards with regard to their staff members, society, and the environment in their daily operations. The respective obligations are determined by the Code of Conduct for Business Partners.

2.5. Environmental management

The responsibility of VAMED as a healthcare group also extends to its commitment to protect nature as the basis of life and to use its resources in a responsible manner. It goes without saying that VAMED complies with legal requirements and continuously strives to improve its performance in the area of environmental protection.

In accordance with its environmental management activities, VAMED pays particular attention to the resource-conserving use of energy sources and water. Whenever VAMED is in charge of building healthcare facilities, the most suitable construction and installation techniques are applied, depending on the location, in order to guarantee optimal resource management.

In Austria, the VAMED energy management system is certified and regularly audited according to ISO 50001 for all companies in which VAMED exercises a controlling interest as well as for the thermal spas and health resorts of VAMED Vitality World. Local units are provided with framework specifications for their energy management. On this basis, measures are implemented to improve energy efficiency on a local level.

3. Risk Report

3.1. General risks

Professional project controlling and management have become well-established core competencies of the VAMED Group in its Project Business and Service Business. VAMED responds to the general risks associated with its Project Business and Service Business with a well-tested system for their identification, assessment and minimization adjusted to the relevant business activity. These systems for a reasonable avoidance of default, liquidity, and cash flow risks comprise organizational measures (e.g. risk calculation standards in the preparation of offers; risk assessment for accepting contracts; ongoing project controlling including project supervisory meetings and continuously updated risk evaluation; budget checking at regular intervals, etc.), quality assurance measures (quality standards across business fields, in particular according to ISO 9001, ISO 13485, ISO 17020, ISO 17025, ISO 14001, ISO 19600, ISO 50001, ISO 27001, EN 15224, EFQM, Joint Commission International/JCI), and measures regarding financial issues (credit reviews; dunning system; ensuring payment through required advance payment, L/Cs, or guaranteed loans; safe investments; sufficient prudential reserves). In 2019, the VAMED Group continued its successful strategy of increasingly offering full implementation models for healthcare facilities and further expanding its Service Business.

The complexity of sophisticated services in both national and international healthcare markets requires relatively long development periods with correspondingly significant cost risks. Although such long development periods are rather common, VAMED is able to put its specific experience, standardized procedure models, knowledge databases, and wide-ranging interdisciplinary technical competencies to good use to substantially shorten these development periods and, as a result, markedly curtail exposure to cost risks.

The entire world is subject to perceptible cost pressure in the healthcare system, which is felt in the hospital sector in particular. Strategies in Europe designed to reduce hospital bed capacity, close down or merge hospitals and implement specialized hospitals continue to dominate in the acute care sector.

VAMED addresses this trend through holistic implementation models including financing (e.g. life cycle models and innovative PPP models along the entire VAMED value chain). The practice of fair and reasonable sharing of opportunities and risks with mostly

public partners/sponsors and a clear focus on core competencies in each situation enable public contracting authorities to implement investment projects and increase cost effectiveness in the healthcare sector.

Such models can only be implemented by further developing and concentrating the core competencies of the Project Business and Service Business against the backdrop of VAMED's extensive international experience.

Associated risks are sufficiently minimized through quality management, professional knowledge management and comprehensive development programs for staff members and the management alike. In the event of a risk case despite wide-ranging risk mitigation measures, a crisis management system provides for a clearly defined step-by-step plan. This system is trained on a systematic and regular basis. In particular with regard to its responsibility as an operator of healthcare facilities, VAMED has detailed plans and protective measures in place for patients, guests, and staff members as well as for the continued operation of its healthcare facilities.

3.2. Special Risk Report

VAMED concludes hedging transactions tailored to the scope of the individual projects and their duration and its duration to provide cover against foreign currency receivables and future purchases of products and services quoted in foreign currencies.

In addition, the Executive Board is evaluating the development of COVID-19 (coronavirus) – as far as currently predictable – by setting up a task force designed to monitor and assess the related risks on a daily basis and to determine the measures to be taken. At the present time, it is not possible to assess the medium-term and long-term impacts of the coronavirus.

4. Significant subsequent events after the balance sheet date

There have been no events which have had a significant impact on the results of operations, financial position, assets and liabilities of the VAMED Group after the end of the year under review.

5. Outlook

Holistic implementation models (PPP and life cycle projects) will continue to significantly impact the business activities of VAMED in Europe in 2020. Outside of Europe, VAMED will focus on tailor-made solutions and customer-oriented financial engineering for healthcare facilities along the entire VAMED value chain. Special attention will be paid to the development of integrated healthcare models. Based on its unique range of services in the prevention, acute care, rehabilitation and nursing areas, VAMED will continue its successful path in the 2020 financial year. VAMED is active in the post-acute care business, especially in Germany, Austria, Switzerland, Czech Republic and Great Britain. The acquisition of the German post-acute portfolio of Helios has transformed VAMED into a leading provider in this field in Central Europe. We are striving to further expand our offering of post-acute services in Europe.

We expect global demand in projects and services for hospitals and other healthcare facilities to increase within a low single-digit percentage range.

In general, VAMED differentiates between established and emerging healthcare markets. The Service Business is especially in demand in established healthcare markets characterized by increasing cost pressure yet also rising cost awareness. Apart from increasing efficiency through professional technical, infrastructural or commercial management, there are numerous processes indirectly controlled by procedures in the medical and nursing fields that bear substantial potential for additional improved efficiency. VAMED plays an innovative and leading role in the ongoing development of these processes.

In addition to VAMED's services, established target markets also demand infrastructural adaptations to healthcare facilities – especially within the context of life cycle and PPP models. VAMED expects solid growth in the established healthcare markets of Central Europe. Demand will continue to rise due to demographic changes and the increasing need for investments and modernization of public healthcare facilities.

In the emerging healthcare markets, the VAMED Group still focuses on establishing efficient healthcare systems that satisfy people's needs. As the development of primary supply structures has largely been completed, VAMED directs its attention to promoting secondary healthcare structures and

creating tertiary as well as teaching and research structures within “Centers of Excellence”.

Numerous markets in Asia, the Middle East and Africa increasingly demand professional services in accordance with European standards. For this reason, the core competencies in the Project Business and Service Business of VAMED are also in demand in emerging markets.

A customer-oriented offering in the areas of prevention, acute care, rehabilitation and nursing meet with increasing interest in these markets as well. Over the past years, VAMED has been able to build up an excellent reputation on both national and international level thanks to its comprehensive range of services, professionalism and reliability.

An overall dynamic development is expected in the emerging markets. For example, there is an increasing demand in Africa and Latin America for efficient basic healthcare services fulfilling people’s needs. In

other markets such as China, Southeast Asia, and the Middle East, the existing infrastructure needs to be further developed in combination with new healthcare structures.

In all these cases, VAMED is very well positioned with its integrated healthcare models comprised of acute care and post-acute services. We want to live up to our high reputation and the trust of our partners and customers both at home and abroad in our competence as well as reliability in terms of costs, deadlines, and quality in 2020 as well. Once again, we will attach top priority to pursuing innovative approaches, developing quality solutions, and ensuring their successful implementation in the future. In 2020, VAMED will once again leverage and further expand its extensive international network of branches and joint ventures in Central and Eastern Europe, the Middle East, Asia, Africa, Latin America and Australia along the entire VAMED value chain for all customers and partners – for the benefit of people’s health and to ensure quality for all patients and all staff members alike.

Vienna, March 25, 2020

The Executive Board



Dr. Ernst Wastler
Chairman of the Executive Board



Mag. Gottfried Koos
Member of the Executive Board



MMag. Andrea Raffaseder
Member of the Executive Board



Dipl.-Ing. (FH) Andreas Wortmann, M.Sc.
Member of the Executive Board



CONSOLIDATED FINANCIAL STATEMENTS 2019

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Condensed CONSOLIDATED FINANCIAL STATEMENTS OF VAMED AG VIENNA for the financial year January 1, 2019 to December 31, 2019

The consolidated financial statements of the VAMED Group are equivalent to the segment report "Fresenius Vamed" in the consolidated financial statements of Fresenius SE & Co. KGaA according to IFRS and are subsequently referred to as the "consolidated financial statements of the VAMED Group".

VAMED CONSOLIDATED INCOME STATEMENT

January 1 to December 31, in T€	Note(s)	2019	2018
Sales	3	2,205,959	1,688,492
Cost of sales	4.5	-1,942,221	-1,481,915
Gross profit		263,738	206,577
Selling and general administrative expenses	6	-141,465	-102,654
Other expenses	7	-1,117	-921
Other income	7	12,471	6,671
Earnings before interest and tax (EBIT)		133,627	109,673
Interest income	8	5,763	6,571
Interest expenses	9	-26,524	-15,354
Earnings before tax (EBT)		112,866	100,890
Income taxes	10	-27,666	-27,507
Earnings after tax (EAT) = net income		85,200	73,383
Non-controlling interests	11	-2,100	-1,330
Net income attributable to shareholders of VAMED AG		83,100	72,053

VAMED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31, in T€	Note(s)	2019	2018
Income after income tax (EAT) = net income		85,200	73,383
Other comprehensive income (loss)			
Positions which will be reclassified into net income in subsequent years		1,483	71
Cash flow hedges		-40	-805
Foreign currency translation		1,513	675
Income taxes on positions which will be reclassified		10	201
Positions which will not be reclassified into net income in subsequent years		-1,576	1,941
Actuarial gains (losses) on defined benefit pension plans		-10,445	-3,270
Changes in fair value from equity instruments		13,341	5,032
Other items (mainly severance pay provisions)		-4,154	1,050
Income taxes on positions which will not be reclassified		-318	-871
Other comprehensive income (loss)		-93	2,012
Total comprehensive income		85,107	75,395
Comprehensive income attributable to non-controlling interests		-1,733	-1,249
Comprehensive income attributable to the shareholders of VAMED AG		83,374	74,146

VAMED CONSOLIDATED BALANCE SHEET

ASSETS

January 1 to December 31, in T€	Note(s)	2019	2018
Cash and cash equivalents	12	63,298	106,490
Trade accounts receivable less allowances for doubtful accounts	13	397,945	325,013
Accounts receivable from and loans to related parties	14	134,091	224,804
Inventories	15	84,214	69,191
Other current assets	16	725,183	526,454
Total current assets		1,404,731	1,251,952
Property, plant and equipment	17	425,492	411,222
Rights-of-use assets from leases	29	367,734	0
Goodwill	18	294,777	285,584
Other intangible assets	18	27,208	22,712
Deferred taxes	10	10,925	10,106
Other non-current assets	16	189,996	177,983
Total non-current assets		1,316,132	907,607
Total assets		2,720,863	2,159,559

LIABILITIES AND SHAREHOLDERS' EQUITY

As at December 31, in T€	Note(s)	2019	2018
Trade accounts payable	19	381,338	339,843
Short-term trade accounts payable to related parties	20	49,283	98,300
Short-term provisions and other short-term liabilities	21, 22	465,180	351,621
Short-term borrowings	23	11,765	11,185
Short-term borrowings from related parties	23	96,230	93,741
Current portion of non-current liabilities from borrowings	23	11,629	6,451
Current portion of non-current lease liabilities	29	33,856	1,809
Current provisions for income taxes	24	22,361	20,314
Total current liabilities		1,071,642	923,264
Non-current liabilities from borrowings less current portion	23	40,350	31,031
Non-current lease liabilities less current portion	29	336,757	31,403
Non-current liabilities and borrowings from related parties	23	377,007	359,260
Non-current provisions and other non-current liabilities	21, 22	64,536	62,666
Pension liabilities	25	50,645	39,203
Non-current provisions for income taxes	24	221	84
Deferred taxes	10	50,510	46,965
Total non-current liabilities		920,026	570,612
Non-controlling interests		13,502	12,341
Subscribed capital	26	10,000	10,000
Capital reserve	26	239,078	236,364
Other reserve	26	492,145	432,782
Accumulated other comprehensive income (loss)	27	-25,530	-25,804
Equity attributable to the shareholders of VAMED AG		715,693	653,342
Total shareholders' equity		729,195	665,683
Total liabilities and shareholders' equity		2,720,863	2,159,559

VAMED CONSOLIDATED CASH FLOW STATEMENT

January 1 to December 31, in T€	2019	2018
Earnings after tax (EAT) = net income	85,200	73,383
Adjustments to reconcile net income to the cash flow from operating activities		
Depreciation and amortization	71,585	23,499
Changes in deferred taxes	2,484	2,744
Gain/loss on disposal of fixed assets	-1,367	-3,741
Other expenses/income not recognized as cash	1,478	1,888
Changes in assets and liabilities exclusive changes in the consolidation scope		
Trade accounts receivable, net	-66,286	-51,135
Inventories	-14,880	51,772
Prepaid expenses and other current and non-current assets	-200,545	-136,995
Trade accounts receivable from/payable to related parties	-48,988	22,660
Trade accounts payable, provisions and other current and non-current liabilities	153,023	113,255
Income tax provisions	1,624	8,998
Cash flow from operating activities	-16,672	106,328
Purchase of property, plant and equipment and intangible assets	-55,894	-34,600
Disposal of property, plant and equipment	3,570	5,338
Acquisitions, net	-19,750	-441,700
Divestitures	67	-17
Proceeds from/repayment of loans to related parties	0	-163,904
Cash flow from investing activities	-72,007	-634,883
Proceeds from/repayment of short-term loans	1,313	3,157
Proceeds from/repayment of loans from related parties	107,525	243,501
Proceeds from/repayment of long-term debt	-5,919	-4,004
Repayment of lease liabilities	-34,886	-1,766
Payments into the capital reserve	0	199,820
Dividends paid	-21,644	-11,000
Changes in non-controlling interests	-902	3,391
Cash flow from financing activities	45,487	433,099
Net change in cash and cash equivalents	-43,192	-95,456
Cash and cash equivalents at the beginning of the year	106,490	201,946
Cash and cash equivalents at the end of the year	63,298	106,490
thereof cash and cash equivalents subject to restricted disposition	14,163	44,410

VAMED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 to December 31, in T€	Subscribed capital	Reserves		Other compre- hensive income (loss)	Equity attributable to the shareholders of VAMED AG	Non- controlling interests	Total share- holders' equity
		Capital reserve	Other reserve				
As at December 31, 2017	10,000	36,188	362,500	-27,898	380,790	8,590	389,380
Changeover effects from the initial application of IFRS 9 and IFRS 15	0	0	11,563	0	11,563	0	11,563
Adjusted balance as at January 1, 2018	10,000	36,188	374,063	-27,898	392,353	8,590	400,943
Stock options of the parent company	0	0	1,888	0	1,888	0	1,888
Other comprehensive income (loss)							
Cash flow hedges	0	0	0	-604	-604	0	-604
Foreign currency translation	0	0	0	684	684	-9	675
Actuarial gains (losses) on defined benefit pension plans	0	0	0	-2,640	-2,640	0	-2,640
Change in fair value from equity instruments	0	0	0	3,774	3,774	0	3,774
Other items (mainly severance pay provisions)	0	0	0	880	880	-72	808
Effects of changes of the consolidation scope and non-controlling interests	0	0	-3,425	0	-3,425	2,728	-697
Creation and/or reversal of reserves	0	200,176	0	0	200,176	0	200,176
Dividends	0	0	-11,797	0	-11,797	-226	-12,023
Net income	0	0	72,053	0	72,053	1,330	73,383
As at December 31, 2018	10,000	236,364	432,782	-25,804	653,342	12,341	665,683
Changeover effects from the initial application of IFRS 16	0	0	-3,022	0	-3,022	23	-2,999
Adjusted balance as at January 1, 2019	10,000	236,364	429,760	-25,804	650,320	12,364	662,684
Stock options of the parent company	0	0	1,478	0	1,478	0	1,478
Other comprehensive income (loss)							
Cash flow hedges	0	0	0	-30	-30	0	-30
Foreign currency translation	0	0	0	1,471	1,471	42	1,513
Actuarial gains (losses) on defined benefit pension plans	0	0	0	-8,403	-8,403	0	-8,403
Change in fair value from equity instruments	0	0	0	10,006	10,006	0	10,006
Other items (mainly severance pay provisions)	0	0	0	-2,770	-2,770	-409	-3,179
Effects of changes of the consolidation scope and non-controlling interests	0	0	-38	0	-38	307	269
Creation and/or reversal of reserves	0	2,714	0	0	2,714	0	2,714
Dividends	0	0	-22,155	0	-22,155	-902	-23,057
Net income	0	0	83,100	0	83,100	2,100	85,200
As at December 31, 2019	10,000	239,078	492,145	-25,530	715,693	13,502	729,195



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GENERAL NOTES

1. General

I. Group structure

The VAMED Group is a global provider of services in the healthcare sector. The headquarters and location of the lead company, VAMED Aktiengesellschaft, are in 1230 Vienna, Sterngasse 5.

VAMED Aktiengesellschaft (hereafter also VAMED AG or VAG) is owned by Fresenius ProServe GmbH (hereafter also FPS), Bad Homburg v.d.H., a fully-owned subsidiary of Fresenius SE & Co. KGaA (hereafter FSE), Bad Homburg v.d.H. (77%), IMIB Immobilien und Industriebeteiligungen GmbH, Vienna, (13%), and B & C Beteiligungsmanagement GmbH, Vienna (10%).

Fresenius is a globally active healthcare group with products and services for dialysis, hospitals, and medical care for outpatients. The Fresenius Group further operates hospitals and provides engineering and general services for hospitals and other healthcare facilities. In addition to the activities of FSE, the operating activities were split into the following legally independent business segments (subgroups) in the financial year under review:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

General notes on the financial statements of the VAMED Group

VAMED AG is included in the consolidated financial statements of Fresenius SE & Co. KGaA with its seat in 61352 Bad Homburg v.d.H., Germany, and makes use of the exemption provisions under Section 245, Austrian Business Code. FSE prepares consolidated financial statements in German in accordance with IFRS under Section 315a, German Commercial Code, and is subsequently designated to be the "parent company".

For this reason, the financial statements of the VAMED Group have been prepared on a voluntary basis and are fully in line with the segment reporting for the "Fresenius Vamed" segment in FSE's consolidated financial statements pursuant to IFRS.

The financial statements of the VAMED Group are prepared in euros. For the purpose of clear presentation, figures are given in thousands of euros (T€). As a result

of the required rounding, minor deviations of total and percentage figures may occur.

The VAMED Group's financial statements deviate from the International Financial Reporting Standards (IFRS) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC) in the following points:

- Goodwill from the acquisition of the VAMED Group at the level of the parent company FSE has been included in the financial statements of the VAMED Group (push-down accounting).
- Goodwill from acquisitions of other FSE segments has been included in the VAMED Group's financial statements at the values indicated by FSE (push down accounting) or arises from the difference between the purchase prices and the amortized carrying amounts. On balance, the total goodwill resulting from the above circumstances amounts to € 205.9 million.
- Non-controlling interests of the Fresenius company FNT Rehaklinik-Beteiligungsgesellschaft mbH are not reported in the consolidated financial statements of VAMED in accordance with the guidelines of the parent company. These non-controlling interests amounted to € 7.6 million at the balance sheet date.
- The present notes on the VAMED Group's consolidated financial statements have been drawn up to the extent required for a clear understanding of the balance sheet and the income statement and do not claim to be complete in the sense of the International Financial Reporting Standards (IFRS).

As for the full wording of the abbreviated company names used in these notes, please refer to the List of Participating Interests. Broken down into "fully consolidated companies" and "non-consolidated companies", this list provides company names in alphabetical order on basis of their abbreviations as used within the group.

Those companies are also shown as affiliated and non-consolidated entities which are included in the FSE financial statements via FSE's scope of consolidation.

II. Basis of presentation

The consolidated financial statements of the VAMED Group have been prepared in accordance with the parent company's guidelines (in particular regarding the application of IFRS, materiality thresholds, and the determination of the consolidated group) and for the purpose of drawing up FSE's consolidated financial statements, and are included in FSE's consolidated financial statements according to IFRS as the "Fresenius Vamed" segment. In order to improve the clarity of presentation, various items have been aggregated in VAMED's consolidated balance sheet and income statement. These items are analyzed separately in the notes, providing useful information to the addresses of VAMED's consolidated financial statements.

The VAMED Group's balance sheet contains the information under IAS 1, Presentation of Financial Statements, and is presented according to the liquidity of the assets and liabilities. The consolidated income statement is classified using the cost-of-sales accounting method.

The VAMED Group has been applying IFRS 16, Leases, since January 1, 2019. As a consequence of its implementation, the VAMED Group carried out a corresponding adjustment of its accounting principles. Changes relating to the application of IFRS 16 are explained in Note III. x), Recently applied standards. For all other circumstances, the accounting methods correspond to those applied for the consolidated financial statements as at December 31, 2018.

III. Summary of significant accounting principles

a) Principles of consolidation

The financial statements of consolidated entities in VAMED's consolidated financial statements have been prepared using uniform accounting methods. Acquisitions of companies are accounted for applying the purchase method.

Capital consolidation is performed by offsetting investments in subsidiaries against underlying revalued equity at the date of acquisition. The assets and liabilities of subsidiaries, as well as non-controlling interests, are recognized at their fair values. In case of acquisitions within the group, the carrying amounts have been recognized.

Any remaining debit balance is recognized as goodwill and is tested at least once a year for impairment.

All intercompany sales, expenses, income, receivables and payables are eliminated. In the year under review, no profits and losses on items of property, plant and equipment and inventory acquired from other group entities had to be eliminated.

Deferred tax assets are recognized on temporary differences resulting from consolidation procedures. Non-controlling interests comprise the "interest of non-controlling shareholders" in the consolidated equity of group entities. Profits and losses attributable to the non-controlling shareholders are separately disclosed in the income statement.

Companies that have not been included in VAMED's consolidated financial statements are recognized at cost or at their fair values.

b) Composition of the group

The consolidated financial statements of the VAMED Group include VAMED AG as well as all material companies in which VAMED AG holds a direct or indirect majority interest, or a majority of voting rights and may exercise control. As at the end of the 2019 financial year, VAMED's consolidated financial statements included VAMED AG and 24 (2018: 23) Austrian as well as 104 (2018: 102) foreign companies.

The following companies were consolidated for the first time during the year under review:

Abbreviation	Company and seat	Founding/acquisition	Effective date
VHP-MY	VAMED HEALTH PROJECTS MALAYSIA SDN. BHD., Selangor, Malaysia	Foundation	January 1, 2019
RKE	Rehaklinik Enns GmbH, Enns, Austria	Acquisition	April 1, 2019
HTB-HR	HERMED Servis medicinske opreme d.o.o., Zagreb, Croatia	Foundation	July 1, 2019
IHSS	IHSS LIMITED, London, Great Britain	Acquisition	October 1, 2019

Special purpose entities (SPEs) would be required to be consolidated if a company of the VAMED Group exercised controlling interest over an SPE (i.e., essentially receives all benefits and incurs all risks). Companies of the VAMED Group participate in longer-term project companies set up for defined periods of time and for specific purposes, meaning the construction and operation of thermal spas. These project companies have not been consolidated because they are SPEs where VAMED does not exercise a controlling interest. In the year under review, the project companies generated sales of € 129 million (2018: € 123 million) on a preliminary basis. These SPEs are mainly financed through debt, participation rights and investment grants. Assets and liabilities relating to these project companies are not material. The VAMED Group made no further payments to these project groups except for those which are contractually stipulated. From today's perspective and due to existing contractual regulations, the VAMED Group is not exposed to any material risk of loss from these project companies.

A complete List of Investments on the part of VAMED AG is provided in detail in these notes.

c) Classifications

The classification of the items in VAMED's consolidated financial statements is based on the presentation in the parent company's consolidated financial statements under IFRS. The classifications of certain items in the consolidated financial statements for 2018 were adjusted in the consolidated financial statements for 2019.

d) Sales recognition policy

Sales recognition takes place pursuant to IFRS 15, Revenue from Contracts with Customers.

Sales from services and product deliveries are invoiced in line with customary contractual agreements with customers, patients and third parties involved. The transaction price for healthcare facilities is based on list prices, reimbursement arrangements or government regulations. As a rule, these reimbursement arrangements are concluded with third parties such as health insurance funds or insurance companies. Contractually stipulated deductions such as price reductions or discounts are considered, if necessary, in order to calculate the expected refunds. These are determined on basis of historical data.

Sales from services are generally recognized on the date the services are provided. At this point in time the customer is obliged to pay for the performed services. Product sales are recognized when the customer

obtains control over the product, either after possession is transferred to the customers, after installation and provision of the necessary technical instructions to the customer or at another point in time in which control over the product is clearly defined.

As a rule, contractual obligations from long-term production contracts are fulfilled over a period of time. Sales are recognized on basis of a project's percentage of completion. The percentage of completion is determined either on basis of the percentage of costs already incurred in relation to the estimated total cost of the contract, milestones laid down in the contract or the percentage of completion, depending on which method is more suitable to assess the progress made in rendering the services in question.

Sales are recognized net less value added tax.

e) Government grants

Public sector grants are generally not recognized until there is reasonable assurance that the respective conditions are fulfilled, and the grants will be received. At first, the grant is recorded as a liability and offset against earnings over the useful life of the asset in line with depreciation.

f) Impairment

The VAMED Group reviews the carrying amount of its property, plant and equipment, its intangible assets with definite useful lives as well as other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount is higher than the net realizable value of the assets or the value in use. The net realizable value of an asset is defined as its fair value less costs to sell. The value in use is the present value of future cash flows expected to be derived from the relevant assets. If it is not possible to estimate the future cash flows from the individual assets, impairment is tested on basis of future cash flows of the smallest cash-generating units (CGUs). If the reasons for impairment cease to exist, a corresponding reversal of impairment or write-up to the amortized costs of acquisition and production of the assets is carried out with the exception of goodwill write-downs.

Assets held for sale are reported at the lower of the carrying amount or fair value less cost to sell. No depreciation is carried out for such assets. No such assets are shown in the year under review.

g) Capitalized interest

The VAMED Group capitalizes interest on borrowed capital as part of the costs of the assets if they are directly attributable to the acquisition, construction or manufacturing of qualifying assets. No interest on borrowed capital was capitalized in the 2019 financial year, as in the previous period.

h) Income taxes

Current income taxes are determined on basis of the financial results for the financial year as at the balance sheet date, taking into account the legal situation in the various countries. Expected or paid additional tax expenses and tax income for previous periods are also taken into consideration.

Deferred tax assets and liabilities are recognized for future consequences attributable to temporary differences between the carrying amounts of existing assets and liabilities and their respective tax basis as reported in the VAMED Group's consolidated financial statements. Furthermore, deferred taxes are recognized on consolidation procedures affecting net income. Deferred tax assets also include claims to future tax reductions which arise from the expected usage of existing tax losses available for carryforwards. The recoverability of deferred tax assets from tax losses carried over, and their usability, is assessed on basis of the VAMED Group's performance planning as well as tax strategies that can be practically implemented.

Deferred taxes are calculated using rates applicable for the period in which an asset is likely to be realized or a liability is likely to be redeemed. The tax rates used are those that have been enacted or published as at the balance sheet date.

The recoverability of the carrying amount of a deferred tax asset is reviewed at each balance sheet date. In assessing the recoverability of deferred tax assets, the management considers to which extent it is probable that the deferred tax asset will be realized. Realization of deferred tax assets is dependent on the generation of future taxable income during periods in which those temporary differences and tax loss carryforwards become deductible. In making this assessment the management considers the expected reversal of deferred tax liabilities and projected future taxable income.

The carrying amount of a deferred tax asset is shown to the extent that it is probable that sufficient taxable profit will be available to utilize part or all of the respective deferred tax asset.

The VAMED Group recognizes tax claims and liabilities from uncertain tax positions to the extent that it is likely that the tax will be refunded or has to be paid. Interest related to income tax obligations is recognized by the VAMED Group as interest expenses and other surcharges as general administrative expenses.

i) Inventories

Inventories comprise all assets which are held for sale in the normal course of business (finished products), in the process of production for such sale (work in progress, including long-term production contracts and services not yet invoiced) or consumed in the production process or in the rendering of services (raw materials and supplies).

As regards raw materials and supplies, merchandise, and work which has not yet been invoiced, inventories are stated either at the lower of acquisition or manufacturing cost (determined by using the average cost or first-in, first-out method) or net realizable value.

j) Property, plant and equipment

Property, plant, and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Ongoing maintenance and repair expenses are immediately recognized as expenses. The costs for the replacement of components and the general overhaul of property, plant, and equipment are capitalized provided it is probable that future economic benefits are generated for the VAMED Group and the costs can be reliably measured. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 1 to 60 years for buildings and improvements and 1 to 23 years for technical plants, machinery and equipment.

k) Intangible assets with definite useful lives

In the VAMED Group, intangible assets with definite useful lives resulting from customer relations are amortized using the straight-line method over the remaining useful lives of the assets (usually 1 to 10 years) and reviewed for impairment. All other intangible assets are amortized over their individual estimated useful lives between 1 and 15 years.

Impairment losses are recognized in the event of losses in value of a lasting nature. If the reasons for impairment no longer apply, the impairment losses are reversed up to the amount of the amortized costs of acquisition and production.

l) Goodwill and other intangible assets with indefinite useful lives

The VAMED Group identifies intangible assets with indefinite useful lives if, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the group. The identified intangible assets with indefinite useful lives, such as trade names or management contracts, are recognized and reported apart from goodwill. They are recorded at acquisition costs.

In order to evaluate the recoverability of individually separable intangible assets with indefinite useful lives, the VAMED Group compares the fair values of these intangible assets with their carrying amounts. The fair value of an intangible asset is determined using the discounted cash flow approach and other methods, if appropriate.

No intangible assets with indefinite useful lives were recognized in assets at the balance sheet date.

Goodwill is generally not amortized but tested for impairment annually or when an event becomes known that could trigger impairment (impairment test). In order to perform the annual impairment test of goodwill, the VAMED Group identified groups of cash-generating units (CGUs) and determined the carrying amount of each CGU by assigning assets and liabilities to it. As a rule, a CGU is determined to be one level below the business segment level in line with operational control ("management approach").

The fair value of each group of CGUs is compared to its carrying amount at least once a year. The recoverable amount of a CGU is determined as a value in use applying a discounted cash flow approach based upon the cash flow expected to be generated by such a CGU. In case the value in use of the CGU is less than its carrying amount, the difference is recorded as an impairment of the fair value of such CGU's goodwill at first.

For the goodwill of the "Fresenius Vamed" segment shown in the consolidated financial statements of the VAMED Group as determined by the parent company, impairment tests are carried out for the CGUs "Project Business" and "Service Business".

A negative difference, if any, resulting from the purchase price allocation ("lucky buy", bad will) after a review of the value approach is immediately recognized in profit or loss.

The recoverability of goodwill recorded in VAMED's consolidated balance sheet was verified. As a result,

the VAMED Group did not record any impairment losses on goodwill in the 2019 and 2018 financial years.

m) Leases

A lease comprises an agreement in which the right to use an asset for a specified period of time is conferred in exchange for a consideration.

The VAMED Group decided not to apply the stipulations contained in IFRS 16 to leases with a maximum term of twelve months (short-term leases) as well as leases in which the underlying assets are at a low value. These leases are exempt from balance sheet recognition and the related lease payments are recorded as expenses over the term of the lease.

IFRS 16 is not applied for leases of intangible assets.

Lease liabilities

Lease liabilities are capitalized at cash value of the following payments:

- Fixed lease payments,
- Variable lease payments linked to an index or interest rate,
- Expected payments from residual value guarantees,
- The exercise price of a purchase options if there is reasonable certainty that this option will be exercised,
- Lease payments in extension periods if there is reasonable certainty that the extension option will be exercised, and
- Penalties for terminating the lease if the lease term reflects the fact that a termination option will be exercised.

Lease payments are discounted at the interest rate underlying the lease in as much as this can be determined. Otherwise the payments are discounted using the incremental borrowing rate.

The subsequent valuation of lease liabilities is carried out at amortized cost using the effective interest rate method. Furthermore, lease liabilities are adjusted in case of revaluations of or changes to leases.

With respect to contracts which contain non-lease components which are not reported separately from lease components, no separate disclosure will be carried out. Every lease component will be stated together with the related other lease components as a lease.

Rights-of-use from leases

Rights-of-use from leases are recognized at acquisition cost, which is comprised of the following:

- Lease liabilities,
- Initial direct costs arising when the contract is concluded,
- Lease payments made at the time or before the asset is made available, and
- Expected payments from dismantling, removing and restoring obligations,
- less lease incentives received.

Rights-of-use from lease are depreciated using the straight-line method over the shorter of the term of the lease agreement and the useful life of the underlying asset. In the case of a transfer of ownership at the end of the contract term or a reasonable certainty that the purchase option will be exercised, rights-of-use from leases are depreciated using the straight-line method over the useful life of the underlying asset. In addition, rights-of-use from leases are diminished by impairment losses or changed as a result of certain adjustments.

Rights-of-use will be assigned to the following classes in accordance with the group-specific classification of property, plant and equipment:

- Rights-of-use relating to properties
- Rights-of-use relating to buildings and improvements
- Rights-of-use relating to technical equipment and machinery

In addition to the above-mentioned rights-of-use, pre-payments on rights-of-use will be reported separately. Rights-of-use and liabilities from leases are disclosed separately from property, plant and equipment and other financial liabilities in the consolidated balance sheet.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Purchases and sales of financial assets are recognized on the trading day. Beyond that the VAMED Group does not make use of the possibility to classify financial liabilities at fair value (fair value option) through profit or loss upon initial recognition. For selected equity instruments which are not held for sale, the VAMED Group makes use of its right to account for changes in fair value in other comprehensive income (loss).

The categorization of financial instruments is carried out on basis of the analysis of the terms and conditions of the underlying business models and payment flows as stipulated in IFRS 9, Financial Instruments. The following categories are relevant for the VAMED Group: financial assets or liabilities measured at amortized cost, financial assets or liabilities measured at fair value and assets recognized at fair value through other comprehensive income (OCI).

Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term investments with maturities of up to three months. The risk of fluctuations in value is insignificant.

Trade accounts receivable

Trade accounts receivable are stated at their nominal value less lifetime expected credit losses.

Impairment of financial assets

Recognition of impairment losses pursuant to IFRS 9 is based on expected losses (expected credit loss model - ECL). The VAMED Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, contract assets and lease receivables.

The VAMED Group primarily recognizes a loss allowance for expected credit losses (impairments on doubtful accounts) for trade accounts receivable and contract assets. The expected credit losses are updated at the respective reporting date to reflect changes in credit risk since initial recognition of the respective instrument. For trade accounts receivable, the VAMED Group uses the simplified method which requires recognizing lifetime expected credit losses.

Expected credit losses on cash and cash equivalents are measured according to the general method which is based on 12-month expected credit losses (12-month ECL). Due to the short maturity term of the financial instruments, this corresponds with the lifetime expected loss. A significant increase in credit risk is calculated on

basis of available quantitative and qualitative information. Based on external credit ratings of the counterparties, the VAMED Group considers that its cash and cash equivalents have a low credit risk.

The VAMED Group does not expect any material credit losses for financial instruments recognized in accordance with the general method.

Evaluations which are specific to customers and financial assets are carried out to determine impairment losses. Current financial stability and applicable future economic conditions are also taken into account in addition to payment history. In case of objective evidence of a detrimental impact on the estimated future cash flows of a financial asset, the asset is considered to be credit impaired (with an adversely affected credit standing). This is usually the case after no more than 360 days of being overdue.

When a counterpart defaults, all financial assets against this counterpart are considered impaired. The definition of default is mainly based on payment practices specific to individual regions and businesses.

Derivative financial instruments

Derivative financial instruments, primarily foreign currency forward contracts and interest swaps, are recognized in the balance sheet as assets or liabilities at fair value. The effective portion of changes in fair value of derivative financial instruments classified as cash flow hedges is reported as accumulated other comprehensive income (loss) until the secured underlying transaction is realized. The non-effective portion of cash flow hedges is recognized in earnings for the current period. Changes in the fair value of derivatives with regard to which no hedge accounting is applied are recognized periodically in earnings.

Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

o) Liabilities

Liabilities are generally stated at the balance sheet date at amortized cost, which normally corresponds to their repayment amount.

p) Legal contingencies

During the ordinary course of its operations, the VAMED Group is subject to legal disputes and proceedings relating to various aspects of its business. The VAMED Group regularly analyzes current information about such claims for probable losses and allocates provisions for potential liabilities resulting from such legal

proceedings, including estimated expenses for legal services, as appropriate. The VAMED Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for provisions for legal contingencies, the VAMED Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that corresponding provisions must be allocated.

q) Other provisions

Provisions for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future, and the amount can be reliably estimated.

Provisions for warranties and complaints are estimated based on historical data. Tax provisions include obligations for the current year as well as prior years. Non-current provisions with a remaining period of more than one year are discounted to the present value of the expenditures expected to settle the obligation.

r) Pension liabilities and similar obligations

The actuarial valuation of pension liabilities is carried out in accordance with IAS 19 Employee Benefits (amended 2011) based on the accumulated benefits obligations approach for post-employment benefit obligations (projected unit credit method), taking future wage, salary, and pension increase rates into account.

The VAMED Group uses December 31 as the measurement date in determining the funded status of all plans.

The net interest expense (net interest income) is determined by multiplying the net defined benefit liability (net asset) by the underlying discount rate used to determine the gross defined benefit obligation at the beginning of the period. The pension liability results from the benefit obligation less the fair value of plan assets.

Remeasurements include actuarial gains and losses resulting from the evaluation of the defined benefit obligation as well as from the difference between the actual return on plan assets and the expected return on plan assets at the beginning of the year used to calculate the net interest costs.

Remeasurement effects are immediately shown under "Other comprehensive income (loss)" and are no longer recognized in profit or loss in subsequent periods. The components of the net pension expense are recognized in profit or loss for the period.

s) Share-based compensation plans

The total value of FSE stock options, phantom stock and performance shares granted to members of the VAMED Group's Executive Board and the VAMED Group's staff is determined in accordance with actuarial models and recognized as expenses over the vesting period of the stock option plans.

The fair value at the measurement date of cash-settled phantom stock granted to members of the Executive Board and to senior executives of the VAMED Group is calculated using the Monte Carlo simulation. The corresponding liability based on the fair value of the phantom stock or performance shares at the respective balance sheet date is accrued over the vesting period of the phantom stock or performance share program.

t) Foreign currency translation

Reporting currency is the euro. In principle, all assets and liabilities of the foreign subsidiaries are translated at the exchange rate on the balance sheet date, while sales and expenses are translated at average exchange rates. Currency translation differences are reported under "Accumulated other comprehensive income (loss)".

Gains and losses arising from the translation of foreign currency positions, as far as these are not considered foreign equity instruments, are recorded as "Other expenses" or "Other income". In the year under review, the VAMED Group recognized T€ 733 (2018: T€ 777) as other expenses and T€ 383 (2018: T€ 147) as other income.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate		Average exchange rate	
	Dec. 31, 2019	Dec. 31, 2018	2019	2018
AED (United Arab Emirates dirham) per €	4.126	4.205	4.112	4.338
BOB (Bolivian boliviano) per €	7.758	7.899	7.735	8.160
CHF (Swiss franc) per €	1.085	1.127	1.112	1.155
CZK (Czech crown) per €	25.410	25.725	25.670	25.647
GBP (British pound) per €	0.851	0.895	0.878	0.885
PEN (Peruvian sol) per €	3.716	3.856	3.736	3.880
TTD (Trinidad and Tobago dollar) per €	7.595	7.751	7.563	7.979
USD (US dollar) per €	1.123	1.145	1.119	1.181

u) Fair value hierarchy

The three-tier fair value hierarchy according to IFRS 13, Fair Value Measurement, classifies assets and liabilities recognized at fair value based on the inputs used in determining the fair value.

Level 1 is defined as observable inputs such as prices quoted in active markets.

Level 2 is defined as inputs other than prices quoted in active markets that are directly or indirectly observable.

Level 3 is defined as unobservable inputs for which little or no market data exist, therefore requiring the company to develop its own assumptions.

v) Use of estimates

The preparation of the VAMED Group's consolidated financial statements in conformity with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of sales and expenses during the reporting period. Actual results may differ from those estimates. Estimates and discretionary decisions are required in particular for the items trade accounts receivable, inventories, contract assets, deferred tax assets, pension liabilities and other provisions as well as for the assessment of the recoverability of goodwill.

w) Receivables management

The entities of the VAMED Group perform ongoing evaluations of the financial situation of their customers and, in the vast majority of cases, require collaterals in the form of down payments, letters of credit or bank guarantees from the customers, particularly when they place construction orders.

x) Recently applied standards

During the 2019 financial year, those IFRS standards were applied which are mandatorily applicable for financial years starting on January 1, 2019. In the 2019 financial year, the following standards with a material impact on the business operations of the VAMED Group were applied for the first time:

IFRS 16

In January 2016, the IASB issued IFRS 16, Leases, which replaced IAS 17, the previous standard on lease accounting, as well as the interpretations IFRIC 4, SIC 15, and SIC 27. IFRS 16 significantly improves lessee accounting. For all leases, a lessee is required to recognize a rights-of-use asset representing its right-to-use the underlying leased asset and a lease

liability representing its obligation to make lease payments. The right exists to exercise options. The exceptions to this accounting treatment are leases with a maximum term of twelve months (short-term leases) as well as leases in which the underlying assets are of a low value.

Depreciation of the rights-of-use asset and interest on the lease liability must be recognized in the income statement for every lease contract. Therefore, straight-line rental expenses are no longer shown for the vast majority of leases. Accounting requirements for lessors largely correspond to the previous rules contained in IAS 17.

The VAMED Group will apply the modified retrospective method as a transition method pursuant to IFRS 16. Accordingly, the accumulated adjustment impacts will be recognized in the opening balance of other reserves as at January 1, 2019 without restatement of the comparable figures for previous periods.

In applying the modified retrospective method, the carrying amount of the lease liabilities at the date of initial application correspond to the remaining obligations for lease payments stipulated in the lease which are classified as operating lease obligations pursuant to IAS 17, discounted by applying the maturity-, country- and currency-specific incremental borrowing rate at the date of initial application. Moreover, rights-of-use assets are to be recognized.

In applying the modified retrospective method, the rights-of-use from leases are recognized to the amount of the lease liability (adjusted by the previously recognized amounts received or paid in advance). For part of the existing lease agreements, the VAMED Group records the rights-of-use at the carrying amount which would have been recognized in applying the new standard since the date in which the leased asset was made available by the lessor based on the maturity-, country- and currency-specific incremental borrowing rate at the time the new standard is applied.

With respect to the existing options and expedients relating to the first-time application of IFRS 16, the VAMED Group chooses the following approach:

- IFRS 16 is only used for agreements which were previously classified as leases pursuant to IAS 17 and IFRIC 4.

- Recognition, measurement and disclosure requirements contained in IFRS 16 are not applied for leases which end within twelve months after the first-time application of IFRS 16. In this case, these leases are treated as short-term leases and recognized as expenses.
- If the rights-of-use is stated at the carrying amount which would have been reported in applying the new standard since the date on which the leased asset is made available, significant initial direct costs are taken into account when measuring the rights-of-use.
- An impairment test was not carried out at the time when IFRS 16 was first applied. The rights-of-use for the leased asset was adjusted by a possible accrual for onerous lease contracts recognized immediately before the time of initial application in the consolidated balance sheet.

For information on the effects of IFRS 16, reference is made to Note 29, Leases.

y) New standards which are not yet applied

IFRS 17

In May 2017, the IASB issued IFRS 17, Insurance Contracts. IFRS 17 establishes principles relating to the recognition, measurement, presentation and disclosure for 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 the reporting companies.

IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using their current fair values. The frequent updates to the insurance values are expected to provide more useful information to users of financial statements. IFRS 17 is effective for financial years beginning on or after January 1, 2021. Earlier adoption is permitted for entities that have also adopted IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers.

The VAMED Group is currently evaluating the impact of IFRS 17 on the consolidated financial statements. The EU Commission's endorsement of IFRS 17 is still pending.

In the view of the VAMED Group, all other pronouncements issued by the IASB do not have a material impact on the consolidated financial statements, as expected.

As a rule, the VAMED Group adopts new financial reporting regulations in the same manner and at the same time in which they are implemented by the parent company FSE in its consolidated financial statements pursuant to IFRS.

IV. Critical accounting policies

In the opinion of the management of the VAMED Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments, as well as the uncertainties which affect them, are also important factors to be considered when looking at the present and future operating earnings of the VAMED Group.

a) Recoverability of goodwill

Goodwill represents a considerable part of the total assets of the VAMED Group. As at December 31, 2019, and December 31, 2018, the carrying amounts of these items were € 294.8 million and € 285.6 million respectively. This represented 10.8% and 13.2% of the balance sheet total as well as 40.4% and 42.9% of shareholders' equity.

Impairment tests of goodwill are performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired.

In order to determine possible goodwill impairments, the fair value of the group of CGUs is compared to their carrying amounts. The value in use of each CGU is determined applying the discounted cash flow approach taking account of the specific weighted average cost of capital (WACC). Estimating the discounted future cash flows involves making a broad range of assumptions, especially regarding future sales prices, quantities sold and costs. In determining cash inflows, the VAMED Group utilizes a three-year budget, projections for years four to ten, and a corresponding growth rate for all subsequent years. These growth rates are assumed to be about 1.0% at a planned income tax rate for the group of 25.3%. In the VAMED Group, WACC (after income tax) amounts to 5.46%. Country-specific adjustments were not required. In case the value in use of the CGU is less than its carrying amount, the difference is at first recorded as an impairment of the fair value of the

CGU. An increase of the WACC by 0.5% would not have resulted in the recognition of an impairment loss in the year under review.

A prolonged downturn in the healthcare industry with selling prices below expectations and/or the costs of the provisions of services and the implementation of construction projects exceeding expectations could adversely affect the VAMED Group's estimation of future cash flows in specific sectors. Changes in the macroeconomic environment could impact the discount rate. A possible consequence could be the negative influence of additional impairment losses on goodwill on VAMED Group's future operating results.

b) Legal contingencies

The VAMED Group is not involved in any litigation resulting from the ordinary course of its business, the outcome of which may have a material effect on the financial position, operating earnings or cash flows of the VAMED Group. See also "Note 1, General – III. Summary of significant accounting principles, item p) Legal contingencies".

c) Allowance for doubtful accounts

Trade accounts receivable comprise a significant balance sheet item, and the allowance for doubtful accounts requires a comprehensive estimate and assessment made by the management. Current and non-current trade accounts receivable, net of allowance, amounted to € 402.0 million in 2019 and € 329.7 million in 2018. The allowance for doubtful accounts amounted to € 12.5 million as of December 31, 2019 and € 13.3 million as of December 31, 2018.

d) Income taxes

The VAMED Group is currently subject to tax audits in Austria and other countries and will continue to be so in the future. Different interpretations of tax laws may result in additional tax payments or refunds for previous years. In order to determine contingent tax assets or liabilities as based on tax assessments that are subject to uncertainties, the management makes estimates and assumptions in accordance with the appropriate tax laws and their interpretations for the respective countries.

2. Acquisitions and divestitures

Reference is made to the list included in Note 1, General – III. Summary of significant accounting principles, item b) Composition of the group with respect to the companies acquired during the reporting year and included in the consolidated group.

Acquisitions in the 2019 financial year were consolidated as of the acquisition date. Goodwill of € 7.9 million was recognized on basis of the preliminary purchase price allocation.

On basis of the preliminary purchase price allocation, inclusion of the companies acquired during the past of previous financial year in the consolidated group had the following impact on the sales and earnings development and balance sheet of the VAMED Group (in € million):

Sales	251.2
EBITDA	33.5
EBIT	18.3
Interest income	-6.0
Net income	9.7
Balance sheet total	713.8

NOTES ON THE INCOME STATEMENT

(All figures are stated in T€ with the exception of staff numbers.)

3. Sales

Revenue from contracts with customers resulted from the following activities:

	2019	2018
Project Business	807,476	711,859
Service Business	1,398,483	976,633
Sales	2,205,959	1,688,492

Sales broken down by region are as follows:

	2019	2018
Austria	478,683	421,511
Germany	1,037,239	584,068
Other European countries	307,580	306,269
Africa	81,051	109,255
Latin America	103,909	46,167
Asia	197,497	221,222
Sales	2,205,959	1,688,492

The VAMED Group had contractually stipulated performance obligations which were unfulfilled or only partly fulfilled as at December 31, 2019. The fulfillment of these obligations and their recognition in sales is expected in the coming years:

in € million	Transaction price of unfulfilled or partly fulfilled performance obligations
2020	847.9
2021	730.8
2022	581.9
2023	539.3
2024	269.5
Subsequent years	479.9
Total	3,449.3

4. Cost of sales

The cost of sales comprised the following:

	2019	2018
Personnel	697,673	481,251
Material and third-party services, depreciation and amortization	1,244,548	1,000,664
Cost of sales	1,942,221	1,481,915

5. Personnel expenses

The cost of sales, selling and general administrative expenses included personnel expenses of T€ 784,843 and T€ 550,735 in 2019 and 2018 respectively.

	2019	2018
Wages and salaries	637,093	443,330
Social security contributions, cost of retirement benefits (incl. severance payments) and other personnel expenses	147,750	107,405
Personnel expenses	784,843	550,735

The VAMED Group's annual average staff numbers by function is shown below:

	2019	2018
Production and services	17,042	12,145
General administration	942	790
Sales and marketing	115	96
Total employees (headcount)	18,099	13,031

6. Selling and general administrative expenses

Selling and general administrative expenses are broken down as follows:

	2019	2018
Selling expenses	23,038	13,740
General administration expenses	118,427	88,914
Selling and general administrative expenses	141,465	102,654

7. Other expenses, other income

Other expenses mainly include the effects of exchange rate changes, money transfer costs, bank guarantee costs and expenses relating to the revaluation of guarantee obligations.

Other income mainly includes income from investments, gains from the sale of property, plant and equipment as well as intangible assets, exchange rate gains, income from the reversal of non-project-related provisions, income from insurance recovery payments, income from the revaluation of guarantees and other operating income.

8. Interest income

Interest income results mainly from investments held with the parent company FSE, borrowing and loans to non-consolidated group companies, interest on bank deposits, default interest as well as accrued interest on non-current assets.

9. Interest expenses

Interest expenses result mainly from local and project-related interim financing, acquisition financing from Fresenius companies, discounting of non-current assets along with interest expenses from leases since the initial application of IFRS 16 in the 2019 financial year.

10. Income taxes

The income tax expense for the reporting years consists of the following:

	2019			2018		
	Current tax	Deferred tax	Income taxes	Current tax	Deferred tax	Income taxes
Austria	7,593	1,830	9,423	5,893	5,846	11,739
Germany	12,410	311	12,721	11,795	-1,061	10,734
Other foreign countries	5,570	-48	5,522	8,317	-3,283	5,034
Total	25,573	2,093	27,666	26,005	1,502	27,507

The corporate tax rate in Austria remained unchanged at 25% compared to the previous year.

The reconciliation between the expected and actual corporate income tax expense as reported in the consolidated income statement is shown below.

The expected corporate income tax expense is calculated by applying the Austrian corporate tax rate on the earnings before tax and non-controlling interests.

	2019	2018
Calculated expected income tax expense	28,217	25,223
Increase/reduction on income taxes resulting from: Items not recognized for tax purposes	3,600	3,957
Foreign tax rate differentials	-3,768	-1,978
Tax-free income	-2,308	-1,514
Taxes for previous years	464	-75
Other	1,461	1,894
Income taxes according to the income statement	27,666	27,507
Effective tax rate	24.5%	27.3%

Deferred taxes

The tax effects of temporary valuation differences that give rise to deferred tax assets and deferred tax liabilities mainly result from the valuation of balance sheet items related to long-term production orders (trade accounts receivable, contract assets and project-related accruals), the valuation of equity instruments (investments) at fair value and provisions for employee benefits.

As at the balance sheet date, deferred tax assets amounted to T€ 10,925 and deferred tax liabilities equaled T€ 50,510, resulting in net deferred tax liabilities of T€ 39,585.

As at the balance sheet date, the recognized amount for deferred tax assets from losses carried forward totaled T€ 7,116. The comparable amount was T€ 3,797 in the previous period. According to budget, the losses carried forward meet the criteria for recognition and will be used up over the next five years.

11. Net income attributable to non-controlling interests

The share of profit attributable to non-controlling interests existing in fully consolidated subsidiaries is recognized in the income statement item "Net income attributable to non-controlling interests."

NOTES ON THE BALANCE SHEET

Notes on current assets

(All figures are stated in T€)

12. Cash and cash equivalents

As at December 31, 2019 and December 31, 2018, cash and cash equivalents included restricted items to the amount of T€ 14,163 and T€ 44,410 respectively.

13. Trade accounts receivable

The following table presents the credit risk assessment of trade accounts receivable from contracts with customers as well as the allowance for doubtful accounts:

	2019			2018		
	Total	thereof overdue	thereof credit impaired	Total	thereof overdue	thereof credit impaired
Trade accounts receivable	410,156	84,266	31,162	338,026	60,328	24,521
Less allowance for doubtful accounts	-12,211	-6,630	-5,511	-13,013	-3,468	-5,738
Trade accounts receivable, net	397,945	77,636	25,651	325,013	56,860	18,783

14. Trade accounts receivable from and loans to related parties

As at December 31, 2019, these receivables were as follows:

	2019	2018
Trade accounts receivable	61,583	62,124
Receivables from financing and other clearing	72,508	162,680
Trade accounts receivable from and loans to related parties	134,091	224,804

As at December 31, 2019, and December 31, 2018, this item included receivables from the group companies FPS and FSE as well as the Fresenius Kabi, Helios and Medical Care segments in the amount of T€ 104,967 and T€ 200,346 respectively.

15. Inventories

As at December 31, 2019, inventories consisted of the following:

	2019	2018
Raw materials, supplies and purchased components	11,942	6,624
Work in process	69,998	60,340
Finished goods	2,274	2,227
Inventories	84,214	69,191

The companies of the VAMED Group are obliged to purchase T€ 39,087 of goods and services on fixed terms, of which, on December 31, 2019, T€ 37,630 was committed for purchases in the 2020 financial year. The terms of these agreements extend over a maximum period of nine years. VAMED's purchase obligations that are matched by purchase obligations with an equivalent value on the part of customers are not shown.

16. Other current and non-current assets

As at December 31, 2019 and December 31, 2018, other assets were comprised of the following:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Prepayments	35,225	0	35,225	13,407	0	13,407
Receivables from financial authorities	27,161	123	27,284	17,153	123	17,276
Prepaid expenses	10,062	11,027	21,089	11,066	12,331	23,397
Contract assets	599,210	0	599,210	430,146	0	430,146
Sundry other assets	45,070	19,259	64,329	45,569	21,157	66,726
Other non-financial assets, net	716,728	30,409	747,137	517,341	33,611	550,952
Derivative financial instruments	0	0	0	70	0	70
Deposits and guarantees paid	8,432	840	9,272	6,847	838	7,685
Investments and long-term loans	0	153,665	153,665	0	137,773	137,773
Non-current trade accounts receivable	0	4,009	4,009	0	4,722	4,722
Sundry other assets	23	1,073	1,096	2,196	1,039	3,235
Other financial assets, net	8,455	159,587	168,042	9,113	144,372	153,485
Other assets, net	725,183	189,996	915,179	526,454	177,983	704,437
Less allowances	180	260	440	124	261	385
Other assets, gross	725,363	190,256	915,619	526,578	178,244	704,822

Contract assets primarily relate to long-term production contracts, in which case sales are recognized over time.

Of the gross values of contract assets, prepayments received which can be directly assigned to individual projects were deducted on the assets side.

As at December 31, 2019 and December 31, 2018, these deducted prepayments received amounted to T€ 741,222 and T€ 681,921 respectively.

The item "Investments and long-term loans" includes shares held in non-consolidated companies (in accordance with the List of Investments) as well as long-term loans to non-consolidated companies.

No depreciation was recognized on these assets in the 2019 and 2018 financial years.

Notes on non-current assets

(All figures are stated in T€)

17. Property, plant and equipment

As at December 31, 2019 and December 31, 2018, acquisition and manufacturing costs as well as accumulated depreciation of property, plant, and equipment consisted of the following:

Acquisition and manufacturing costs	As at January 1, 2019	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2019
Land and land facilities	39,512	3,291	85	-645	21	42,264
Buildings and improvements	463,871	26,108	17,919	-2,494	619	506,023
Machinery, equipment and rental equipment under finance leases	217,710	2,952	-26,359	-8,832	857	186,328
Construction in progress	20,760	1	14,216	-152	31	34,856
Total	741,853	32,352	5,861	-12,123	1,528	769,471

Depreciation	As at January 1, 2019	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2019
Land and land facilities	0	0	0	0	0	0
Buildings and improvements	202,300	0	15,556	-1,488	91	216,459
Machinery, equipment and rental equipment under finance leases	128,331	0	7,114	-8,425	500	127,520
Construction in progress	0	0	0	0	0	0
Total	330,631	0	22,670	-9,913	591	343,979

Acquisition and manufacturing costs	As at January 1, 2018	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2018
Land and land facilities	4,804	34,967	385	-640	-5	39,512
Buildings and improvements	59,744	386,646	19,025	-1,478	-66	463,871
Machinery, equipment and rental equipment under finance leases	77,353	129,809	15,014	-4,732	266	217,710
Construction in progress	7,763	16,772	-3,363	-398	-13	20,760
Total	149,664	568,194	31,061	-7,248	182	741,853

Depreciation	As at January 1, 2018	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2018
Land and land facilities	0	0	0	0	0	0
Buildings and improvements	17,988	179,104	6,350	-1,143	1	202,300
Machinery, equipment and rental equipment under finance leases	51,213	67,963	13,424	-4,451	182	128,331
Construction in progress	0	0	0	0	0	0
Total	69,201	247,067	19,774	-5,594	183	330,631

Carrying amounts	December 31, 2019	December 31, 2018
Land and land facilities	42,264	39,512
Buildings and improvements	289,564	261,571
Machinery, equipment and rental equipment under finance leases	58,808	89,379
Construction in progress	34,856	20,760
Total	425,492	411,222

Depreciation is recognized under cost of sales, selling and general administrative expenses, depending upon the area in which the assets are used.

Leases

The item "Machinery, equipment and rental equipment under finance leases" includes amounts for leased movable assets and for buildings to the amount of T€ 33,972, which was reclassified in the new balance sheet item "Rights-of-use from leases" due to the initial application of IFRS 16 as at January 1, 2019.

18. Goodwill and other intangible assets

As at December 31, 2019 and December 31, 2018, the acquisition and manufacturing costs as well as the accumulated amortization of intangible assets consisted of the following:

Acquisition and manufacturing costs	As at January 1, 2019	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2019
Goodwill (extraordinary amortization)	286,342	7,751	654	0	1,022	295,769
Other (scheduled amortization)	54,016	4,491	5,775	-1,734	389	62,937
Total	340,358	12,242	6,429	-1,734	1,411	358,706

Amortization	As at January 1, 2019	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2019
Goodwill (extraordinary amortization)	758	0	234	0	0	992
Other (scheduled amortization)	31,304	0	6,042	-1,730	113	35,729
Total	32,062	0	6,276	-1,730	113	36,721

Acquisition and manufacturing costs	As at January 1, 2018	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2018
Goodwill (extraordinary amortization)	119,045	165,865	1,375	-125	182	286,342
Other (scheduled amortization)	32,274	10,796	12,792	-1,895	49	54,016
Total	151,319	176,661	14,167	-2,020	231	340,358

Amortization	As at January 1, 2018	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2018
Goodwill (extraordinary amortization)	625	133	0	0	0	758
Other (scheduled amortization)	23,640	5,750	3,723	-1,856	47	31,304
Total	24,265	5,883	3,723	-1,856	47	32,062

Carrying amounts	December 31, 2019	December 31, 2018
Goodwill (extraordinary amortization)	294,777	285,584
Other (scheduled amortization)	27,208	22,712
Total	321,985	308,296

Notes on liabilities and shareholders' equity

(All figures are stated in T€)

19. Trade accounts payable

Trade accounts payable mainly arise from the project business.

20. Trade accounts payable to related parties

Trade accounts payable include amounts payable to consolidated FSE companies of T€ 45,616 (2018: T€ 97,262) and to non-consolidated companies of T€ 3,667 (2018: T€ 1,038).

21. Provisions

As at December 31, 2019 and December 31, 2018, current and non-current provisions consisted of the following:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Personnel expenses	851	41,542	42,393	783	36,304	37,087
Guarantees	3,415	1,006	4,421	2,243	1,981	4,224
Other provisions	53,320	7,482	60,802	46,936	3,711	50,647
Provisions	57,586	50,030	107,616	49,962	41,996	91,958

The following table shows the development of provisions in the financial year under review:

	As at January 1, 2019	Changes in the consolidation scope	Additions	Use	Reversal	As at December 31, 2019
Personnel expenses	37,087	21	6,652	-1,306	-61	42,393
Guarantees	4,224	0	1,295	-970	-128	4,421
Other provisions	50,647	0	21,916	-10,067	-1,694	60,802
Provisions	91,958	21	29,863	-12,343	-1,883	107,616

Provisions for personnel expenses mainly refer to provisions for severance payments and anniversary bonuses.

Warranty-related provisions refer to warranty claims related to construction and service projects.

Other provisions mainly comprise project-related provisions.

22. Other current and non-current liabilities

As at December 31, 2019 and December 31, 2018, other current and non-current liabilities consisted of the following:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Social security-related liabilities	7,997	0	7,997	7,420	0	7,420
Tax liabilities	20,070	123	20,193	15,047	881	15,928
Deferred income	11,244	221	11,465	8,865	78	8,943
Contract liabilities	47,471	0	47,471	50,347	4	50,351
Sundry other liabilities	123,987	6,217	130,204	101,778	9,963	111,741
Other non-financial liabilities	210,769	6,561	217,330	183,457	10,926	194,382
Personnel liabilities	39,994	21	40,015	37,541	47	37,588
Non-current share of trade accounts payable	0	3,690	3,690	0	4,247	4,247
Derivative financial instruments	38	88	126	4	146	150
Provisions for good and services received	153,226	0	153,226	78,221	0	78,221
Sundry other liabilities	3,567	4,146	7,713	2,436	5,304	7,740
Other financial liabilities	196,825	7,945	204,770	118,203	9,744	127,946
Other liabilities	407,594	14,506	422,100	301,659	20,670	322,328

23. Financial liabilities

a) Short-term borrowings from third parties

These borrowings refer to short-term interim financing.

b) Short-term and long-term borrowings from related parties

This item shows the short-term and long-term borrowings from FPS and Fresenius Finance Ireland PLC as well as short-term financing from FSE.

c) Liabilities from long-term borrowings

As at December 31, 2019, long-term loans consisted of the following:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Long-term borrowings	11,629	40,350	51,979	6,451	31,031	37,482

Within the context of the changeover to IFRS 16, the current and non-current liabilities from leases contained in this item as at December 31, 2018 and

amounting to T€ 1,809 and T€ 31,403 respectively were reclassified to the new current and non-current balance sheet items for lease liabilities.

24. Income tax provisions

Current and non-current income tax provisions show expected tax liabilities (less prepayments).

25. Pensions and similar obligations

Defined benefit obligations have largely been transferred to pension funds. Benefit claims (pensions) are contingent upon the period of service and compensation received. The recognized provisions refer to active beneficiaries as well as former employees and dependents.

In addition to defined benefit plans, there are also defined contribution plans with regard to which payments (dependent on employees' own contributions) are made to pension funds. There are no further obligations exceeding continuous contribution payments for defined contribution plans so that no provisions or liabilities are recognized.

External experts are responsible for determining the amount of provisions.

The following table shows the changes in benefit obligations, the changes in plan assets and the funded status of the pension plans. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans, while the benefits paid as shown in the changes in plan assets only include benefit payments from pension funds.

	2019	2018
Benefit obligations at the beginning of the year	105,146	97,428
Changes in the consolidation scope	0	4,562
Foreign currency translation	2,825	2,394
Service cost	3,592	4,038
Prior service cost	-173	-4,142
Interest cost	1,495	1,098
Employee contributions	2,202	1,968
Transfer	6,212	4,015
Revaluation gains (-) and losses (+)	15,532	-976
<i>Thereof adjustments made according to experience</i>	<i>1,476</i>	<i>2,339</i>
<i>Thereof changes in financial and demographic assumptions</i>	<i>14,056</i>	<i>-3,315</i>
Benefits paid	-6,651	-5,239
Adjustments	0	0
Benefit obligations at the end of the year	130,180	105,146
<i>Thereof vested</i>	<i>92,592</i>	<i>78,377</i>
Fair value of plan assets at the beginning of the year	65,943	61,584
Changes in the consolidation scope	0	0
Foreign currency translation	2,248	1,894
Interest income from plan assets	788	572
Revaluation gains (+) and losses (-)	5,498	-3,010
Employer contributions	2,958	3,902
Employee contributions	2,202	1,968
Transfer	6,212	4,016
Benefits paid	-6,314	-4,983
Fair value of plan assets at the end of the year	79,535	65,943
Funded status as of December 31	50,645	39,203

The plan assets are neither used by the staff of the VAMED Group nor invested in the VAMED Group.

The following weighted-average assumptions were utilized in determining benefit obligations as of December 31, 2019 and December 31, 2018:

	2019	2018
Discount rate	0.55%	1.43%
Salary increase	1.59%	1.60%
Pension increase	0.65%	0.67%

In the year under review, benefit costs to the amount of T€ 4,126 (2018: T€ 422) accrued for the VAMED Group's defined benefit pension plans, which are comprised of the following:

	2019	2018
Service cost	3,419	-104
Net interest cost	707	526
Net periodic benefit cost	4,126	422

The possibility of risk sharing laid out in IAS 19 was used for the companies in Switzerland for the first time in the previous year. Implementation led to a positive effect recognized in the income statement as "service cost".

"Net periodic benefit cost" is allocated as personnel expense within the cost of sales or selling and general administrative expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted-average assumptions (based on the valuation as at December 31 of the preceding year) were used in determining the net periodic pension cost (NPPC) for the current year:

	2019	2018
Discount rate	1.43%	1.08%
Salary increase	1.60%	1.57%
Pension increase	0.67%	0.61%

Actuarial losses relating to the fair value of the plan assets result from the difference between the expected interest income (based on determining the present value of benefit obligations of the discount rate used in the previous year) and the actual investment income in the reporting period.

Sensitivity analysis

A rise or fall in essential actuarial assumptions by 0.5 percentage points would have the following effects on pension obligations as at December 31, 2019:

Development of pension obligations	+0.5 percentage points	-0.5 percentage points
Discount rate	-3,050	4,203
Salary increase	784	-740
Pension increase	6,126	-3,070

Sensitivity calculations are based on the average term of pension obligations as at December 31, 2019. Calculations were performed separately for the most important actuarial parameters in order to show their respective effects on the present value of pension obligations as at December 31, 2019.

The following table shows the expected future benefit payments:

Financial years	Expected benefit payments
2020	6,686
2021	5,705
2022	5,408
2023	5,332
2024	6,378
2025 – 2029	26,783
For the next ten years	Total
	56,292

Plan investment policy and strategy

Plan assets are exclusively managed by the pension funds in line with their investment strategies, and are comprised of the following:

	2019	2018
Equity funds	37.63%	39.49%
Pension funds	29.49%	27.57%
Real estate funds	16.97%	15.83%
Other	15.91%	17.11%

The fair value of the "Other" component of the plan assets is determined on basis of Level 1 and 2 ("fair value measurement"; approximately 35% and 65% respectively).

Defined contribution plans

The VAMED subgroup's total expense under defined contribution plans for the year under review was T€ 3,853 (2018: T€ 2,465).

The main share relates to the plans for Austria and Germany.

26. Shareholders' equity

Subscribed capital

There were no changes in the subscribed capital in the year under review.

Capital reserve

This item shows the capital reserve from the consolidated financial statements of VAMED AG as at December 31, 2007 (according to the Austrian Commercial Code) plus additions from the initial recognition of goodwill (at the parent company level). It also includes one subsidiary's capital reserve which is not available for distribution. Furthermore, changes in the value of non-controlling interests subject to put options recognized at fair value are also included.

Moreover, a hybrid financing obtained in the 2018 financial year within the context of the acquisition of the post-acute portfolio in Germany is also included in the capital reserve.

Other reserves

Other reserves comprise earnings generated by group entities in the reporting year and prior years to the extent that they have not been distributed.

Dividends

Under the Austrian Stock Corporation Act, the dividends available for distribution to shareholders are based upon the net profit as shown in VAMED AG's financial statements drawn up under the Austrian Commercial Code.

27. Other comprehensive income (loss)

	Before taxes January 1, 2019	Changes	Before taxes December 31, 2019	Tax effect January 1, 2019	Changes	Tax effect December 31, 2019	After taxes January 1, 2019	After taxes December 31, 2019
Cash flow hedges	40	-40	0	-10	10	0	30	0
Foreign currency translation	-2,323	1,471	-852	0	0	0	-2,323	-852
Actuarial gains (losses) from defined benefit pension plans	-26,208	-10,445	-36,653	5,462	2,042	7,504	-20,746	-29,149
Fair value changes of equity instruments	5,032	13,341	18,373	-1,258	-3,335	-4,593	3,774	13,780
Other items (mainly severance payments)	-8,514	-3,745	-12,259	1,975	975	2,950	-6,539	-9,309
Other comprehensive income (loss)	-31,973	582	-31,391	6,169	-308	5,861	-25,804	-25,530

OTHER NOTES

(All figures are stated in T€)

28. Commitments and contingent liabilities

Contingent liabilities

The VAMED Group has contingent liabilities to the assessable amount of up to € 31.6 million (2018: € 32.2 million) resulting from guarantees and similar obligations (mainly in connection with various construction and service projects). No amount is indicated for additional contingent liabilities that could not be assessed in the light of the circumstances as at the balance sheet date and for which no specified value could be determined.

Legal proceedings

In the year under review, the companies of the VAMED Group were not involved in any legal proceedings (neither as plaintiff nor as defendant) of material importance with respect to its future business development. All foreseeable risks resulting from other legal proceedings have been covered by write-downs and provisions or insurance contracts.

29. Leases

The companies of the VAMED Group lease properties, office buildings and installations, technical equipment and machinery as well as IT and office equipment under various lease and rental agreements.

Initial application of IFRS 16

Within the context of the initial application of IFRS 16 as at January 1, 2019, rights-of-use from leases to the amount of T€ 298,255 and lease liabilities totalling T€ 300,503 were recognized. The effects of the new standard at the time the new standard was first applied equalled T€ -3,022.

The following table shows the transition from future lease payments as at December 31, 2018 to the opening balance sheet amount of lease liabilities as at January 1, 2019:

	2019
Future minimum lease payments as at December 31, 2018 pursuant to IAS 17	351,064
Less short-term leases	-950
Less low value asset leases	-4,415
Less other adjustments	-1,664
Future minimum lease payments, gross, as at January 1, 2019	344,035
Discounts	-43,532
Lease liabilities from the initial application of IFRS 16 as at January 1, 2019	300,503
Financing liabilities as at December 31, 2018 pursuant to IAS 17	33,212
Total lease liabilities as at January 1, 2019	333,715

The lease liabilities were discounted using the incremental borrowing rate as at January 1, 2019. The weighted average interest rate was 1.67%.

Leases in the consolidated income statement

The following table shows the effects of leases on the consolidated income statement for the 2019 financial year:

	2019
Depreciation on rights-of-use from leases	32,352
Expenses from short-term leases	4,163
Expenses from low value asset leases	2,370
Expenses from variable lease payments	5,670
Interest expenses from lease liabilities	5,975

Leases in the consolidated balance sheet

As at December 31, 2019, the acquisition costs and accumulated depreciation of rights-of-use from leases consisted of the following:

Acquisition and manufacturing costs	As at January 1, 2019	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2019
Rights-of-use of properties	4,097	0	26,429	-9	34	30,551
Rights-of-use of buildings and installations	278,481	5,258	66,680	-4,034	3,419	349,804
Rights-of-use of technical equipment and machinery	15,677	61	14,299	-542	195	29,690
Rights-of-use from leases	298,255	5,319	107,408	-4,585	3,648	410,045

Depreciation	As at January 1, 2019	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2019
Rights-of-use of properties	0	0	446	0	1	447
Rights-of-use of buildings and installations	0	0	32,115	-337	177	31,955
Rights-of-use of technical equipment and machinery	0	0	10,077	-215	47	9,909
Rights-of-use from leases	0	0	42,638	-552	225	42,311

Carrying amounts	As at December 31, 2019
Rights-of-use of properties	30,104
Rights-of-use of buildings and installations	317,849
Rights-of-use of technical equipment and machinery	19,781
Rights-of-use from leases	367,734

Within the context of the initial application of IFRS 16, the amounts recognized in property, plant and equipment for leased movable assets and buildings up to December 31, 2018 were reclassified as rights-of-use (T€ 44,258 acquisition and manufacturing costs, T€ 10,286 accumulated depreciation).

As at December 31, 2019, the current portion of lease liabilities amounted to T€ 33,856 and the non-current portion equalled T€ 336,757.

Leases in the consolidated cash flow statement

The total cash flow from leases amounted to T€ 47,233 in the 2019 financial year.

The consolidated cash flow statement shows the interest rate components of the balance sheet leases in the cash flow from operating activities, and the repayment components in the cash flow from financing activities.

For those lease agreements which the VAMED Group has entered into but which have not taken effect, the future potential cash outflows total T€ 82,534.

Potential future cash outflows from purchase, extension or termination options equalling T€ 157,329 were not included as lease liabilities, because there is no reasonable certainty that these purchase, extension or termination options will actually be exercised.

30. Financial instruments

Valuation of financial instruments

Within the context of changeover to IFRS 9 as at January 1, 2018, the investments of the VAMED Group designated as other non-current assets were reclassified from the category "loans and receivables" pursuant to IAS 39 to the IFRS 9 category "Fair value through OCI". Value adjustments are recognized under the item "Fair value changes from equity instruments" in other comprehensive income (loss). Except for this, the changeover did not have any material effects on the valuation categories and the valuation of financial assets and liabilities pursuant to IFRS 9.

What follows is an explanation of the main methods and assumptions applied in calculating the fair values of financial instruments.

Cash and cash equivalents are recognized at amortized cost, which generally corresponds to the fair values. Short-term financial instruments such as trade accounts receivable and trade accounts payable as well as short-term loans are recognized at amortized cost, which comprises an appropriate estimate of fair value due to the short terms to maturity of these instruments.

The fair values of equity instruments traded on an active market are based on quoted prices on the balance sheet date. The fair values of other equity instruments are determined on basis of observable market information.

Derivative financial instruments consisting mainly of interest swaps and foreign currency forward contracts are measured as follows: the valuation of interest swaps is calculated by discounting future payment flows on basis of the market interest rates applicable to the remaining term to maturity of the contracts. To determine the fair values of foreign currency forward contracts, the contracted forward rate is compared to the forward rate on the balance sheet date for the remaining term to maturity of the respective contract. The resulting value is discounted, taking the current market interest rates of the respective currency on the balance sheet date into account.

The calculation of the fair values of derivative financial instruments is based on significant other observable values. Derivative financial instruments are measured at fair value in every reporting period.

Accordingly, the carrying amounts at the balance sheet date correspond to the fair values.

Derivative financial instruments for which there are no hedging instruments i.e., derivative financial instruments where hedge accounting is not applied, are used only to hedge economic risks and are not concluded for speculative purposes.

The current portion of derivatives is recognized on the consolidated balance sheet under other current assets, current provisions and other current liabilities. The long-term component of derivative financial instruments is included in other non-current assets, non-current provisions or other non-current liabilities.

Market risk

The VAMED Group is exposed to risks related to foreign exchange fluctuations in connection with its international business activities denominated in numerous currencies. Moreover, interest risks from variable interest rates can arise from non-current financial liabilities. The VAMED Group enters into certain hedging transactions with highly rated banks or the parent company's Treasury department in order to manage foreign exchange rate fluctuation risks.

The VAMED Group ensures that the accounting treatment of hedges is oriented to the objectives and the strategy of the group's risk management and that a qualitative and future-oriented approach is used to assess the effectiveness of hedging transactions.

In its risk hedging activities, the VAMED Group takes into account the economic connection between the hedging instrument and the underlying transaction as well as a high hedging share of the hedged risks. This is ensured by the broad-based compatibility of the contract specifications of the interest rate and foreign exchange contracts with the parameters of the corresponding risk items. For this reason, the annual results of the VAMED Group are only negligibly impacted by the ineffectiveness of hedging transactions. Generally speaking, credit default risks and time delays of underlying transactions are potential sources of ineffectiveness. The VAMED Group does not conclude any derivative financial instruments for speculative purposes.

The VAMED Group has specified the euro as its financial reporting currency. For this reason, foreign currency translation risks from changes in exchange rates between the euro and the local currency in which the annual financial statements of foreign

subsidiaries are prepared impact the annual results and the presentation of the financial position in the consolidated financial statements.

There are also transaction risks of individual group companies which are mainly related to sales, purchases, projects and services as well as sales of products and services to other group companies in different currencies. As a result, subsidiaries are impacted by exchange rate changes between the invoiced currencies and the currencies in which local business activities are carried out. The VAMED Group enters into foreign exchange forward contracts exclusively for the purpose of hedging existing and foreseeable foreign exchange transaction exposures. The VAMED Group solely designates the spot element of the foreign exchange forward contract as hedging instruments in cash flow hedges, applying a 1:1 hedging ratio for the designated risks.

Credit risk

With respect to financial instruments, the VAMED Group is substantially exposed to the risk that contractual partners will not fulfill their contractual obligations. The maximum credit risk from derivative financial instruments results from the sum of derivatives with a positive current value at the balance sheet date. The maximum credit risk from non-derivative financial instruments corresponds to the total value of all receivables.

For the VAMED Group, a substantial risk exists due to the potential default on trade accounts receivable. This risk is administered through an intensive credit rating throughout the entire project phase, consistent receivables management, taking out insurance cover and by outsourcing the financing risk wherever possible.

Liquidity risk

Liquidity risk is defined as the risk that a company will potentially be unable to fulfill its financial obligations. The VAMED Group uses effective working capital and cash management to control liquidity in order to safeguard the group's liquidity. The management of the VAMED Group is convinced that existing lines of credit, cash inflows from operating activities and other short-term financing sources are sufficient to cover foreseeable liquidity requirements.

31. Supplementary information on capital management

The VAMED Group has a solid financial profile. The need for debt (in the form of intra-group borrowing and bank loans) mainly arose in connection with the acquisition of new companies. As a result of the receipt of prepayments as well as payments as work progresses, there is little need for debt in the Project Business.

Fundamentally predictable and sustainable cash flows are generated due to the company's diversification within the healthcare sector and its strong market positions in global, growing and non-cyclical markets. The VAMED Group's customers almost invariably have a high credit standing. Moreover, the prepayments and provision of security received in the majority of transactions ensure that cash flows can be planned with reasonable certainty.

Further details on the development of shareholders' equity and debt are provided in the Management Report under "1.5 Results of operations, financial position, assets and liabilities".

32. Segment reporting

The VAMED Group has identified the "Project Business" and "Service Business" business segments which corresponds to internal organizational and reporting structures (management approach) as at December 31, 2019.

Sales and proceeds between the business segments are principally invoiced at prices also charged to external entities. Administrative services are billed in accordance with service agreements.

33. Related party transactions

There were no business transactions between companies of the VAMED Group and Executive or Supervisory Board members of VAMED AG or of the Fresenius Group during the year under review.

34. Significant subsequent events after the balance sheet date

Since the end of the financial year, there have been no significant changes in the VAMED Group's corporate position or operating environment. At present, there are no plans to carry out any significant changes in the group's structure, administration, legal form or in the area of human resources.

35. Remuneration Report

The Executive Board's total remuneration amounted to T€ 2.176 (2018: T€ 2.350).

In the year under review, no loans or advance payments on future remuneration components were made to members of VAMED AG's Executive Board.

36. Information on the Supervisory Board

Members of the Supervisory Board in the year under review were:

Supervisory Board

Dr. Gerd Krick, Chairman
Dkfm. Stephan Sturm, Deputy Chairman
Dr. Robert Hink
KR Karl Samstag
Mag. Andreas Schmidradner

Employee representatives

Josef Artner (up to July 31, 2019)
Mag. (FH) Thomas Hehle
Dipl. Ing. (FH) Harald Steer, M.Sc. (as of August 1, 2019)
Ing. Robert Winkelmayr

Supervisory Board remuneration is determined by the VAMED AG Annual General Meeting and totaled T€ 135 (2018: T€ 137) in the year under review.

37. Auditor's fees

The fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna and other Deloitte companies abroad in the 2019 and 2018 financial years were as follows:

	2019		2018	
	Total	thereof Austria	Total	thereof Austria
Audit fees	291	239	592	248
Tax consulting fees	157	157	358	358
Other fees	8	6	23	23
Total auditor's fees	456	402	973	629

38. Investments

VAMED AG investments are listed in the Annex to the notes.

39. Statement of the Legal Representatives

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

Vienna, March 6, 2020

The Executive Board

Dr. Ernst Wastler
Chairman of the Executive Board

Mag. Gottfried Koos
Member of the Executive Board

MMag. Andrea Raffaseder
Member of the Executive Board

Dipl.-Ing. (FH) Andreas Wortmann, M.Sc.
Member of the Executive Board

VAMED GROUP INVESTMENTS AS AT DECEMBER 31, 2019

(excluding indirect investments, investments of below 10% as well as non-operating firms)

Fully consolidated companies:

Abbreviation	Company, location	Capital interest %
VAG	VAMED Aktiengesellschaft, Vienna, Austria	
ALM	ALMEDA, a.s., Neratovice, Czech Republic	100.00
API	API Betriebs gemeinnützige GmbH, Vienna, Austria	60.00
AVN-GB	AVENSYS UK GROUP LIMITED, Kidderminster, Great Britain	100.00
AVN-TR	AVENSYS UK TRAINING LIMITED, Kidderminster, Great Britain	100.00
AVN-UK	AVENSYS UK LTD, Kidderminster, Great Britain	100.00
CLP	Centrum léčby pohybového aparátu, s.r.o., Prague, Czech Republic	100.00
D-HCM	Casemanagement Reha GmbH, Hamburg, Germany	77.00
D-MBG	MVZ Medizinisches Versorgungszentrum in Bad Berleburg GbR, Bad Berleburg, Germany	100.00
D-MKA	MVZ Medizinisches Versorgungszentrum Kappeln GmbH, Kappeln, Germany	100.00
D-RSH	Betriebsführungsgesellschaft Schloß Schönhagen GmbH, Schönhagen, Germany	99.40
D-TAG	allgäu resort GmbH, Bad Grönenbach, Germany	94.90
D-TDA	ostsee resort damp GmbH, Damp, Germany	100.00
GHG	Gmundnerberg Holding GmbH, Bad Sauerbrunn, Austria	100.00
HCC	H.C. Hospital Consulting S.p.A., Bagno a Ripoli (Florence), Italy	100.00
HI	hospitalia international gmbh, Bad Homburg v.d.H., Germany	100.00
HSB	Heilbad Sauerbrunn Betriebsgesellschaft m.b.H., Bad Sauerbrunn, Austria	95.00
HTB	HERMED Technische Beratungs GmbH, Kirchheimbolanden, Germany	100.00
HTB-BE	Hermed Medrott Medical BVBA, Antwerp, Belgium	100.00
HTB-CH	HERMED Medizintechnik Switzerland AG, Rapperswil-Jona, Switzerland	64.00
HTB-ES	HERMED INGENIERÍA CLÍNICA ESPAÑA, S.L., Madrid, Spain	100.00
HTB-GB	HERMED BIOMEDICAL ENGINEERING UK LIMITED, London, Great Britain	100.00
HTB-HR	HERMED Servis medicinske opreme d.o.o., Zagreb, Croatia	100.00
HTB-NL	Hermed Medrott Medical B.V., Oostvoorne, Netherlands	100.00
ICL	Instruclean GmbH, Essen, Germany	94.90
ICL-AT	Instruclean Austria GmbH, Vienna, Austria	100.00
IFK-DA	Internat für Körperbehinderte Damp GmbH, Damp, Germany	100.00
IHSS	IHSS LIMITED, London, Great Britain	100.00
MED	MEDITERRA s.r.o., Prague, Czech Republic	100.00
MED-H	VAMED MEDITERRA a.s., Prague, Czech Republic	100.00
MEL	Mělnická zdravotní, a.s., Mělník, Czech Republic	100.00
NET	MEDNET s.r.o., Prague, Czech Republic	100.00
NFM	Niederösterreichische Facility Management GmbH, Wiener Neustadt, Austria	60.00
NSZ	Nemocnice sv. Zdislavy, a.s., Velké Meziříčí, Czech Republic	100.00

Abbreviation	Company, location	Capital interest %
NTG	Neurologisches Therapiezentrum Gmundnerberg GmbH, Altmünster, Austria	60.00
NTK	Neurologisches Therapiezentrum Kapfenberg GmbH, Kapfenberg, Austria	90.00
NTV	Nemocnice Tanvald, s.r.o., Tanvald, Czech Republic	0.30
PKS GmbH	PKS Privatklinik Salzburg GmbH, Salzburg, Austria	100.00
PKS KG	PKS Privatklinik Salzburg GmbH & Co KG, Salzburg, Austria	100.00
RBB	Rehaklinik Vienna Baumgarten Betriebs-GmbH, Vienna, Austria	100.00
RDU	Rehaklinik Dussnang AG, Fischingen, Switzerland	100.00
RKB	Rehabilitationszentrum Kitzbühel Betriebs-GmbH, Kitzbühel, Austria	100.00
RKE	Rehaklinik Enns GmbH, Enns, Austria	67.00
RMB	Rehabilitationsklinik im Montafon Betriebs-GmbH, Schruns, Austria	100.00
ROB GmbH	Rehabilitationszentrum Oberndorf Betriebs-GmbH, Oberndorf bei Salzburg, Austria	100.00
ROB KG	Rehabilitationszentrum Oberndorf Betriebs-GmbH & Co KG, Oberndorf bei Salzburg, Austria	100.00
RSE	Reha Seewis AG, Seewis im Prättigau, Switzerland	100.00
RZS	Rehaklinik Zihlschlacht AG, Zihlschlacht-Sitterdorf, Switzerland	100.00
SED	MEDITERRA - Sedlčany, s.r.o., Sedlčany, Czech Republic	100.00
STC	Seniorenzentrum St. Corona am Schöpfl Betriebsgesellschaft m.b.H., Vienna, Austria	100.00
TAU	TAU Management und Betriebsführung GmbH, Vöcklabruck, Austria	60.00
TBS	Therme Seewinkel Betriebsgesellschaft m.b.H., Frauenkirchen, Austria	100.00
TMD	TEMAMED Medizintechnische Dienstleistungs GmbH, Kirchheimbolanden, Germany	100.00
UKK	VAMED UKK Projektgesellschaft m.b.H., Berlin, Germany	100.00
UKP	ARGE UK St. Pölten, Vienna, Austria	60.00
VBT-MO	VAMED VSB-Betriebstechnik Mitte-Ost GmbH, Leipzig, Germany	100.00
VBT-N	VAMED VSB-Betriebstechnik Nord GmbH, Leezen, Germany	100.00
VBT-SW	VAMED VSB-Betriebstechnik Süd-West GmbH, Krefeld, Germany	100.00
VCA-D	VAMED Care Germany GmbH, Damp, Germany	100.00
VE	VAMED ENGINEERING GmbH, Vienna, Austria	100.00
VE-D	VAMED Engineering Germany GmbH, Bad Homburg v.d. Höhe, Germany	100.00
VFP-SCH	VAMED Fachpflege Schleswig GmbH, Schleswig, Germany	94.90
VGH-D	VAMED Gesundheit Holding Germany GmbH, Damp, Germany	99.90
VGR-N	VAMED Grundstücksverwaltung Nord GmbH & Co. KG, Damp, Germany	94.90
VGR-O	VAMED Grundstücksverwaltung Ost GmbH & Co. KG, Damp, Germany	94.90
VGR-S	VAMED Grundstücksverwaltung Süd GmbH, Damp, Germany	94.90

Fully consolidated companies:

Abbreviation	Company, location	Capital interest %
VGR-W	VAMED Grundstücksverwaltung West GmbH & Co. KG, Damp, Germany	94.90
VHP	VAMED Health Project GmbH, Berlin, Germany	100.00
VHP-CH	VAMED Health Project Switzerland AG, Zihlschlacht-Sitterdorf, Switzerland	100.00
VHP-CZ	VAMED Health Projects CZ s.r.o., Prague, Czech Republic	100.00
VHP-UK	VAMED HEALTH PROJECTS UK LIMITED, London, Great Britain	100.00
VHP-MY	VAMED HEALTH PROJECTS MALAYSIA SDN. BHD., Selangor, Malaysia	100.00
VIDL-D	VAMED Gesundheit IDL Germany GmbH, Damp, Germany	100.00
VKI-GE	VAMED Kids in Pflege Geesthacht GmbH, Geesthacht, Germany	100.00
VKL-BB	VAMED Klinik Bad Berleburg GmbH, Bad Berleburg, Germany	94.90
VKL-D	VAMED Kliniken Germany GmbH, Damp, Germany	100.00
VKL-DA	VAMED Ostseeklinik Damp GmbH, Damp, Germany	100.00
VKL-GE	VAMED Klinik Geesthacht GmbH, Geesthacht, Germany	94.90
VKL-HA	VAMED Klinik Hattingen GmbH, Hattingen, Germany	100.00
VKL-HG	VAMED Klinik Hagen-Ambrock GmbH, Hagen, Germany	100.00
VKL-HO	VAMED Klinik Hohenstücken GmbH, Brandenburg an der Havel, Germany	100.00
VKL-KI	VAMED Klinik Kipfenberg GmbH, Kipfenberg, Germany	100.00
VKL-PUL	VAMED Klinik Schloss Pulsnitz GmbH, Pulsnitz, Germany	94.90
VKMB	VAMED-KMB Krankenhausmanagement und Betriebsführungsges.m.b.H., Vienna, Austria	100.00
VKP	VAMED-Krankenhausmanagement und Projekt GmbH, Vienna, Austria	100.00
VL-M	VAMED VSB-Logistik Mitte GmbH, Erfurt, Germany	100.00
VL-N	VAMED VSB-Logistik Nord GmbH, Schwerin, Germany	100.00
VL-O	VAMED VSB-Logistik Ost GmbH, Bad Saarow, Germany	100.00
VLO-D	VAMED Logistik Germany GmbH, Damp, Germany	100.00
VLR-KRO	VAMED Leben am Rosenberg Kronach GmbH, Kronach, Germany	100.00
VMS	VAMED Management und Service GmbH, Vienna, Austria	100.00
VMS-CH	VAMED Management und Service Switzerland AG, Zihlschlacht-Sitterdorf, Switzerland	100.00
VMS-D	VAMED Management und Service GmbH Germany, Berlin, Germany	100.00
VMT-M	VAMED VSB-Medizintechnik Mitte GmbH, Erfurt, Germany	100.00
VMT-N	VAMED VSB-Medizintechnik Nord GmbH, Stralsund, Germany	100.00
VMT-O	VAMED VSB-Medizintechnik Ost GmbH, Bad Saarow, Germany	100.00
VMT-SW	VAMED VSB-Medizintechnik Süd-West GmbH, Berlin, Germany	100.00
V-NL	VAMED Nederland B.V., Arnheim, Netherlands	100.00

Abbreviation	Company, location	Capital interest %
VPF-D	VAMED Pflege Germany GmbH, Damp, Germany	100.00
VPH-F	VAMED Projets Hospitaliers Internationaux France S.A.S, Courbevoie, France	100.00
VRE-D	VAMED Real Estate Germany GmbH, Damp, Germany	100.00
VRE-NO	VAMED Reinigung Nord Ost GmbH, Damp, Germany	100.00
VRE-SW	VAMED Reinigung Süd West GmbH, Damp, Germany	100.00
VRKL-AH	VAMED Rehaklinik Ahrenshoop GmbH, Ahrenshoop, Germany	100.00
VRKL-BB	VAMED Rehaklinik Bad Berleburg GmbH, Bad Berleburg, Germany	94.90
VRKL-BE	VAMED Rehaklinik Bad Ems GmbH, Bad Ems, Germany	94.90
VRKL-BER	VAMED Rehaklinik Berching GmbH, Berching, Germany	94.90
VRKL-BG	VAMED Rehaklinik Bad Grönenbach GmbH, Bad Grönenbach, Germany	94.90
VRKL-BL	VAMED Rehaklinik Bergisch-Land GmbH, Wuppertal, Germany	100.00
VRKL-BS	VAMED Rehaklinik Bad Salzdettfurth GmbH, Bad Salzdettfurth, Germany	94.90
VRKL-DA	VAMED Rehaklinik Damp GmbH, Damp, Germany	100.00
VRKL-LE	VAMED Rehaklinik Lehmrade GmbH, Damp, Germany	100.00
VRKL-SCH	VAMED Rehaklinik Schwedenstein GmbH, Pulsnitz, Germany	100.00
VRKL-SS	VAMED Rehaklinik Schloss Schönhagen GmbH, Damp, Germany	100.00
VRZ-D	VAMED Rehazentren Germany GmbH, Damp, Germany	100.00
VRZ-HA	VAMED Rehazentrum Harburg GmbH, Hamburg, Germany	100.00
VRZ-LÜ	VAMED Rehazentrum Lübeck GmbH, Lübeck, Germany	100.00
VRZ-NO	VAMED Rehazentrum Norderstedt GmbH, Norderstedt, Germany	100.00
VS	VAMED Service- und Beteiligungsges. m.b.H., Berlin, Germany	95.00
VS-BPS	VAMED VS-BPS GmbH, Berlin, Germany	100.00
VSC-NO	VAMED Service & Catering Nord Ost GmbH, Damp, Germany	100.00
VSC-SW	VAMED Service & Catering Süd West GmbH, Damp, Germany	100.00
VSG	VAMED Standortentwicklung und Engineering GmbH, Vienna, Austria	100.00
VSH	VAMED VS-Sicherheit GmbH, Erfurt, Germany	100.00
VSP-ER	VAMED Senioren- und Pflegeheim Erfurt GmbH, Erfurt, Germany	94.90
VSP-HE	VAMED Senioren- und Pflegeheim Hettstedt GmbH, Hettstedt, Germany	100.00
VST	VAMED VS-Sterilgutversorgung GmbH, Berlin, Germany	100.00
VS	VAMED VS-Sterilgutversorgung West GmbH, Wuppertal, Germany	100.00
VTE	VAMED VS-Technik GmbH, Damp, Germany	100.00

All company names are shown as locally registered. The names of countries are shown pursuant to ISO 3166.

VAMED GROUP INVESTMENTS AS AT DECEMBER 31, 2019

(excluding indirect investments, investments of below 10% as well as non-operating firms)

Non-consolidated companies:

Abbreviation	Company, location	Capital interest %
ARW	Ambulante Rehabilitation Wörgl GmbH, Wörgl, Austria	60.00
BBH	Blumauerplatz Beteiligungs-Holding GmbH, Linz, Austria	100.00
BPB	Burgenländische Pflegeheim Betriebs-GmbH, Neudörfel, Austria	49.00
CFS	Casalis Facility Services GmbH, Kassel, Germany	49.00
CRS	CIRCLE REHABILITATION SERVICES LIMITED, London, Great Britain	19.90
D-RKL	Tagesklinik am Kurpark Lüneburg GmbH, Lüneburg, Germany	37.00
D-RSK	Sport-REHA-Kiel GmbH, Kiel, Germany	36.00
ELB	ELBLAND Sterilgutgesellschaft mbH, Meißen, Germany	49.00
FMS	Facility Management Schleswig-Holstein GmbH, Kiel, Germany	50.00
GOK	Gemeinnützige Oberndorfer Krankenhausbetriebsgesellschaft m.b.H., Oberndorf bei Salzburg, Austria	49.00
GRB	Gesundheitsresort Gars Betriebs GmbH, Gars am Kamp, Austria	19.14
GRG	Gesundheitsresort Gars GmbH, Gars am Kamp, Austria	17.00
HUH	Hainan Unicare Hospital Co., Ltd., Haikou, China	30.00
ITS	UKSH Gesellschaft für IT Services mbH ("ITSG"), Lübeck, Germany	49.00
ITT	UKSH Gesellschaft für Informationstechnologie mbH ("GfIT"), Lübeck, Germany	49.00
KHR GmbH	PPP - Radioonkologie KHR SZO GmbH, Vienna, Austria	19.00
KHR KG	PPP - Radioonkologie KHR SZO GmbH & Co KG, Vienna, Austria	19.00
LKV	LKV Krankenhaus Errichtungs- und Vermietungs-GmbH, Linz, Austria	49.00
NRZ	Neurologisches Rehabilitationszentrum "Rosenhügel" Errichtungs- und Betriebs-GmbH, Vienna, Austria	49.00
OCB	Oberndorfer Catering Betriebs-GmbH, Oberndorf bei Salzburg, Austria	49.00
PSZ	Psychosomatisches Zentrum Eggenburg GmbH, Eggenburg, Austria	29.00
RBW	Rehabilitationsklinik im Bregenzer Wald Betriebs-GmbH, Lingenau, Austria	100.00
RIH	RIHH OpCo Holdings (DIFC) Ltd, Dubai, United Arab Emirates	12.00
RVB	Rehabilitationszentrum St. Veit im Pongau Betriebs-GmbH, St. Veit im Pongau, Austria	76.00
RZO	Rheuma-Zentrum Vienna-Oberlaa GmbH, Vienna, Austria	49.00
SEN	S.EN.AL.PA. S.P.A., Venice, Italy	21.40
SSZ	Soukromá střední zdravotnická škola Mělník, o.p.s., Mělník, Czech Republic	100.00
TBG	'TBG' Thermenzentrum Geinberg Betriebsgesellschaft m.b.H., Geinberg, Austria	18.00
THG	"THG" Thermenzentrum Geinberg Errichtungs-GmbH, Linz, Austria	27.34
THL	THL Therme Laa a.d. Thaya - Projektentwicklungs- und Errichtungsgesellschaft m.b.H., Laa a.d. Thaya, Austria	19.96
TLG KG	Aqua Dome Tirol Therme Längenfeld GMBH & CO KG, Längenfeld, Austria	12.31
TLG GMBH	Aqua Dome Tirol Therme Längenfeld GMBH, Längenfeld, Austria	12.31
TWB GmbH	Tauern SPA World Betriebs-GmbH, Kaprun, Austria	20.99
TWB KG	Tauern SPA World Betriebs-GmbH & Co KG, Kaprun, Austria	19.07

Abbreviation	Company, location	Capital interest %
TWE GmbH	Tauern SPA World Errichtungs-GmbH, Kaprun, Austria	20.99
TWE KG	Tauern SPA World Errichtungs-GmbH & Co KG, Kaprun, Austria	19.07
TWO GmbH	Therme Vienna Ges.m.b.H., Vienna, Austria	19.99
TWO KG	Therme Vienna GmbH & Co KG, Vienna, Austria	19.99
UKS	VAMED / DIF UKSH PPP GmbH, Frankfurt am Main, Germany	10.00
VAROM	VAMED ROMANIA S.R.L., Bucharest, Romania	100.00
VBC	VAMED Business Consulting GmbH, Vienna, Austria	100.00
VBH	"Vamed B&H" d.o.o. Banja Luka, Banja Luka, Bosnia and Herzegovina	100.00
VE (M)	VAMED ENGINEERING (M) SDN. BHD., Kuala Lumpur, Malaysia	16.00
VE (P)	PRINSAMED - PROJECTOS INTERNACIONAIS DE SAÚDE UNIPESSOAL LDA, Lisbon, Portugal	100.00
VE (T)	Vamed (Thailand) Co., Ltd., Bangkok, Thailand	15.00
VE (U)	TOV "VAMED UKRAINE", Kiev, Ukraine	100.00
VEE	VAMED EMIRATES LLC, Abu Dhabi, United Arab Emirates	20.00
VE-GAB	VAMED GABON SAS, Libreville, Gabon	100.00
VE-NI	VAMED ENGINEERING NICARAGUA, SOCIEDAD ANONIMA, Managua, Nicaragua	99.00
VE-NIG	VAMED ENGINEERING NIGERIA LIMITED, Abuja, Nigeria	15.00
VE-PHD	Philippine Hospital Project Development Corporation, Manila Makati City, Philippines	39.99
VHC	VAMED Healthcare Co. Ltd., Beijing, China	100.00
VHH	VAMED-Hungaria Health Care Ltd., Budapest, Hungary	100.00
VHS-ZA	VAMED HEALTHCARE SERVICES SA (PTY) LTD, Johannesburg, South Africa	85.00
VHT	VAMED Healthcare Services (Thailand) Ltd., Bangkok, Thailand	49.00
VIH	VAMED International Hospital Management and Consulting (Beijing) Co., Ltd., Beijing, China	100.00
VME	VAMED Middle East Healthcare Management and Consultancy Services LLC, Abu Dhabi, United Arab Emirates	49.00
VMR	Health Institution - Institute for diagnostics "VAMED" Novi Sad, Novi Sad, Serbia	75.00
VMS-CZ	VAMED CZ s.r.o., Prague, Czech Republic	100.00
VMS-SA	VAMED KSA Management and Service LLC, Riyadh, Saudi Arabia	75.00
VMS-UK	VAMED MANAGEMENT AND SERVICE UK LIMITED, London, Great Britain	100.00
VMT	VAMED Medizintechnik GmbH, Vienna, Austria	100.00
VPC	VAMED Project CR d.o.o., Zagreb, Croatia	100.00
VPL	VAMED Polska Sp. z o.o., Warsaw, Poland	100.00
V-RU	OOO VAMED, Moscow, Russian Federation	100.00
VSK	"VAMED Services Kosovo" L.L.C., Pristina, Kosovo	100.00
V-TR	VAMED TURKEY MÜHENDİSLİK İNŞAAT TAAHHÜT MEDİKAL SAĞLIK HİZMETLERİ LİMİTED ŞİRKETİ, Ankara, Turkey	100.00

All company names are shown as locally registered. The names of countries are shown pursuant to ISO 3166.

AUDITOR'S REPORT

Audit opinion

We have audited the condensed consolidated subgroup financial statements of VAMED AG, Vienna, comprising the balance sheet as at December 31, 2019, the income statement, statement of changes in equity, and cash flow statement for the financial year ending on this reporting date, as well as the accounting guidelines described in the notes to the financial statements.

In our opinion, the attached financial statements of the VAMED AG consolidated subgroup is consistent in all material respects with the Group Reporting Package as incorporated as a segment in the consolidated financial statements for 2019 of Fresenius SE & Co. KGaA.

Basis of our opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under these rules and standards are described in the section "Responsibilities of the auditor for the audit of the condensed financial statements of the subgroup" of our opinion in more detail. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In order to implement this mandate and our responsibility, also with regard to third parties, the General Conditions of Contract for the Public Accounting Professions (AAB 2018) as published by the Chamber of Public Accountants and attached to the audit report apply. Therefore, our liability is excluded for cases of slight negligence. For gross negligence, a maximum liability limit of € 2 million, applicable vis-a-vis the company and third parties, was agreed upon in accordance with Section 275 Para 2 Austrian Business Code.

Highlighting a specific issue – accounting principles

We refer to the disclosures in the Section "General notes on the financial statements of the VAMED Group" contained in the notes to the consolidated financial statements. There it is pointed out that the condensed consolidated subgroup financial statements are consistent in all material respects with the Group Reporting Package as incorporated in the segment reporting of the consolidated financial statements for 2019 of Fresenius SE & Co. KGaA. The accounting principles applied for the purpose of incorporation in the consolidated financial statements of

the parent company are based on the International Financial Reporting Standards (IFRS) as applied in the EU, but do not fully correspond to them. The main deviations from IFRS are described in the section "General notes on the financial statements of the VAMED Group". Accordingly, the condensed subgroup financial statements are possibly not suitable for another purpose. Our audit opinion was not modified in this regard.

Management Board and Supervisory Board responsibilities for the condensed subgroup financial statements

The management is responsible for the preparation of the condensed consolidated subgroup financial statements and for the fact that these financial statements have been prepared in accordance with the accounting principles for the Group Reporting Package included in segment reporting in the consolidated financial statements for 2019 of Fresenius SE & Co. KGaA and present a true and fair view of the assets, financial position, and financial performance of the consolidated subgroup. Management is also responsible for internal controls which the Management considers necessary to enable the preparation of the consolidated financial statements for the subgroup free of material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements for the subgroup, management is responsible for assessing the subgroup's ability to continue as going concern, disclosing, as applicable, matters related to going concern, and using the going-concern basis of accounting unless the management either intends to liquidate the subgroup or to cease operations or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the subgroup's financial reporting process.

Auditor's responsibilities for the audit of the condensed financial statements of the subgroup

Our objectives are to obtain reasonable assurance about whether the condensed financial statements of the subgroup as a whole are free of material misstatements – whether due to fraud or error – and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, yet not a guarantee, that an audit conducted in accordance with the International Standards on Auditing (ISA) will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, these could reasonably be expected to influence the economic decisions of users taken on basis of the condensed financial statements of the subgroup.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

The following also applies:

- We identify and assess the risks of material misstatements of the financial statements whether due to fraud and error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or over-riding of internal controls.
 - We obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the sub-group's internal control system.
 - We assess the reasonableness of the accounting principles applied and of the validity of the values estimated by the legal representatives in the accounting along with an assessment of related statements.
 - We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the sub-group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed financial statements of the subgroup or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the subgroup to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the condensed financial statements of the subgroup, including the disclosures, and whether the condensed financial statements of the subgroup represent the underlying transactions and events in a manner that gives a true and fair view.
 - We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the subgroup to express an opinion on the financial statements of the subgroup. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

Vienna, March 6, 2020

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Christoph Waldeck
Certified Public Accountant

The condensed consolidated financial statements with our auditor's report may only be disclosed in the version as audited by us. This auditor's report exclusively refers to pages 45 to 87 of the condensed consolidated financial statements in German. This English translation is provided for convenience only. The German original is solely valid.



VAMED Aktiengesellschaft

Sterngasse 5
A-1230 Vienna
Austria
office@vamed.com
www.vamed.com

Layout:

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VAMED
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