



VAMED
health.care.vitality.



ANNUAL REPORT 2020

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VAMED

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FOREWORD BY THE EXECUTIVE BOARD

The 2020 financial year posed major challenges to VAMED, as it did to many enterprises in the world. Disrupted supply chains, shifted investments, international travel restrictions and quarantine measures negatively impacted business operations, especially in the Project Business. In the field of total operational management, the effects of the pandemic were mainly felt as a consequence of temporary, government-imposed shutdowns and capacity limits. In its Service Business, VAMED faced lower capacity utilization in the field of sterile supply services due to delayed elective surgeries. Additional protective and hygienic measures had a negative impact on work in all areas and led to increased costs.

Reliability generates confidence

Even if the financial impacts of the pandemic varied considerably in the different business areas, the coronavirus definitely left its mark on our earnings performance in the 2020 financial year. Starting with a solid financial basis and strengthened by the best financial year in the company's history in 2019, VAMED reported sales totalling EUR 2.1 billion and an EBIT of EUR 29 million in 2020. The record orders on hand of EUR 3.1 billion give us reason to be optimistic besides the fact that we succeeded in generating an order intake of more than EUR 1 billion even in a year in which economies across the globe were forced to redirect funding for health budgets to emergency measures and travel restrictions massively hindered acquisition projects.

In this exceptionally difficult year, VAMED's success was to a large extent based on its reliability in providing continued services for its business partners in the Project Business and Service Business as well as for patients entrusted to our care in acute care and rehabilitation facilities, the inhabitants of our nursing homes as well as guests at our thermal spa and health resorts.

As an internationally operating company, VAMED has always successfully mastered health risks and local outbreaks of epidemics up until now and gained valuable experience which the company has been able to benefit from in the current pandemic. Conditions demanded a high degree of flexibility and a series of highly innovative and creative solutions enabling VAMED to continue its work.

Projects were continued with great effort or completed, as demonstrated by the new Child and Adolescent Psychiatry at Vienna General Hospital or the Point Fortin hospital, Trinidad and Tobago.

Technical high-end services made a considerable contribution towards ensuring the uninterrupted operation of healthcare facilities around the world, also and especially in the red zones i.e., areas with the highest COVID-19 infection rates.

In other words, the company's biggest achievement in the year 2020 was its success in maintaining business operations in spite of the extremely adverse conditions. The level of reliability shown by VAMED is the basis for confidence – the strongest currency in the world.

Organizational restructuring of the Service Business

The steadily increasing importance of the Service Business was reflected by its organizational restructuring carried out during the 2020 financial year. The previous lead company VAMED Management und Service GmbH (VMS) was split into two companies, namely VMS as the lead company for total operational management and VAMED Technical Services GmbH (VTS) as the lead company for high-end services.

Thanks to the bundling of competencies, this segment is now also clearly structured from an organizational perspective and is well equipped to meet future challenges.

In 2020, VAMED provided technical services for 820 healthcare facilities with a total of 207,000 beds. Furthermore, the company was also responsible for the total operational management of 100 healthcare facilities featuring 15,000 beds.

Experience from 1,000 successfully completed healthcare projects

Almost all 95 of VAMED's markets were affected by travel bans during the reporting period, which made it basically impossible to personally access these markets. This particularly impacted the ability to acquire new

contract orders, in light of the fact that personal, face-to-face negotiations play a substantial role. Up until now, VAMED has successfully completed about 1,000 healthcare projects in 95 countries in the course of the company's history. It gained crucial experience from each and every one of them, which, in turn, is incorporated into every new project.

VAMED has managed to position itself as a reliable partner in the healthcare sector despite the most adverse conditions. This can be particularly attributed to the high level of personal commitment on the part of our employees, to whom I would like to extend our sincere thanks for their crucial work on behalf of people's health around the world. We would also like to express our thanks to our customers, partners and shareholders for their confidence in and support of our company.

In the year 2020, VAMED laid the foundation for its successes in the coming years. The COVID-19 pandemic has accelerated many change processes in this financial year and provided impetus to move in new directions. For example, VAMED forged ahead with digitalization, enabling the development of possibilities to manage and plan projects as well as put them into operation from a distance. Outsourced services which could not be rendered because of the pandemic were handled internally. The experience gained from dealing with the pandemic across the globe was integrated into the development of hygienic and protective concepts providing a firm basis for all services in the VAMED value chain. Accordingly, VAMED is well positioned to meet future challenges. Healthcare projects which had to be delayed will be completed in the years to come. VAMED stands ready as a competent and reliable partner and looks ahead to the future with optimism.



Mag. Gottfried Koos
Member of the
Executive Board

MMag. Andrea Raffaseder
Member of the
Executive Board

Dr. Ernst Wastler
Chairman of the
Executive Board

DI (FH) Andreas Wortmann, M.Sc.
Member of the
Executive Board

REPORT OF THE SUPERVISORY BOARD

Based on a currently valid resolution, the Supervisory Board 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.

In addition to the diverse challenges in connection with the global COVID-19 pandemic in all of VAMED's markets, the deliberations of the Supervisory Board in the 2020 financial year focused on measures to strengthen liquidity, 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 the Management Report of VAMED Aktiengesellschaft were audited by PwC Wirtschaftsprüfung 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 5, 2021 resolved to recommend that the Supervisory Board approves 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 for the 2020 financial year, 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 2021 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 2020 financial year.

Vienna, March 18, 2021



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	DI (FH) Andreas Wortmann, M.Sc.

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 Consultant to the Executive Board of B&C Industrieholding GmbH
APPOINTED BY THE WORKS COUNCIL	Mag. (FH) Thomas Hehle DI (FH) Harald Steer, M.Sc. Ing. Robert Winkelmayr

THE VAMED VALUE CHAIN AND LIFE CYCLE

The international healthcare group VAMED operates in all segments of the healthcare sector – i.e., prevention, acute care, rehabilitation and nursing – with an extensive service portfolio in the Project and Service Business. The unique combination of project and service experience enables VAMED to plan, build and operate healthcare facilities on an integrated basis across the entire life cycle.

health. care. vitality.

The VAMED service portfolio is all about health. The concept of "health. care. vitality." stands for all the different fields in connection with the health and well-being of those people VAMED is working for around the world – from prevention and acute care to rehabilitation and nursing.

A strong partner across the entire life cycle of healthcare facilities

The activities of VAMED are divided into the two business segments of projects and services. The VAMED Project Business comprises the planning, construction and equipping of healthcare facilities as well as the training of medical and healthcare professionals and the digitalization of the healthcare portfolio. The high-end services of VAMED assist healthcare facilities in all aspects of technical, commercial and infrastructural management. Whenever VAMED is not in charge of a facility's total operational management, it still provides services in specialized fields, such as biomedical equipment, sterile supply services or the digitalization of hospital procedures.

Thanks to its exceptionally diversified portfolio and value chain, VAMED always keeps in mind the interaction between all processes in patient care – today and for future generations. VAMED benefits from nearly four decades of experience in building and operating healthcare facilities around the world.



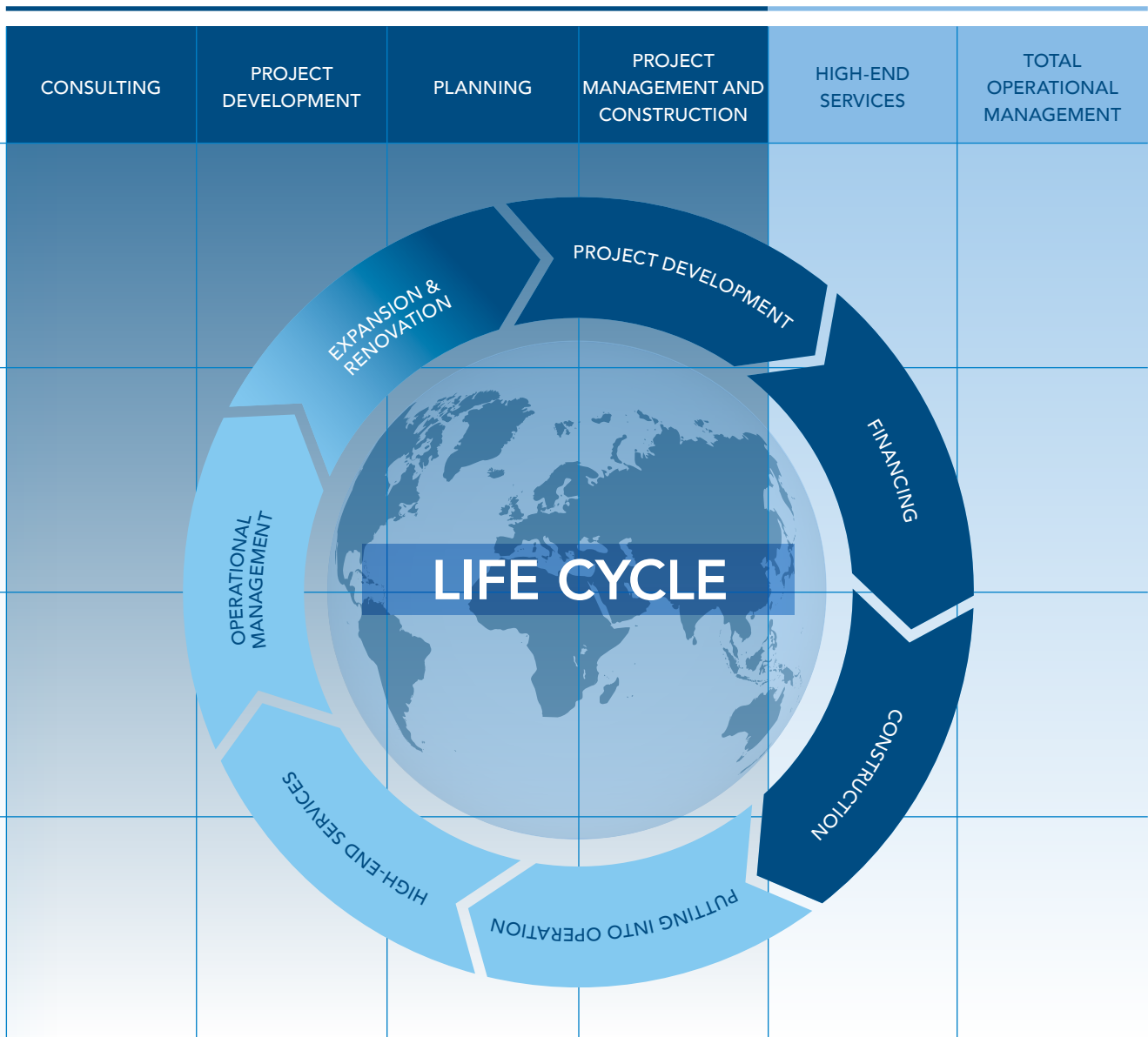
VAMED's responsibility for healthcare projects in life cycle models does not end with the successful handover of the project and training of staff but forms a sustainable healthcare cycle together with the subsequent maintenance of all facilities and systems and operational management services. This goes all the way from consulting, project development, planning, and financial engineering to project management, construction and back again to expansion/renovation and reinvestment of healthcare facilities.

The people behind the success

The companies in the VAMED Group bring together teams from many different professions. The employees of VAMED come from all around the globe and comprise the brightest minds in consulting, the best of the best in planning healthcare facilities, experts in financial engineering, highly experienced project and hospital managers, IT specialists, facility managers and medical engineers as well as professionals from all the medical specialties of the healthcare sector. These multidisciplinary competencies enable VAMED to pursue a sustainable and holistic approach unlike any other company in the market when planning, realizing and maintaining healthcare systems and facilities.

■ PROJECT BUSINESS

■ SERVICE BUSINESS



PROJECT BUSINESS

When VAMED was awarded the contract to complete the Vienna General Hospital – Medical University Campus in 1982, the foundation for a truly exceptional company was laid. VAMED proudly looks back on 1,000 completed healthcare projects and enjoys an outstanding reputation around the world thanks to its unique customer-specific solutions, cost discipline, schedule adherence and reliability.

The Project Business of VAMED is divided between VAMED Standortentwicklung und Engineering GmbH (Project Business Central Europe) and VAMED Engineering GmbH (Project Business International).

Extensive services

VAMED manages healthcare projects from the initial idea for a project until they are put into operation – and, if requested, assumes responsibility of the entire business. Not only the experience gathered from each and every project realized around the world is certainly a huge advantage, but also the fact that VAMED has been operating own facilities with great success. After all, nobody knows better what is important by planning and constructing a healthcare facility than those in charge of requirements in operational management.

In project development, VAMED provides its customers with individual, tailor-made solutions.

The idea for a project is the first step on the way to a concept. Based on such initial ideas, VAMED develops new, individually adjusted and customized solutions in order to put healthcare projects on the right track from a financial, functional and technical perspective. This multi-stage process comprises such steps as analyzing the chances of the project to be realized, reviewing the basis for decisions to be made, preparing a project concept and examining the project's profitability. It also includes planning and building a healthcare facility as well as putting it into operation.

In times of tight budgets, appropriate and needs-based funding schemes have become increasingly important. This is yet another aspect where VAMED is able to offer professional support with many years of experience from successfully completed projects. VAMED benefits from an established network of financing partners as well as ample experience in the integration of funds from both national and international development banks.

Pioneer in the area of PPP models for the healthcare sector

VAMED boasts a pronounced expertise in the implementation of healthcare projects in form of **Public Private Partnership (PPP) models**. In the context of a long-term partnership, the core competencies of medicine and nursing remain with the public partner, while the private partner bears the risks of financing as well as time and cost overruns. VAMED proudly looks back at 26 successfully completed PPP projects, including the University Hospital Schleswig-Holstein, the largest PPP project in the German healthcare sector.

Biomedical equipment

VAMED is a competent and reliable partner in the field of biomedical equipment. The service portfolio ranges from developing the entire biomedical equipment concept and the procurement, supply, and installation of biomedical technology to training and management or even to the responsibility for the entire life cycle of biomedical equipment.

Building Information Modeling (BIM)



University Hospital Schleswig-Holstein, Germany



Vienna General Hospital – Medical University Campus, Austria



A reliable partner – also in times of crisis

The project business of VAMED was confronted with enormous pandemic-related challenges in 2020: additional protective measures for employees in construction, delayed or interrupted supply chains, travel restrictions or entry bans, just to name a few.

VAMED has been a reliable partner even in times of a global pandemic. Despite the difficult situation, VAMED went ahead with construction projects in order to keep any delays related to COVID-19 to a minimum.

Several newly built healthcare facilities were put into operation in 2020. In Austria, VAMED was able to hand over the Department of Child and Adolescent Psychiatry at the Vienna General Hospital, the expansion of the Neurological Therapy Center Kapfenberg as well as the expansion of the Rehabilitation Clinic Gars am Kamp. In Switzerland, the newly constructed Private Clinic "Oasis" complements the portfolio at the Rehabilitation Clinic Zihlschlacht.

In early July 2020, VAMED completed the turnkey construction and handed over a hospital with 100 beds in Point Fortin, Trinidad and Tobago just after the first wave of the coronavirus pandemic. Defying the complicated conditions prevailing in this first phase, the completion of the project was a great success for the employees.

Twelve regional hospitals in Ghana

VAMED once again played a considerable role in improving the healthcare sector in Africa this year. The twelve new regional hospitals with 40 beds each will significantly upgrade medical care in Ghana. Construction on these important healthcare facilities began in 2020.

Well-filled order books also in the exceptional year

Almost all 95 of VAMED's markets were affected by travel bans during the reporting period, which made it really difficult or basically impossible to personally access these markets. Nevertheless, VAMED still succeeded in securing new orders in 2020, such as two major construction orders in South Eastern and Eastern Europe just before the end of the year.



Reem Hospital, Abu Dhabi, UAE



Department of Child and Adolescent Psychiatry, Vienna General Hospital – Medical University Campus, Austria



Regional hospitals, Ghana



SERVICE BUSINESS

As an integrated healthcare provider, VAMED offers all management services for healthcare facilities on a global basis.

Division into two lead companies – high-end services and total operational management

VAMED has been able to continuously increase the share of total sales generated by the Service Business in recent years, rising from 32% in 2010 to 69% in 2020.

The acquisition of 38 former Helios post-acute care facilities in Germany in 2018 strengthened the position of VAMED as a leading provider in the field of rehabilitation and nursing in Europe.

The increasing importance of the Service Business was also organizationally taken into account in 2020, when the former VAMED Management und Service GmbH (VMS) was divided into two lead companies.

VAMED Technical Services GmbH (VTS) brings together the high-end service business of VAMED, while VMS remains in charge of total operational management. This concentration and pooling of competencies ensures that the Service Business of VAMED is clearly structured and well-equipped for the future.



Revigo, Innovative Rehabilitation, Switzerland



Decontamination of medical devices, Instruclean, Germany



Control room, Vienna General Hospital – Medical University Campus, Austria



Decontamination of medical devices IHSS Ltd, Great Britain



HIGH-END SERVICES

VAMED Technical Services GmbH (VTS) has been in charge of the continuously growing field of technical services since July 1, 2020. VAMED currently operates about 820 healthcare facilities with a total of 207,000 beds across four continents, and regionally widely diversified from countries like: Austria, Germany, Italy, Swiss, Spain, Czech Republic, United Kingdom or Peru, Ghana, South Africa and from the United Arab Emirates to Malaysia. The range of high-end services by VAMED encompasses the entire management of biomedical equipment, all aspects of mechanical and electrical engineering, sterile supply services as well as IT development and infrastructure.

In technical operational management, a highly qualified team works closely with VAMED customers to take care of all maintenance work and any legally required documentation, while continuously optimizing the facility's profitability. VAMED strives to offer long-term solutions for biomedical equipment management based on the existing hospital administration. Reinvestment decisions are treated with absolute objectivity, in light of the fact that VAMED is independent from any particular manufacturers. A similar service concept is implemented in mechanical and electrical engineering.

The field of sterile supply services is certainly of the highest priority during ongoing clinic operations. VAMED takes care of everything from sterile supply services to highly sensitive systems for diagnostics and surgery such as endoscopes, necessitating perfect quality management as well as permanent monitoring, even under high time pressure.

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.

The true value of reliable and uninterrupted services in the healthcare sector became particularly clear during the coronavirus pandemic. Even in so-called red zones,

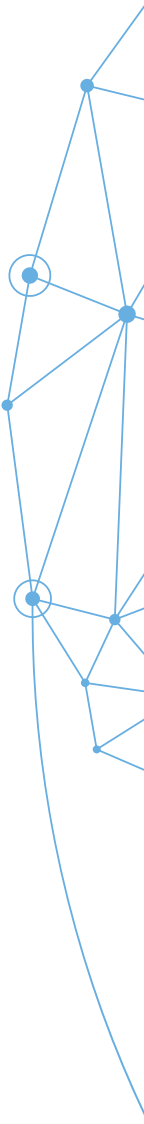
meaning areas with the highest numbers of infections and hospital capacities stretched to the limit and beyond, VAMED employees not only kept the facilities' technical operations running but also refurbished already decommissioned respirators, assisted in the technical implementation of emergency measures and significantly contributed to the overall maintenance of hospital operations. Reliability is certainly highly valued, as reflected in the numerous new contracts for technical services acquired in 2020.

VAMED-KMB Krankenhausmanagement und Betriebsführungsges.m.b.H., Vienna

The Vienna General Hospital – Medical University Campus (AKH) ranks among the largest hospitals in Europe with about 900,000 square meters of net floor area, more than 1,700 beds, 28 clinics and institutes, 48 operating theaters, and 76 normal care, 15 intensive care and 16 intermediate care units.

In charge of the hospital's smooth operation since 1986, VAMED-KMB has always been committed to risk minimization, legal and budget certainty, and the long-term preservation of value.

With its highly qualified employees, VAMED-KMB is one of the largest service providers in the world. They perform valuable operational management services for healthcare facilities with a focus on mechanical and electrical engineering, construction engineering, biomedical equipment, information and communication technology as well as commercial and infrastructural facility management. Moreover, VAMED-KMB is in charge of about 50,000 medical devices and systems as well as the car park including patient transports. Aside from providing assistance in the documentation of the patients' medical histories, VAMED-KMB also takes care of waste management, environmental economics and energy management, and assumes responsibility for the planning and implementation of conversions, additions and new construction projects.





TOTAL OPERATIONAL MANAGEMENT

VAMED Management und Service GmbH (VMS) is responsible for the extensive service portfolio in rehabilitation, making VAMED a leading company in this segment. Nevertheless, the segment of total operational management also encompasses services in acute care and nursing as well as preventive medicine, where VAMED operates thermal spas and health resorts in Austria and Germany, offering medical-therapeutic methods and holistic applications to improve the physical and mental well-being of patients and guests.

Operational management by VMS around the world

VMS is currently in charge of the total operational management services over approximately 100 health-care facilities with around 15,000 beds across three continents.

VAMED boasts exceptional healthcare competence in the field of post-acute care. VAMED is able to bundle the knowledge and expertise of more than 9,900 doctors, therapists and nurses within the context of its International Medical Board (IMB).

Extensive portfolio for rehabilitation and nursing

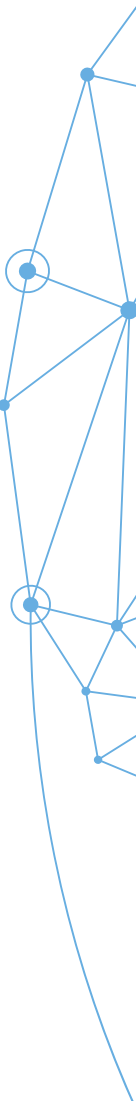
In order to minimize any restraints to patients caused by illness or accidents, VAMED combines personal treatment, individualized rehabilitation targets and state-of-the-art medicine at its rehabilitation facilities.

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 to accomplish the best possible and evidence-based functional improvement to increase their independent activity and participation in all aspects of life, even after serious illness.

VAMED operates rehabilitation facilities in Austria, Germany, Czech Republic and Switzerland as well as outside Europe, for example, in the United Arab Emirates and Kuwait.

Rehabilitation facilities for

- Neurology including Pediatric and Adolescent Early-Neurorehabilitation
- Multiple sclerosis and Parkinson's disease
- Orthopedics and Traumatology
- Oncology including Pediatric and Adolescent Oncology
- Family-oriented therapy
- Psychosomatics
- Cardiology
- Geriatrics
- Hearing loss, tinnitus and vertigo
- Gastroenterology
- Nephrology
- Pneumology, Pulmonology
- Metabolic diseases
- Post-COVID therapy





Der Sonnberghof, Oncological Rehabilitation Center, Austria



VAMED Clinic Kipfenberg, Germany



Reem Hospital, Abu Dhabi, UAE



Rehabilitation Clinic Vienna Baumgarten, Austria

Aside from classic inpatient rehabilitation clinics, there is also increasing demand for local outpatient rehabilitation services. In the next few years, VAMED will considerably expand its portfolio in this segment as well as in the fields of hybrid and tele-rehabilitation. It is precisely the current coronavirus pandemic that presents an ideal opportunity to rethink and redesign healthcare. Digital rehabilitation offers the great benefit of being able to treat patients comprehensively, continuously and efficiently, even between their medical appointments.

Another important field in post-acute care is nursing, which strives to provide the residents of nursing facilities with a home while assisting them in their everyday lives with great commitment of medical and nursing competences. VAMED operates nursing facilities in Austria, Germany and the Czech Republic:

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.

VAMED expanded its service portfolio by two additional senior citizen residences in Vienna and Innsbruck on January 1, 2020. These VITALITY Residences enable their residents to live according to their own ideas and wishes. Individual, barrier-free apartments, a stylish ambiance, an extensive cultural program and a wide range of sports opportunities ensure that the residents are able to remain independent, knowing that they always have access to medical care.

The medical portfolio in the field of acute care comprises hospitals and acute care facilities in Austria, Germany and the Czech Republic. A new patient program was opened at Therme Wien Med in November 2020. The doctors of choice from various disciplines at the "Team Gesund" medical center are available seven days a week.

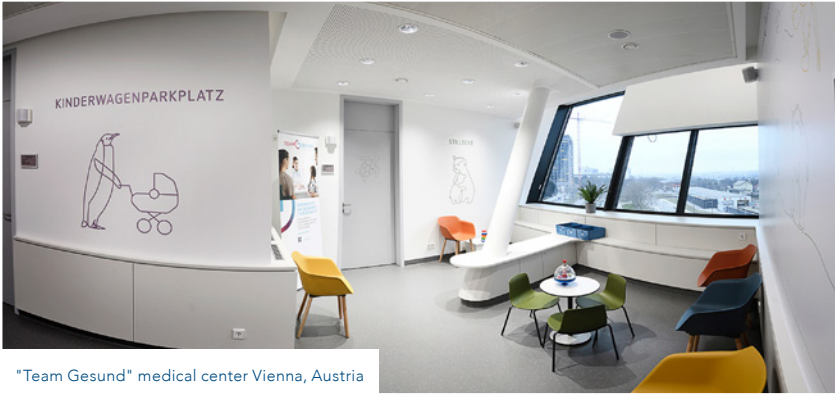


VAMED Mediterra Clinic Mělník, Czech Republic





VITALITY Residences, Innsbruck/Vienna, Austria



"Team Gesund" medical center Vienna, Austria



Neurological Therapy Center Gmundnerberg, Austria



Rehabilitation Clinic Dussnang, Switzerland

TECHNICAL SERVICES FOR
207,000
BEDS



17
TRAINING AND CONTINUING EDUCATION PROGRAMS ACROSS 3 CONTINENTS



23
PEOPLE

9,900
MEDICAL STAFF



95
COUNTRIES



8
THERMAL SPAS AND HEALTH RESORTS





2000
PLE

5
CONTINENTS

1,000
COMPLETED
HEALTHCARE
PROJECTS

21
NURSING
FACILITIES

58
REHABILITATION
FACILITIES

PARTNERSHIPS
WITH
15
UNIVERSITY
HOSPITALS

TOTAL
OPERATIONAL
MANAGEMENT FOR
15,000
BEDS

STRUCTURE OF THE VAMED GROUP

PROJECT BUSINESS

SERVICE BUSINESS

CENTRAL EUROPE

INTERNATIONAL

AKH AND
WiGev, VIENNA

CENTRAL EUROPE & INTERNATIONAL

VAMED
Standortentwicklung
und Engineering
GmbH,
Vienna

VAMED
Engineering
GmbH,
Vienna

VAMED-KMB
Krankenhaus-
management und
Betriebsführungs-
ges.m.b.H., Vienna

VAMED
Technical
Services GmbH,
Vienna

VAMED
Management und
Service GmbH,
Vienna

GROUP MANAGEMENT REPORT 2020

The company successfully started the year 2020, following the outstanding performance generated in the 2019 financial year. As a result of the global spread of the COVID-19 pandemic, VAMED was faced with increasing challenges impacting all areas of the company, though to varying degrees. Against the backdrop of the exceptional situation prevailing around the world, the company showed a moderate decline in sales of 6.3%. In turn, EBIT fell to € 28.5 million.

The positive developments of our orders on hand reflected in a 6.6% increase, along with an order intake of more than € 1 billion in spite of the adverse circumstances, comprise a solid basis for further growth.

1. Economic report

1.1. Healthcare sector

The healthcare sector ranks among the most important branches of the global economy. The year 2020 was an exceptional year, especially for this sector. Funding earmarked for the expansion of healthcare services had to be redirected to combat the pandemic. Construction projects were delayed or no longer contracted due to the inability to secure sufficient financing. However, although 2020 and at least part of the year 2021 will be devoted to fighting back against the pandemic and implementing emergency measures, economies around the world will have to intensively focus on further developing their healthcare systems once the pandemic has been brought under control.

Post-COVID-19 challenges include the massive cost pressure on healthcare facilities and the increase in capacities, the lack of which became clearly apparent during the pandemic. Access to adequate healthcare, not only in urban centers but in rural areas as well, the affordability of health services, also for individuals with low income, a lack of or an inadequate infrastructure and the growing shortage of qualified medical staff are further challenges to be dealt with.

1.2. Business model

VAMED has no competitor which offers a comparable service portfolio across the entire life cycle of its managed facilities.

VAMED operates in 95 countries on five continents and has realized about 1,000 projects since its founding.

The company provides technical services for approximately 207,000 beds in 820 hospitals and is also in charge of the total operational management of around 100 healthcare facilities with about 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 construction and maintenance to highly specialized technical, commercial and infrastructural services as well as total operational management in prevention and acute care as well as in rehabilitation and care.

These extensive competencies also enable VAMED to provide efficient support even to complex healthcare facilities over their entire life cycles. Furthermore, VAMED is 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.

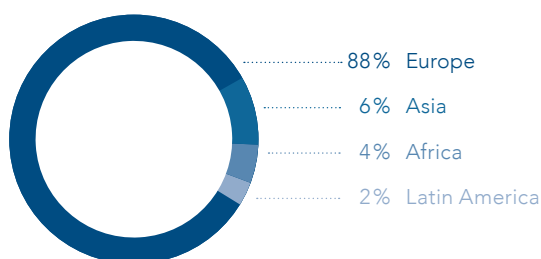
The various business segments of VAMED serve as the basis for the company to cater to all the different healthcare fields, from prevention and healthcare tourism to acute care, rehabilitation and care. VAMED ranks among the leading private providers in the post-acute care business in Central Europe,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

1.3. Order situation and sales performance

In spite of the difficulties related to COVID-19, order intake in the Project Business equaled € 1,010 million in 2020, comprising a year-on-year decline of 23.2%. End-of-year orders on hand rose 6.6% to € 3,055 million. Sales in the reporting period were down 6.3%. The individual business segments showed the following development:

in T€	2020	2019	Change
Project Business	633,390	807,476	-21.6%
Service Business	1,434,299	1,398,483	2.6%
Total	2,067,689	2,205,959	-6.3%

In terms of geographical distribution, Europe continues as the strongest business region with a share of 88% of total sales. Asia, Africa and Latin America accounted for 6%, 4% and 2% respectively of total sales.



1.4. Business segments in 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 in biomedical equipment is also highly valued, 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.

Effects of the pandemic

VAMED's Project Business was severely impacted by the COVID-19 pandemic. Entry into almost all the 95 markets in which VAMED operates became more difficult or impossible during the year 2020. In turn,

this resulted in limited acquisition activity. Moreover, VAMED was confronted with changes in the prioritization of health projects by clients as a consequence of COVID-19. Lending became more restrictive and the decline in oil prices led to budget shortfalls, above all in countries dependent upon the oil industry. Furthermore, the Project Business suffered from limited supply chains, temporary government-imposed work stoppages at construction sites along with the difficult and more costly working conditions for construction as a result of COVID-19 hygiene concepts. In some cases, the massive restrictions led to considerable delays in the progress achieved in several regions.

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

Europe

In Austria, VAMED realized renovation, enlargement and new construction work at the Vienna General Hospital within the context of the Reinvestment and Master Plan 2030 of the Wiener Gesundheitsverbund. This was accompanied by further project requests in 2020. In addition, the extended Child and Adolescent Psychiatry as well as the new large-capacity hospital kitchen, the biggest in Austria, were handed over and opened in this year.

The start of renovation and new construction work at the Anton Proksch Institute, a specialist hospital for the treatment of addicts, took place in May 2020. The project involves three construction phases. An inpatient clinic with 242 beds is planned along with the expansion of outpatient care. Work also commenced on the enlargement of the inpatient rehabilitation clinic for psychiatric rehabilitation in Oberndorf, whereas extension work continued at the Rehabilitation Clinic Montafon, focusing on adding 62 beds for psychiatric rehabilitation.

Expansion work on the Rehabilitation Clinic Gars am Kamp featuring the addition of 25 new beds for psychiatric rehabilitation proceeded on schedule. The new building will be put into operation in the first quarter of 2021. Similarly, the enlargement of the Neurological Therapy Center Kapfenberg was completed at the end of November 2020, enabling a new range of services for patients in a persistent vegetative state to be offered.

The construction order for St. Pölten University Hospital is progressing according to plan once again following a temporary interruption due to COVID-19.

In Germany, the contract to plan and construct the University Hospital Schleswig-Holstein with its locations Kiel and Lübeck (new construction, modernization and renovation) is conceived as a life cycle model and also encompasses technical operational management including maintenance of the buildings up until the year 2044.

The planning and construction order for a central hospital in Biberach was subject to a COVID-19-related time delay, so that project completion is now scheduled for 2021. The COVID-19 pandemic also led to an extension of construction time for the Central Institute of Mental Health in Mannheim.

The completely renovated Baltic Sea Resort Damp was successfully reopened in 2020. Other projects within the context of the technical overhaul of rehabilitation facilities are underway.

Since 2018, VAMED has been responsible for project management and general contracting services for building construction, building services and biomedical equipment for all Helios clinics in Germany. Within this framework, a contract was signed in 2020 for the turnkey construction of a new hospital building in Oberhausen.

The order to serve as the biomedical equipment partner for the new construction of Hardenberg Hospital in the Netherlands was completed as planned. The realization of an additional order for biomedical equipment management began in the second quarter of 2020. The hospital started operating at full capacity at the end of September 2020.

In Switzerland, the newly constructed Private Clinic "Oasis" was put into operation at the beginning of July to complement the neurological rehabilitation offering of the Rehabilitation Clinic Zihlschlacht. The partial renovation of a health tourism facility in Montreux was also realized.

In Russia, the construction project in Krasnodar was subject to a temporary, COVID-19-related interruption of the work in progress.

In spite of the difficult conditions in acquiring new projects, two major construction orders in South East and Eastern Europe contributed to the order intake before the end of 2020.

Africa

Ongoing projects in Africa were also characterized by coronavirus-related construction delays and additional costs. Following temporary delays, current construction projects in Ghana are progressing once again, similar to projects being realized in the Ivory Coast. The order to build five regional hospitals in Ghana (District Hospital Wheta, Swala-Tuna-Kalba, Tolon, Buipe and Somanya) and one polyclinic (Bamboi) was successfully continued in spite of COVID-19-related delays and will soon be completed and handed over to the client. The order granted in 2019 for ten hospitals in Ghana, each with 40 beds, was expanded to include one additional hospital and a new polyclinic.

VAMED received an order from Zambia to plan and supply a COVID-19 biomedical equipment package. The projects in Mozambique were successfully launched in spite of the coronavirus pandemic.

Middle and Far East

Reem Hospital in Abu Dhabi on the Arabian Peninsula was close to completion at the end of 2020. Moreover, this healthcare facility is considered to be an important reference project outside of Europe. It is an example of a so-called "VAMED life cycle project" encompassing total operational management for a period of 20 years in addition to construction. In Al Reem, a mother and child hospital, an outpatient clinic, a large outpatient and diagnostics area and a rehabilitation facility with a total of 219 beds are being developed over an area covering about 50,000 m². Existing orders in Jordan and Oman are moving ahead but are marked by delays caused by COVID-19.

Asia

VAMED has already been successfully operating in important Asian markets for decades. The current contracts being realized in China, Mongolia, Sri Lanka, Malaysia, Papua New Guinea and Thailand are partially facing delays as a consequence of the coronavirus. The delivery, installation and training of a biomedical equipment package for the Cho-Ray Hospital in Vietnam could be concluded at the end of 2020 in spite of COVID-19 restrictions. The "Presidential Hospital Jakarta Proton Therapy Center" project in Indonesia encompassing a review of the master plan as well as the planning, supply and installation of a center for nuclear medicine and radiation therapy featuring proton therapy and a cyclotron was implemented for the most part without hindrance.

VAMED received new orders to supply biomedical equipment from Mongolia and Indonesia, amongst other places.

Latin America

VAMED has been continuously strengthening its market position in Latin America for several years. In Argentina, construction work on Hospital Suroeste is almost completed. In Bolivia, the existing construction orders are moving ahead once again after facing delays. Construction of the Villa Tunari General Hospital is very close to completion, so that the installation of biomedical equipment is being initiated.

In Nicaragua, VAMED is working on the turnkey construction of a regional hospital in Ocotal.

In Trinidad and Tobago, the 100-bed regional hospital in Point Fortin was completed in summer despite the travel restrictions and lockdowns in the country and was subsequently handed over to the customer. Construction of the Sangre Grande General Hospital on Trinidad and Tobago continued without any major delays.

Technical Services

In its Service Business, VAMED offers a broad-based portfolio of services for healthcare facilities, enabling it to operate successfully on a global basis.

VAMED's offering in the 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 biomedical equipment management, technical operation and total operational management. In addition, VAMED provides services in the fields of energy management, waste management, the cleaning of buildings and outside installations as well as security.

Amongst others the area of highly specialized services encompasses the complete management of biomedical equipment, 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.

Demand for VAMED services in the field of digitalization is gaining in importance, as for instance the application of state-of-the-art technologies in operational management or building information modelling (BIM), where VAMED is a trailblazer in the hospital sector. The company's broad-based service portfolio ensures 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 safeguards the required quality of supply. Numerous national and international certificates 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, which are 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.

In the field of technical operational management, VAMED is in charge of the technical operation of around 820 healthcare facilities across the globe with a total of 207,000 beds. Technical services could also be provided without interruption for the most part in an environment impacted by COVID-19, even under more challenging conditions and the related increase in costs. Thanks to their commitment, VAMED technicians made a major contribution towards ensuring the ongoing availability of technical equipment and devices for the treatment of patients during the COVID-19 pandemic. The business in providing sterile supply services was negatively impacted by the reduction in the number of elective surgeries which had to be substantially limited at the height of the pandemic because of the high degree of capacity utilization of intensive care units.

In 2020, VAMED succeeded in winning major new contracts in the field of technical services in Austria, Germany, Italy, Switzerland and Spain.

In Austria, VAMED successfully continued its decades-long partnership with the Vienna General Hospital – Medical University Campus (AKH) in 2020. 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 1,700 beds.

As part of Vienna's first PPP life cycle model project, VAMED took over the technical operational management of the radiation oncology department at Hietzing Hospital and at Donaustadt Hospital (formerly Sozialmedizinisches Zentrum Ost-Donauspital). 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. Total operational management (biomedical equipment, hospital electrical engineering and central sterilization) for all Helios clinics in Germany was also continued. In total, VAMED is in charge of the technical operational management of 419 healthcare facilities in Germany with some 130,000 beds.

In Spain, VAMED is responsible for biomedical equipment management and maintenance for the Quirónsalud clinics. Altogether VAMED serves a total of 43 hospitals with 6,500 beds along with 39 outpatient healthcare centers and 300 facilities for occupational health management.

VAMED provides technical services for 33 healthcare facilities with 4,000 beds in Switzerland. In Italy about 140 healthcare facilities with about 38,000 beds are served.

Outside of Europe, VAMED provides technical services in Gabon, Ghana, Libya, Malaysia, Peru, South Africa and the United Arab Emirates, amongst other markets.

Total operational management

All in all, VAMED is responsible for the total operational management of 100 healthcare facilities with around 15,000 beds.

In 2020, VAMED once again further expanded its position as one of Europe's leading providers of rehabilitation and care services. In the post-acute care segment, it operates healthcare facilities in Austria, Germany, Switzerland and the Czech Republic. The effects of the COVID-19 pandemic on post-acute care facilities differed significantly due to varying regional regulations, for example temporary shutdowns of rehabilitation clinics and health tourism facilities in Austria.

In Austria, several rehabilitation clinics were temporarily closed in the first half of 2020 because of the pandemic. Afterwards, all such facilities were continuously in operation, but operated in compliance with stricter hygiene requirements and protective regulations. The VAMED rehabilitation clinics located in Enns and Gmundnerberg were temporarily embedded in the COVID-19 medical care initiative of the Federal Province of Upper Austria.

There were no government-imposed closures or bans on visits affecting VAMED's rehabilitation facilities in Switzerland. Nevertheless, the nationwide lockdown measures led to an overall decline in capacity utilization.

Comprehensive lockdown measures, patient uncertainty and limitations on maximum capacities in Germany resulted in sharp drops in occupancy rates.

Business at VAMED Mediterra in the Czech Republic was negatively impacted by closures mandated by public authorities as well as visitation bans and the prohibition of elective surgery.

Capacity limits and special COVID-19 protective and hygiene precautions had to be implemented at both inpatient and outpatient rehabilitation facilities. They were designed to protect the health of patients and staff alike but necessitated additional organizational measures and expenses. This was complemented by the fact that the postponement of elective surgery led to a temporary decrease in occupancy rates of rehabilitation clinics.

Care facilities were consistently operated but forced to carry out intensified protective and hygienic measures.

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 2020, the company pressed ahead with expanding the supply of outpatient rehabilitation facilities. Three outpatient rehabilitation centers (Hildesheim, Ulm and Frankfurt/Oder) were acquired at the beginning of 2020.

In 2020, VAMED expanded its portfolio with two retirement homes, the VITALITY Residence Am Kurpark Vienna and the VITALITY Residence Veldidenapark Innsbruck along with the medical center "Team Gesund" at Vienna Oberlaa, enabling it to add attractive healthcare services to its offering.

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 ZAHW (Zurich University of Applied Sciences).

In the Czech Republic, the VAMED Mediterra Hospitals provide services in the fields of acute care, rehabilitation and long-term care at eight locations with a total of more than 1,000 beds.

Primary examples showcasing VAMED's total operational management outside of Europe include the life cycle project Reem Hospital in Abu Dhabi as well as the ALARGAN Rehabilitation Hospital in Kuwait.

VAMED Vitality World

Thanks to VAMED's decades of experience in the healthcare sector, VAMED Vitality World with its eight thermal spas and health resorts is able to bridge the gap between preventive medicine and health tourism. In 2020, these facilities ranked among the VAMED business areas most severely affected by the COVID-19 pandemic. The shutdown of resorts in the spring and later in the traditionally strong season starting in November as well as capacity limits and additional hygienic and protective measures during summer operations had a negative impact on the business.

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

1.5.1. Results of operations

The negative effects triggered by the COVID-19 pandemic led to a 6.3% decrease in consolidated sales in the 2020 financial year, from T€ 2,205,959 to T€ 2,067,689.

As a further consequence, the operating result (EBIT) showed a significant decline, from € 133.6 million to € 28.5 million.

The financial result amounted to approx. € - 19.5 million (2019: € - 20.8 million), particularly as a consequence of debt-financed acquisitions as well as the interest expense in connection with lease liabilities.

Earnings before tax and non-controlling interest (EBT) totaled € 9.0 million, comprising a drop of 92.0% or € 103.8 million from the prior-year level.

1.5.2. Assets and liabilities

in T€	Dec. 31, 2020	%	Dec. 31, 2019	%
ASSETS				
Current assets	1,245,318	45.8%	1,404,731	51.6%
Property, plant and equipment, right-of-use assets from leases, goodwill and intangible assets	1,224,980	45.1%	1,115,211	41.0%
Other non-current assets	246,075	9.1%	200,921	7.4%
Balance sheet total	2,716,373	100.0%	2,720,863	100.0%
LIABILITIES				
Current liabilities	1,026,350	37.8%	1,071,642	39.4%
Non-current liabilities	635,796	23.4%	920,026	33.8%
Shareholder's equity	1,054,227	38.8%	729,195	26.8%
Balance sheet total	2,716,373	100.0%	2,720,863	100.0%

Investments

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

in T€	2020	2019
Property, plant and equipment	91,783	50,909
Other intangible assets	3,018	4,985
Total	94,801	55,894

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€	2020	2019	Change
Order intake (Project Business)	1,009,684	1,314,218	-23.2%
Sales	2,067,689	2,205,959	-6.3%
Operating result before interest, tax, depreciation and amortization (EBITDA)	113,294	205,212	-44.8%
EBITDA margin	5.5%	9.3%	
Operating result (EBIT)	28,521	133,627	-78.7%
EBIT margin	1.4%	6.1%	
Earnings before tax and non-controlling interest (EBT)	9,017	112,866	-92.0%
EBT margin	0.4%	5.1%	
Results attributable to shareholders of VAMED AG	1,806	83,100	-97.8%
Balance sheet total	2,716,373	2,720,863	-0.2%
Shareholders' equity	1,054,227	729,195	44.6%
Equity ratio	38.8%	26.8%	

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 has 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 and the ongoing availability of the healthcare facilities it manages.

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

- Unparalleled competencies in the entire healthcare sector
- A high level of individual performance on the part of staff members as a result of their training, expertise and project experience combined with 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 1,000 successfully completed projects across the globe
- Life cycle approach and sustainability

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

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

2.1. Patient well-being and safety

The safety of patients is directly related to the quality of both, the therapies and products applied as well as indirectly to the provision of operational management services. It is VAMED’s prime objective and yet also a great opportunity to provide people all around the world with access to healthcare services at all levels of care.

Healthcare in crisis situations

VAMED is a globally operating healthcare company that must be crisis-proof and able to respond to such situations with great flexibility. The company’s strategic crisis management fulfils this requirement and enabled VAMED to adopt suitable hygienic and protection measures, even in the year of the COVID-19 pandemic. They were designed to keep our staff members, patients, nursing and retirement home residents as well as guests safe, ensure the uninterrupted operation of all the healthcare facilities VAMED manages, and to continue planning, building and commissioning health projects around the globe which are so crucial to the future supply of healthcare services.

Patient satisfaction

VAMED continuously measures the level of guest and patient satisfaction in all its healthcare facilities within the context of 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 has had its healthcare facilities certified according to international standards such as JCI (Joint Commission International), ISO or QMS-Reha. These certifications provide the basis for the ongoing improvement of processes at VAMED healthcare facilities.

The post-acute care facilities in Germany have joined the initiative [qualitaetskliniken.de](https://www.qualitaetskliniken.de), thereby meeting the requirements of the quality dimension of patient safety.

VAMED guarantees adherence to these quality standards by carrying out regular internal audits as well as external recertifications at certified healthcare facilities and any other facilities of the VAMED Group. Quality management audits take place every year in accordance with ISO regulations. Internal audits are systematically implemented for all business segments and apply at least to all issues that are subject to certified standards – thus encompassing quality management processes.

Hygiene management in rehabilitation and nursing

When it comes to the issue of hygiene in rehabilitation and nursing facilities, VAMED's focus is on ensuring the highest level of safety of everyone involved, but without restricting individual rehabilitation programs. The protection of resident patients against infectious diseases during their stay is a fundamental aspect of hygiene management. All our healthcare facilities comply from day one with systematic guidelines designed to prevent any outbreak or spread of infections. Our clearly defined processes are observed and adherence to hygiene standards is rigorously controlled.

Even in times of the coronavirus pandemic, certain rehabilitation measures simply cannot wait, as any delay would result in permanent consequential damage to people's health. For this reason, VAMED developed a comprehensive COVID-19 safety model and implemented suitable preventive measures in all facilities.

The VAMED International Medical Board (IMB) enables the exchange of expertise and experience among doctors and medical specialists from Austria, Germany, the Czech Republic and Switzerland. Moreover, medical specialty groups and management conferences across the VAMED Group coordinate the course of action on issues relating to quality and safety.

2.2. Digitalization and Innovation

VAMED established the strategic business segment of Digitalization to carry out numerous new initiatives and projects. For example, the offerings and programs for the benefit of patients include digital assistance systems to support healthy and independent assisted living (Ambient Assisted Living – AAL) as well as digital rehabilitation services. Our Project Business implements digital solutions, so-called virtual building information modelling (BIM) concepts in order to simulate and optimize the entire life cycle of healthcare facilities (planning, development, construction and operation) already in the planning phase. Furthermore, internal digitalization projects in the Project Business, high-end services and total operational management are also being implemented.

Patients receive access to largely barrier-free rehabilitation and follow-up services with digital solutions. Telemedical services enable us to provide more flexible and location-independent services. In this way, VAMED plays a vital part in improving the supply of healthcare services.

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 relationship with patients and business partners.

The loss of sensitive data or the failure to comply with data protection laws, regulations and standards could potentially 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.

2.3. Employees

In the year 2020, the consolidated companies of the VAMED Group had an average of 1,888 wage earners, 16,951 salaried employees and 387 apprentices (2019: 1,521 wage earners, 16,281 salaried employees and 297 apprentices).

Working conditions

Fair working conditions comprise an integral element of the VAMED mission statement. Our corporate culture is characterized by human diversity, open dialogue, mutual appreciation, respect, care, clear objectives and a determined management. Our values, strategies and objectives are reflected in open, intense and direct communication.

Recruiting

The VAMED business model is extremely diversified, which imposes special demands on attracting new staff members. The recruiting process is always adjusted to the individual requirements of each respective job position.

Professional HR development

The expertise and project experience of our staff members play a key role in the success of VAMED due to our diverse activities in the segments of high-end services, total operational management and project management. For this reason, a top priority in VAMED's human resources management is the further professional development of staff in all business segments based on individually targeted staff development measures and comprehensive needs-based training programs. These broad-based measures are necessary due to the complex structure of the business areas. Within the scope of strategic human resources planning, VAMED implements programs specifically for the identification and individual further development of high potentials. The trainee programs are dedicated to the qualification and training of young staff members with above-average development potential. In turn, the VAMED Human Capital Management (HCM) program targets existing employees identified as high potentials and is designed to prepare them for assuming leadership and executive responsibilities.

VAMED increasingly relies on digital elements such as e-learning in designing new training programs. Staff members have access to the bundled expertise of various information platforms. Moreover, VAMED already digitized the essential and obligatory training and further development measures. This also applies to success monitoring.

VAMED staff members also benefit from an in-house academy (VAMED Academy). The wide range of courses and trainings not only offers specialized modules but also focuses on issues such as personal career development as well as leadership skills, social competence and methodological expertise. Moreover, several knowledge platforms, including the International Medical Board (IMB), bundle the know-how of around

1,200 doctors working for VAMED. In the course of the COVID-19 pandemic, various courses and events were digitized, while mandatory attendance seminars in accordance with guidelines and government regulations had to be postponed to a later date.

In 2020, VAMED introduced the new VAMED leadership program to promote the strategic further development of future managers. Developed in close cooperation with representatives of university training institutes, such as the Vienna University of Economics and Business, the new program consists of various needs-based and customized elements. In addition, VAMED independently developed and rolled out individual e-learning modules (e.g. labor law) as well as study cards. The latter were particularly efficient in the field of hygiene and enabled VAMED to keep its trainings on current COVID-19 regulations accurate and up to date.

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.

VAMED staff members, and for the most part also patients and customers, are encompassed in the holistic concept for occupational health and safety management. The implementation of related measures is organized differently across the entire VAMED Group – both nationally and globally – due to the company's diverse range of services and varying responsibilities. In terms of the business segments, this approach applies to our Project Business as well as to technical services and the total operational management of individual sites. 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.

Not only various legal provisions but also in-house guidelines and directives play a fundamental role in occupational health and safety management due to the decentralized organization of the VAMED Group. In the 2020 financial year, new regulations were added in response to the COVID-19 pandemic, for example applying to home office work, workplace hygiene or business trips.

The VAMED "club lifetime" renders an important contribution to ensure sustainable health promotion as well as the overall health of staff members. The focus is on social, psychological and biological factors as well as the workspace environment. Our

"club lifetime" combines nursing specialists, sports scientists and members of our occupational health management team, and cooperates with experts from other professional groups to ensure an optimal portfolio of services.

The VAMED Occupational Health Center pursues a holistic approach in occupational health management and supports companies in creating safe and healthy workplace environments.

2.4. 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 1,000 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 in its own sphere of influence to ensure safe working conditions for all staff in all its various healthcare facilities.

2.5. 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 Code of Conduct covers the Project Business, Technical Services and Total Operational Management.

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 Guidelines every year, thereby ensuring a high 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 specified in the Code of Conduct for Business Partners.

2.6. 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. VAMED continuously keeps national and international regulations on environmental and climate protection in mind. Internal principles, guidelines and standard instructions are updated when necessary. The company also expects a careful and responsible handling of nature and use of natural resources from its suppliers. This is laid down in the Code of Conduct for Business Partners.

Water management

In accordance with its activities in the field of environmental management, the resource-efficient use of energy and water are of particular importance to VAMED.

In this regard, ensuring a sufficient supply of fresh water for the well-being of patients and for hygienic purposes comprises a key element in the planning, construction and operation of healthcare facilities. The healthcare facilities which the company builds on its own behalf make use of construction and installation techniques enabling an optimal water management in compliance with local laws. VAMED implemented certification according to ISO 14001 for its lead companies as an integrated management system for sustainable water management in the company.

Local management systems, process owners as well as operating instructions ensure strict adherence to valid local regulations pertaining to water and wastewater. Internal principles, guidelines and standard instructions are adapted to reflect valid regulatory requirements.

In the Project Business, VAMED makes sure that the latest generation of water-saving technologies is deployed. Operators and employees are given extensive training. Fully biological wastewater treatment plants are used in the Project Business in markets outside of Europe in order to treat sewage. VAMED integrated such a plant in a project realized in Trinidad and Tobago in the period under review.

Waste and recycling management

The waste from all business processes is disposed of in accordance with regional, national and industry-specific regulations. The management of each healthcare facility is responsible for the site's compliance with these provisions. Mandatory recycling processes treat and further process any reusable waste. Other types of waste are disposed of by means of composting, incineration or landfill sites. In terms of clinical or hazardous waste, the individual facilities cooperate with local waste disposal contractors to carry out the legally compliant disposal of such waste.

VAMED also implements recycling initiatives at its various facilities. For example, the company advocates proper waste separation, working in collaboration with its patients. 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. The rendering of services in the context of technical operational management comprises a crucial business segment in the VAMED Group. The maintenance and service of technical equipment to ensure both its functionality and long life are among the key activities in this field.

Energy and emissions management

The management of each VAMED healthcare facility is directly responsible for the site's energy and emissions management. The efficiency of energy management measures in the certified areas of the company is regularly audited according to ISO 50001 certification.

In 2020, VAMED succeeded in completing the ISO 50001 certification process of VAMED healthcare facilities in Germany.

CO₂-neutral power supply

The majority of all consolidated healthcare facilities of VAMED in Austria are supplied with CO₂-neutral electricity from hydroelectric power. In Germany, VAMED also uses energy to a small extent from in-house combined heat and power plants.

LEED standard for VAMED

Within the scope of its project management for new functional buildings, VAMED offers consulting services for processes and contract work in accordance with the sustainability standard LEED (Leadership in Energy and Environmental Design) and contributes to energy-efficient construction up to the LEED Gold 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. This system for a reasonable avoidance of default, liquidity, and cash flow risks comprises 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).

Hedging transactions tailored to the scope of individual projects and their duration are concluded in order to provide cover against foreign currency receivables and future purchases of products and services quoted in foreign currencies.

The complexity of sophisticated services in both national and international healthcare markets requires relatively long development periods with correspondingly significant cost risks. 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 common market 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 public partners and bodies and a focus on the 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 the targeted further development and bundling of the core competencies of the Service Business and Project 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 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 its patients, guests, and staff members as well as for the continued operation of the healthcare facilities it manages.

3.2. Special Risk Report

The global market for projects and services for hospitals and other healthcare facilities was strongly impacted by the COVID-19 pandemic in 2020. Accordingly, the market for hospital and biomedical equipment projects was characterized by delays, postponements and cancellations. In turn, this was accompanied by general project realization delays, not least due to travel restrictions and quarantine obligations related to COVID-19 as well as supply chain constraints. Furthermore, the COVID-19 pandemic led to capacity limitations in the Service Business mandated by health authorities along with declining demand for rehabilitation services related delays in elective surgery.

4. Significant subsequent events after the balance sheet date

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

5. Outlook

In the opinion of the Management Board, the COVID-19 pandemic will continue to shape the first half-year 2021 before improved treatment options for COVID-19 patients as well as a higher vaccination rate in the company's key markets enable a return to a certain level of economic normalcy in the course of the second half of 2021.

Holistic implementation models (such as PPP and life cycle projects) will continue to significantly impact the business activities of VAMED in Europe in the years to come. Outside of Europe, VAMED will focus on tailor-made solutions and customer-oriented financial engineering for healthcare facilities along the entire VAMED value chain. In particular, VAMED will pay special attention to the development of integrated healthcare models. Based on its unique range of services in the prevention, acute care, rehabilitation and nursing areas, the company will continue along its successful path in the 2021 financial year. VAMED is active in the post-acute care business, especially in Germany, Austria, Switzerland and the Czech Republic, and has emerged as leading private provider in this field in Central Europe over the past few years. The company is striving to further expand its offering of post-acute services in Europe. VAMED is responding to the growing demand for rehabilitation close to home for people in the working world by expanding its offering of outpatient rehabilitation along with digitalization initiatives in order to press ahead with hybrid rehabilitation therapies and tele-rehabilitation.

Due to COVID-19-related delays, we anticipate a greater need to catch up starting in 2021 with respect to projects and services for hospitals and other healthcare facilities, making corresponding growth rates possible. In the medium-term, growth should level off to the low single-digit percentage range once again. In general, VAMED distinguishes 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 driven by 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 once the restrictions triggered by COVID-19 expire. Demand will continue to rise due to demographic changes and the increasing need for investments and modernization of public healthcare facilities as well as the fact that financing realized within the context of PPP models represents a reliable and predictable alternative in countries facing a tight budgetary situation.

In the emerging healthcare markets, the primary focus of the VAMED Group is still on creating efficient healthcare systems that satisfy people's needs. The current crisis has clearly revealed existing weaknesses, so that national economies will have to take a more critical look at the further development of their healthcare systems than in the past. In those cases where the development of primary supply structures has been completed, the challenge is to increasingly press ahead with the expansion of secondary healthcare structures and the creation of tertiary as well as teaching and research structures within the context of "Centers of Excellence". Numerous markets in Asia, the Middle East and Africa increasingly demand professional services in accordance with European standards. For this reason, VAMED's core competencies in the Project Business and Service Business are also in demand in emerging markets. These markets have also displayed an increasing interest in a customer-oriented offering in the areas of prevention, acute care, rehabilitation and nursing.

Thanks to its comprehensive range of services as well as its professionalism and reliability, VAMED has been able to build up an excellent reputation on both a national and international level, especially and also in the crisis year 2020.

During the reporting year, the COVID-19 pandemic also accelerated many processes in the company and provided the impetus to tread new paths. For example, VAMED forged ahead with digitalization. Possibilities were developed to manage and plan projects as well as put them into operation from a distance. Outsourced

services which could not be rendered because of the pandemic could be handled internally. The experience gained from dealing with the pandemic across the globe was integrated into the development of hygienic and protective concepts underlying all services in the VAMED value chain. Accordingly, VAMED is well positioned on the basis of this knowledge and experience. VAMED anticipates an overall dynamic development in the medium-term once again in the emerging markets. For example, there is an increasing demand in Africa and Latin America for efficient and basic, needs-based healthcare services. In other markets such as China, Southeast Asia and the Middle East, the existing infrastructure must be further developed in combination with the creation of new supply structures. In this regard, VAMED is very well positioned with its integrated healthcare models comprised of acute and post-acute services.

In 2021, we also want to live up to our high reputation and the confidence our partners and customers have, both at home and abroad, in our competence as well as our reliability in terms of costs, deadlines, and quality. Once again, we will attach top priority to pursuing innovative approaches, developing quality solutions, and ensuring their successful implementation in the future. In 2021, 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. This will be for the benefit of people's health and to ensure quality for all patients as well as for all staff members.

Vienna, March 5, 2021

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

DI (FH) Andreas Wortmann, M.Sc.
Member of the Executive Board



CONSOLIDATED FINANCIAL STATEMENTS 2020

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Condensed CONSOLIDATED SUBGROUP FINANCIAL STATEMENTS OF VAMED AG VIENNA for the financial year January 1, 2020 to December 31, 2020

The condensed consolidated subgroup financial statements of VAMED AG 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)	2020	2019
Sales	3	2,067,689	2,205,959
Cost of sales	4,5	-1,921,621	-1,942,221
Gross profit		146,068	263,738
Selling and general administrative expenses	6	-159,293	-141,465
Other expenses	7	-1,745	-1,117
Other income	7	43,491	12,471
Earnings before interest and tax (EBIT)		28,521	133,627
Interest income	8	5,585	5,763
Interest expenses	9	-25,089	-26,524
Earnings before tax (EBT)		9,017	112,866
Income taxes	10	-4,421	-27,666
Earnings after tax (EAT) = net income		4,596	85,200
Non-controlling interest	11	-2,790	-2,100
Net income attributable to shareholders of VAMED AG		1,806	83,100

VAMED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31, in T€	Note(s)	2020	2019
Earnings after tax (EAT) = net income		4,596	85,200
Other comprehensive income (loss)			
Positions which will be reclassified into net income in subsequent years		-2,893	1,483
Cash flow hedges		0	-40
Foreign currency translation		-2,893	1,513
Income taxes on positions which will be reclassified		0	10
Positions which will not be classified into net income in subsequent years		-1,904	-1,576
Actuarial gains (losses) on defined benefit pension plans		589	-10,445
Changes in fair value of equity instruments		-2,735	13,341
Other items (mainly severance pay payments)		95	-4,154
Income taxes on positions which will not be classified		147	-318
Other comprehensive income (loss)		-4,797	-93
Total comprehensive income		-201	85,107
Comprehensive income attributable to non-controlling interest		-2,760	-1,733
Comprehensive income attributable to the shareholders of VAMED AG		-2,961	83,374

VAMED CONSOLIDATED BALANCE SHEET

ASSETS

As at December 31, in T€	Note(s) (TZ)	2020	2019
Cash and cash equivalents	12	88,728	63,298
Trade accounts receivable less allowances for doubtful accounts	13	401,007	397,945
Trade accounts receivable from and loans to related parties	14	90,258	134,091
Inventories	15	79,992	84,214
Other current assets	16	585,333	725,183
Total current assets		1,245,318	1,404,731
Property, plant and equipment	17	461,281	425,492
Right-of-use assets from leases	29	442,149	367,734
Goodwill	18	298,025	294,777
Other intangible assets	18	23,525	27,208
Deferred taxes	10	12,720	10,925
Other non-current assets	16	233,355	189,996
Total non-current assets		1,471,055	1,316,132
Total assets		2,716,373	2,720,863

LIABILITIES AND SHAREHOLDERS' EQUITY

As at December 31, in T€	Note(s) (TZ)	2020	2019
Trade accounts payable	19	195,851	381,338
Short-term trade accounts payable to related parties	20	21,897	49,283
Short-term provisions and other short-term liabilities	21, 22	575,709	465,180
Short-term debt	23	13,473	11,765
Short-term debt from related parties	23	143,813	96,230
Current portion of long-term debt	23	12,351	11,629
Current portion of long-term lease liabilities	29	41,575	33,856
Short-term accruals for income taxes	24	21,681	22,361
Total short-term liabilities		1,026,350	1,071,642
Long-term debt, less current portion	23	22,277	40,350
Long-term lease liabilities, less current portion	29	411,253	336,757
Long-term liabilities and debt from related parties	23	41,603	377,007
Long-term provisions and other long-term liabilities	21, 22	67,131	64,536
Pension liabilities	25	50,122	50,645
Long-term accruals for income taxes	24	274	221
Deferred taxes	10	43,136	50,510
Total long-term liabilities		635,796	920,026
Non-controlling interest		15,404	13,502
Subscribed capital	26	10,000	10,000
Capital reserve	26	589,093	239,078
Other reserves	26	470,027	492,145
Accumulated other comprehensive income (loss)	27	-30,297	-25,530
Equity attributable to the shareholders of VAMED AG		1,038,823	715,693
Total shareholders' equity		1,054,227	729,195
Total liabilities and shareholders' equity		2,716,373	2,720,863

VAMED CONSOLIDATED CASH FLOW STATEMENT

January 1 to December 31, in T€	2020	2019
Earnings after tax (EAT) = net income	4,596	85,200
Adjustments to reconcile net income to the cash flow from operating activities		
Depreciation and amortization	84,773	71,585
Changes in deferred taxes	-9,171	2,484
Gain/loss on disposal of fixed assets	-273	-1,367
Other expenses/income not recognized as cash	-455	1,478
Changes in assets and liabilities exclusive changes in the consolidation scope		
Trade accounts receivable, net	-18,061	-66,286
Inventories	4,793	-14,880
Prepaid expenses and other current and non-current assets	137,221	-200,545
Trade accounts receivable from/payable to related parties	-35,745	-48,988
Trade accounts payable, provisions and other short-term and long-term liabilities	-89,167	153,023
Accruals for income tax	-722	1,624
Cash flow from operating activities	77,789	-16,672
Purchase of property, plant and equipment and intangible assets	-94,801	-55,894
Disposal of property, plant and equipment	18,733	3,570
Acquisitions, net	-5,550	-19,750
Divestitures	37	67
Cash flow from investing activities	-81,581	-72,007
Proceeds from/repayment of short-term debt	1,828	1,313
Proceeds from/repayment of debt from related parties	111,983	107,525
Proceeds from/repayment of long-term debt	-17,501	-5,919
Repayment of lease liabilities	-43,431	-34,886
Dividends paid	-22,800	-21,644
Changes in non-controlling interest	-857	-902
Cash flow from financing activities	29,222	45,487
Net change in cash and cash equivalents	25,430	-43,192
Cash and cash equivalents at the beginning of the year	63,298	106,490
Cash and cash equivalents at the end of the year	88,728	63,298
thereof cash and cash equivalents subject to restricted disposition	19,611	14,163

VAMED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 to December 31, in T€	Subscribed capital	Reserves Capital reserve	Other reserves	Other compre- hensive income (loss)	Equity attributable to the shareholders of VAMED AG	Non- control- ling interest	Total share- holders' equity
As at December 31, 2018	10,000	236,364	432,782	-25,804	653,342	12,341	665,683
Adjustments due to 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 of 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 in the consolidation scope and non-controlling interest	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
Stock options of the parent company	0	0	-455	0	-455	0	-455
Other comprehensive income (loss)							
Cash flow hedges	0	0	0	0	0	0	0
Foreign currency translation	0	0	0	-2,795	-2,795	-98	-2,893
Actuarial gains (losses) on defined benefit pension plans	0	0	0	137	137	0	137
Change in fair value of equity instruments	0	0	0	-2,051	-2,051	0	-2,051
Other items (mainly severance pay provisions)	0	0	0	-58	-58	68	10
Effects of changes in the consolidation scope and non-controlling interest	0	0	132	0	132	0	132
Creation and/or reversal of reserves	0	350,015	-801	0	349,214	0	349,214
Dividends	0	0	-22,800	0	-22,800	-858	-23,658
Net income	0	0	1,806	0	1,806	2,790	4,596
As at December 31, 2020	10,000	589,093	470,027	-30,297	1,038,823	15,404	1,054,227

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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 outpatient medical care. 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 consolidated 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 consolidated financial statements of the VAMED Group (push-down accounting).
- Goodwill from acquisitions of other FSE segments has been included in the VAMED Group's consolidated 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 € 205.8 million.
- Non-controlling interest of the Fresenius company FNT Rehaklinik-Beteiligungsgesellschaft mbH is not reported in the consolidated financial statements of VAMED in accordance with the guidelines of the parent company. The non-controlling interest amounts to € 7.6 million at the balance sheet date.
- The present notes on the VAMED Group's consolidated financial statements are 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 associated and non-consolidated companies, this list provides company names in alphabetical order on the basis of their abbreviations as used within the group.

Those companies are also shown as associated 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 are 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 are condensed 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 maturity of the assets and liabilities. The consolidated income statement is classified using the cost-of-sales accounting method.

III. Summary of significant accounting principles

a) Principles of consolidation

The financial statements of consolidated entities in VAMED's consolidated financial statements are 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 interest, 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 interest comprises 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 amortized cost or at their fair values.

b) Composition of the Group

In addition to VAMED AG, VAMED's consolidated financial statements include all material subsidiaries pursuant to IFRS 10 in which VAMED AG has control or a significant influence. VAMED AG controls the entity if it has power of disposition over the entity. This means that VAMED AG has existing rights that give the company the current ability to direct the relevant activities. These are the activities that significantly affect VAMED AG's return. Furthermore, VAMED AG is exposed to, or has rights to, variable returns from the involvement with the entity, and VAMED AG has the ability to use its power over the entity to affect the amount of its return.

As a rule, an associated company is one in which VAMED AG directly or indirectly holds more than 20% but less than 50% of the voting rights, and the possibility exists to exert a significant influence on the associated company's financial and business policies. Accounting for associated companies takes place in accordance with the equity method. Investments which are not classified as associated companies are recognized at amortized cost or at their fair value.

As at the end of the 2020 financial year, VAMED's consolidated financial statements included VAMED AG and 25 (2019: 24) Austrian as well as 110 (2019: 104) foreign companies.

The following companies were consolidated for the first time in the 2020 financial year:

Abbreviation	Company and seat	Founding/ Acquisition	Effective date
VCG	VAMED CARE gemeinnützige Betriebs-GmbH, Vienna, Austria	Acquisition	January 1, 2020
VRZ-FFO	VAMED Rehazentrum Frankfurt (Oder) GmbH, Frankfurt (Oder), Germany	Acquisition	January 1, 2020
VRZ-HIL	VAMED Rehazentrum Hildesheim GmbH, Hildesheim, Germany	Acquisition	January 1, 2020
VRZ-ULM	VAMED Rehazentrum Ulm GmbH, Ulm, Germany	Acquisition	January 1, 2020
VRZ-ERF	VAMED Campus Reha Erfurt GmbH, Erfurt, Germany	Founding	January 21, 2020
VRZ-KRE	VAMED Rehazentrum Krefeld GmbH, Damp, Germany	Founding	February 18, 2020
VRZ-BLO	VAMED Campus Reha Bleicherode GmbH, Germany	Founding	February 20, 2020
VTS	VAMED Technical Services GmbH, Vienna, Austria	Founding	July 1, 2020

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 € 85 million (2019: € 129 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.

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 services 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. If necessary, contractually stipulated deductions such as price reductions or discounts are considered in order to calculate the expected refunds. These are determined on the 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 the basis of a project's percentage of completion. The percentage of completion is determined by taking the percentage of costs already incurred in relation to the estimated total cost of the contract, milestones laid down in the contract or the performance progress, 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 and effects of the COVID-19 pandemic

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. Grants for expenses are recognized in profit or loss and are generally assigned to the periods in which the expenses are incurred, and which are to be compensated by the grants.

The consolidated financial statements of the VAMED Group as of December 31, 2020 were impacted by the effects of the COVID-19 pandemic in the form of sales losses and additional costs required to ensure the protection of patients and employees. In the Project Business, global travel restrictions, impaired supply chains, interrupted project development work and government-imposed stop-work orders at construction sites led to significant disruptions. In the Service Business, the COVID-19-related access and capacity restrictions, staff shortages, a decline in elective surgery and considerable additional costs negatively impacted business operations.

Various governments in regions in which VAMED operates implemented economic aid programs to counteract the negative consequences of the pandemic on companies and to support healthcare service providers and patients. The related refunds and funding received by VAMED were accounted for in accordance with the conditions and stipulations contained in local laws and regulations.

The VAMED Group received grants from several governments within the context of various COVID-19 initiatives. The VAMED Group was the beneficiary of reimbursement equaling € 54 million for lost sales, especially for its rehabilitation clinics. With respect to its staff, the VAMED Group received compensation of € 17 million, including funding for COVID-19-related short-time work.

All the funding received from government grants fulfil the stipulated terms and conditions. The VAMED Group is required to, and is committed to, meeting all the demands laid down in the financing agreements for grants.

In spite of the compensation and refunds which the VAMED Group received, the company was negatively impacted by the consequences of the COVID-19 pandemic on the global economy and financial markets as well as effects in connection with lockdowns.

f) Impairment

The VAMED Group reviews the carrying amount of its property, plant and equipment, its intangible assets as well as its right-of-use from leases 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 based on 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 further 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 2020 financial year, as in the previous period.

h) Income taxes

Current income taxes are determined on the 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 as reported in the VAMED Group's consolidated financial statements and their respective tax basis. 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 the 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.

The VAMED Group is subject to current and future tax audits in Austria, Germany and other countries. Varying interpretations of tax regulations could lead to additional income tax payments or tax refunds applying to prior years. The management makes estimations to consider income tax accruals or income tax receivables for uncertain tax assessments based on the tax laws prevailing in the respective jurisdiction and the interpretation of such estimates valid in the respective countries and their interpretation. These underlying estimations are adjusted in periods in which sufficient evidence exists to justify the adjustment of the previous assumptions.

i) Inventories and contract assets

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) or are consumed in the production process or in the rendering of services (raw materials and supplies). Contract assets relate to contracts with customers in which sales are realized over the duration of the contract.

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 consolidation processes such as 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 acquired within the context of business combinations, 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. For this reason, no material impairment losses on goodwill were required in the 2020 and 2019 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 purchase options if there is reasonable certainty that these options 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.

Right-of-use assets from leases

Right-of-use assets from leases are recognized at acquisition cost, which consist 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.

Right-of-use assets 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, right-of-use assets from leases are depreciated using the straight-line method over the useful life of the underlying asset. In addition, right-of-use assets from leases are diminished by impairment losses or changed as a result of certain adjustments.

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

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

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

n) Financial instruments

Financial instruments are all contracts that give 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 debt 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 the 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 and other receivables 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 using available quantitative and qualitative information. Based on credit ratings of the counterparties by rating agencies, 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 consolidated 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.

Embedded derivatives which contain a financial liability are separated from their host contracts and 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 analyses 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 to allocate 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.

Accruals for income taxes include obligations for the current year as well as prior years. Long-term 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 in 2011) based on the accumulated benefit obligations approach for post-employment benefit obligations (projected unit credit method). Future wage, salary, and pension increase rates are taken into account.

The VAMED Group uses December 31st 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.

All 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 stock options granted to members of the VAMED Group's Executive Board and executive employees at the grant date were measured using an option pricing model and are recognized as expenses over the vesting period of the stock option plans.

The fair value at the respective measurement date of phantom stock and performance shares 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

The reporting currency is the euro. In principle, all assets and liabilities of the foreign subsidiaries that use a functional currency other than the euro are translated at year-end exchange rates, while income and expense are translated at annual average exchange rates of the financial year. 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 to be foreign equity instruments, are recorded as other expenses or other income. In the year under review, the VAMED Group recognized T€ 323 (2019: T€ 733) as other expenses and T€ 502 (2019: T€ 383) 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, 2020	Dec. 31, 2019	2020	2019
AED (United Arab Emirates dirham) per €	4.507	4.126	4.195	4.112
BOB (Bolivian boliviano) per €	8.440	7.758	7.885	7.735
CHF (Swiss franc) per €	1.080	1.085	1.071	1.112
CZK (Czech crown) per €	26.245	25.410	26.453	25.670
GBP (British pound) per €	0.899	0.851	0.890	0.878
OMR (Omani rial) per €	0.472	0.432	0.440	0.431
RUB (Russian ruble) per €	91.467	69.956	82.725	72.455
TTD (Trinidad and Tobago dollar) per €	8.266	7.595	7.726	7.563
USD (US dollar) per €	1.227	1.123	1.142	1.119

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 all 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 income 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 collateral 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 2020 financial year, those IFRS standards were applied which are mandatorily applicable for financial years beginning on January 1, 2020.

No new standards with a material impact on the business operations of the VAMED Group were applied for the first time in the 2020 financial year.

y) New standards which are not yet applied

The International Accounting Standards Board (IASB) issued the following new standards which must be applied in financial years beginning on or after January 1, 2021 at the earliest:

IAS 1

In January 2020, the IASB issued Amendments to IAS 1, Classification of Liabilities as Current and Non-Current. The revisions make it clear under which circumstances liabilities with an uncertain settlement date are to be classified as short-term or long-term. The revisions explain that the classification depends on the rights applying at the balance sheet date and defines under which circumstances liabilities with cash, other economic resources or equity instruments can be fulfilled.

On July 15, 2020, the IASB delayed the time of initial application by one year in order to give companies more time to implement the classification changes based on the revisions to IAS 1. The revisions to IAS 1 are now valid for financial years beginning on or after January 1, 2023. Earlier adoption is permissible. The VAMED Group is currently evaluating the impact of IAS 1 on its consolidated financial statements.

IFRS 17

In May 2017, the IASB issued IFRS 17, Insurance Contracts. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosures related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts, there was

a lack of comparability among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using current values. The regular updates to the insurance values are expected to provide more useful information to users of financial statements. The IASB issued revisions to IFRS 17 on June 25, 2020. The initial application of IFRS 17 was delayed, amongst other changes, and is now effective for financial years beginning on or after January 1, 2023. Earlier adoption is permitted for entities that have already adopted IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers at this time. The VAMED Group is currently evaluating the impact of IFRS 17 on its consolidated financial statements.

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

In the view of the VAMED Group, all other standards and interpretations issued by the IASB which have yet to take effect are not expected to have a material impact on the consolidated financial statements.

IV. Critical accounting policies

In the opinion of the VAMED Group's management, the following accounting policies and issues are crucial 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, 2020 and December 31, 2019, the carrying amounts of these items were € 298.0 million and € 294.8 million respectively. This represented 11.0% and 10.8% of the balance sheet total as well as 28.3% and 40.4% of shareholders' equity.

Impairment tests on goodwill are performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount of these assets may not be recoverable.

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 25.1%. In the VAMED Group, WACC (after income tax) amounts to 5.40%. 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 segments. Future adverse 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 local management. Short-term and long-term trade accounts receivable, net of allowance, amounted to € 421.0 million in 2020 and € 402.0 million in 2019.

The allowance for doubtful accounts amounted to € 19.5 million as of December 31, 2020 and € 12.5 million as of December 31, 2019.

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.

Acquisitions in the 2020 financial year were consolidated as of the acquisition date. Goodwill of € 4.2 million was recognized on the basis of the preliminary purchase price allocation.

On the basis of the preliminary purchase price allocation, inclusion of the companies acquired during the financial year under review or the 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	38.1
EBITDA	2.8
EBIT	0.1
Interest income	-0.8
Net income	-0.5
Balance sheet total	35.8

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:

	2020	2019
Project Business	633,390	807,476
Service Business	1,434,299	1,398,483
Sales	2,067,689	2,205,959

Sales broken down by region were as follows:

	2020	2019
Austria	461,713	478,683
Germany	1,024,745	1,037,239
Other European countries	328,011	307,580
Africa	80,183	81,051
Latin America	36,685	103,909
Asia	136,352	197,497
Sales	2,067,689	2,205,959

The VAMED Group had contractually stipulated performance obligations which were unfulfilled or only partly fulfilled as at December 31, 2020. 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
2021	735.9
2022	720.9
2023	647.0
2024	647.6
2025	387.7
Subsequent years	476.7
Total	3,615.8

4. Cost of sales

The cost of sales comprised the following:

	2020	2019
Personnel	736,468	697,673
Material and third-party services, depreciation and amortization	1,185,153	1,244,548
Cost of sales	1,921,621	1,942,221

5. Personnel expenses

The cost of sales, selling and general administrative expenses included personnel expenses of T€ 826,846 and €784,843 in 2020 and 2019 respectively.

	2020	2019
Wages and salaries	667,774	637,093
Social security contributions, cost of retirement benefits (incl. severance payments) and other personnel expenses	159,072	147,750
Personnel expenses	826,846	784,843

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

	2020	2019
Production and service	18,079	17,042
General administration	1,020	942
Sales and marketing	127	115
Total employees (headcount)	19,226	18,099

6. Selling and general administrative expenses

Selling and general administrative expenses are broken down as follows:

	2020	2019
Selling expenses	29,350	23,038
General administrative expenses	129,943	118,427
Selling and administrative expenses	159,293	141,465

7. Other expenses, other income

Other expenses mainly include the effects of exchange rate changes, losses from the sales of property, plant and equipment, expenses relating to VAMED's investments, money transfer costs, bank guarantee costs and expenses relating to the revaluation of guarantee obligations.

Other income mainly includes income from valuations of equity instruments measured at fair value through profit and loss, 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, loans to non-consolidated 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.

10. Income taxes

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

	2020			2019		
	Current tax	Deferred tax	Income taxes	Current tax	Deferred tax	Income taxes
Austria	-3,807	1,856	-1,951	7,593	1,830	9,423
Germany	13,008	-10,236	2,772	12,410	311	12,721
Other foreign countries	3,825	-225	3,600	5,570	-48	5,522
Total	13,026	-8,605	4,421	25,573	2,093	27,666

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 interest.

	2020	2019
Calculated expected income tax expense	2,254	28,217
Increase/reduction of income taxes resulting from:		
Items not recognized for tax purposes	1,584	3,600
Foreign tax rate differentials	-699	-3,768
Tax-free income	-941	-2,308
Taxes for previous years	3,305	464
Other	-1,082	1,461
Income taxes according to the income statement	4,421	27,666
Effective tax rate	49.0%	24.5%

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€ 12,720 and deferred tax liabilities equaled T€ 43,136, resulting in net deferred tax liabilities of T€ 30,416.

As at the balance sheet date, the recognized amount for deferred tax assets from losses carried forward totaled T€ 16,615. The comparable amount was T€ 6,112 in the previous period. According to budget, the losses carried forward meet the criteria for recognition and will be used up in the coming years.

11. Net income attributable to non-controlling interest

The share of profit attributable to non-controlling interest existing in fully consolidated subsidiaries is recognized in net income attributable to non-controlling interest in the income statement.

NOTES ON THE BALANCE SHEET

Notes on current assets (all figures are stated in T €)

12. Cash and cash equivalents

As at December 31, 2020 and December 31, 2019, cash and cash equivalents included restricted items to the amount of T€ 19,611 and T€ 14,163 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:

	2020			2019		
	Total	thereof overdue	thereof credit impaired	Total	thereof overdue	thereof credit impaired
Trade accounts receivable	420,266	105,470	38,576	410,156	84,266	31,162
Less allowance for doubtful accounts	-19,259	-5,941	-12,219	-12,211	-6,630	-5,511
Trade accounts receivable, net	401,007	99,529	26,357	397,945	77,636	25,651

14. Trade accounts receivable from and loans to related parties

As at December 31, 2020, these receivables were comprised of the following:

	2020	2019
Trade accounts receivable	69,943	61,583
Receivables from financing and other clearing	20,315	72,508
Trade accounts receivable from and loans to related parties	90,258	134,091

As at December 31, 2020 and December 31, 2019, this item included receivables from the group companies FPS and FSE as well as the Fresenius Kabi, Helios and Medical Care segments to the amount of T€ 58,826 and T€ 104,967 respectively.

15. Inventories

As at December 31, 2020, inventories consisted of the following:

	2020	2019
Raw materials, supplies and purchased components	13,297	11,942
Work in process	62,391	69,998
Finished goods	4,304	2,274
Inventories	79,992	84,214

The companies of the VAMED Group are obliged to purchase T€ 47,337 of goods and services on fixed terms, of which, on December 31, 2020, T€ 38,869 was committed for purchases in the 2021 financial year. The terms of these agreements extend over a maximum period of five years. VAMED's purchase obligations that are matched by purchase obligations with an equivalent value on the part of customers are not shown.

Conditional purchase obligations also exist with suppliers in connection with construction projects. Project implementation is contingent upon fulfilling these commitments, so that corresponding amounts are not disclosed.

16. Other current and non-current assets

As at December 31, 2020, other assets were comprised of the following:

	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
Prepayments	46,634	0	46,634	35,225	0	35,225
Receivables from financial authorities	28,270	123	28,393	27,161	123	27,284
Prepaid expenses	14,038	9,842	23,880	10,062	11,027	21,089
Contract assets	414,924	0	414,924	599,210	0	599,210
Sundry other assets	61,965	20,731	82,696	45,070	19,259	64,329
Other non-financial assets, net	565,831	30,696	596,527	716,728	30,409	747,137
Deposits and guarantees paid	18,315	826	19,141	8,432	840	9,272
Investments and long-term loans	0	178,112	178,112	0	153,665	153,665
Long-term trade accounts receivable	0	20,059	20,059	0	4,009	4,009
Sundry other assets	1,187	3,662	4,849	23	1,073	1,096
Other financial assets, net	19,502	202,659	222,161	8,455	159,587	168,042
Other assets, net	585,333	233,355	818,688	725,183	189,996	915,179
Allowances	143	265	408	180	260	440
Other assets, gross	585,476	233,620	819,096	725,363	190,256	915,619

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, 2020 and December 31, 2019, these deducted prepayments received amounted to T€ 763,107 and T€ 741,222 respectively.

Investments and long-term loans include shares held in associated and non-consolidated companies as well as long-term loans to non-consolidated companies.

No material impairment was recognized on these assets in the 2020 and 2019 financial years.

Notes on non-current assets

(All figures are stated in T €)

17. Property, plant and equipment

As at December 31, 2020 and December 31, 2019, 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, 2020	Changes in the consolidation scope	Additions/Transfers	Disposals	Foreign currency translation	As at December 31, 2020
Land and land facilities	42,264	0	117	-3,666	-40	38,675
Buildings and improvements	506,023	0	61,159	-28,978	-1,278	536,926
Machinery and equipment	186,328	1,097	21,063	-10,597	-776	197,115
Construction in progress	34,856	0	9,156	-533	-51	43,428
Total	769,471	1,097	91,495	-43,773	-2,145	816,144

Depreciation	As at January 1, 2020	Changes in the consolidation scope	Additions/Transfers	Disposals	Foreign currency translation	As at December 31, 2020
Land and land facilities	0	0	0	0	0	0
Buildings and improvements	216,459	0	17,835	-14,512	-162	219,620
Machinery and equipment	127,520	0	18,368	-10,255	-389	135,243
Construction in progress	0	0	0	0	0	0
Total	343,979	0	36,203	-24,767	-551	354,863

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 and equipment	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 improvement	202,300	0	15,556	-1,488	91	216,459
Machinery and equipment	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

Carrying amounts	December 31, 2020	December 31, 2019
Land and land facilities	38,675	42,264
Buildings and improvements	317,306	289,564
Machinery and equipment	61,872	58,808
Construction in progress	43,428	34,856
Totals	461,281	425,492

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

18. Goodwill and other intangible assets

As at December 31, 2020 and December 31, 2019, 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, 2020	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2020
Goodwill (extraordinary amortization)	295,769	4,246	162	-93	-977	299,107
Other (scheduled amortization)	62,937	18	3,517	-2,520	-415	63,537
Total	358,706	4,264	3,679	-2,613	-1,392	362,644

Amortization	As at January 1, 2020	Changes in the consolidation scope	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2020
Goodwill (extraordinary amortization)	992	0	90	0	0	1,082
Other (scheduled amortization)	35,729	0	6,869	-2,515	-71	40,012
Total	36,721	0	6,959	-2,515	-71	41,094

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

Carrying amounts	December 31, 2020	December 31, 2019
Goodwill (extraordinary amortization)	298,025	294,777
Other (scheduled amortization)	23,525	27,208
Total	321,550	321,985

Notes on liabilities and shareholders' equity

(All figures are stated in T € except percentages.)

19. Trade accounts payable

Trade accounts payable mainly arise from VAMED's Project Business.

20. Trade accounts payable to related parties

Trade accounts payable include amounts payable to consolidated FSE companies of T€ 19,362 (2019: T€ 45,616) and to non-consolidated companies of T€ 2,535 (2019: T€ 3,667).

21. Provisions

As at December 31, 2020 and December 31, 2019, short-term and long-term provisions consisted of the following:

	2020			2019		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Personnel expenses	567	40,286	40,853	851	41,542	42,393
Guarantees	4,337	539	4,876	3,415	1,006	4,421
Other provisions	61,775	7,773	69,548	53,320	7,482	60,802
Provisions	66,679	48,598	115,277	57,586	50,030	107,616

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

	As at January 1, 2020	Changes in the consolidation scope	Additions	Use	Reversal	As at December 31, 2020
Personnel expenses	42,393	976	932	-2,603	-845	40,853
Guarantees	4,421	0	3,870	-3,365	-50	4,876
Other provisions	60,802	0	28,503	-17,640	-2,117	69,548
Provisions	107,616	976	33,305	-23,608	-3,012	115,277

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 short-term and long-term liabilities

As at December 31, 2020 and December 31, 2019, other short-term and long-term liabilities consisted of the following:

	2020			2019		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Social security-related liabilities	8,608	0	8,608	7,997	0	7,997
Tax liabilities	34,724	123	34,847	20,070	123	20,193
Deferred income	14,676	872	15,548	11,244	221	11,465
Contract liabilities	55,905	0	55,905	47,471	0	47,471
Sundry other liabilities	189,409	11,077	200,486	123,987	6,217	130,204
Other non-financial liabilities	303,322	12,072	315,394	210,769	6,561	217,330
Personnel liabilities	42,238	0	42,238	39,994	21	40,015
Non-current portion of trade accounts payable	0	3,192	3,192	0	3,690	3,690
Derivative financial instruments	81	43	124	38	88	126
Accruals for goods and services received	159,358	0	159,358	153,226	0	153,226
Sundry other liabilities	4,031	3,226	7,257	3,567	4,146	7,713
Other financial liabilities	205,708	6,461	212,169	196,825	7,945	204,770
Other liabilities	509,030	18,533	527,563	407,594	14,506	422,100

23. Financial liabilities

a) Short-term debt from third parties

This debt refers to short-term interim financing.

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

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

c) Liabilities from long-term debt

As at December 31, 2020, long-term debt consisted of the following:

	2020			2019		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Long-term debt	12,351	22,277	34,628	11,629	40,350	51,979

24. Accruals for income taxes

Short-term and long-term accruals for income taxes 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 amounts 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.

	2020	2019
Benefit obligations at the beginning of the year	130,180	105,146
Changes in the consolidation scope	661	0
Foreign currency translation	386	2,825
Service cost	4,543	3,592
Prior service cost	-1,463	-173
Interest cost	718	1,495
Employee contributions	2,441	2,202
Transfer	5,698	6,212
Revaluation gains (-) and losses (+)	-1,231	15,532
<i>Thereof adjustments made according to experience</i>	-4	1,476
<i>Thereof changes in financial and demographic assumptions</i>	-1,227	14,056
Benefits paid	-10,438	-6,651
Adjustments	0	0
Benefit obligations at the end of the year	131,495	130,180
<i>Thereof vested</i>	94,953	92,592
Fair value of plan assets at the beginning of the year	79,535	65,943
Changes in the consolidation scope	0	0
Foreign currency translation	298	2,248
Interest income from plan assets	312	788
Revaluation gains (-) and losses (+)	-139	5,498
Employer contributions	3,228	2,958
Employee contributions	2,441	2,202
Transfer	5,707	6,212
Benefits paid	-10,009	-6,314
Fair value of plan assets at the end of the year	81,373	79,535
Funded status as of December 31	50,122	50,645

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, 2020 and December 31, 2019:

	2020	2019
Discount rate	0.53%	0.55%
Salary increase	1.29%	1.59%
Pension increase	0.62%	0.65%

In the year under review, benefit costs of the amount T€ 3,846 (2019: T€ 4,126) resulted for VAMED Group's defined benefit pension plans, which are comprised of the following:

	2020	2019
Service cost	3,080	3,419
Net interest cost	406	707
Net periodic benefit cost	3,486	4,126

The possibility of risk sharing laid out in IAS 19 was used for several companies in Switzerland in the year under review. 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 of December 31 of the preceding year) were used in determining the net periodic pension cost (NPPC) for the current year:

	2020	2019
Discount rate	0.55%	1.43%
Salary increase	1.59%	1.60%
Pension increase	0.65%	0.67%

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 of December 31, 2020:

Development of pension obligations	+0.5 percentage points	-0.5 percentage points
Discount rate	-8,026	9,116
Salary increase	1,087	-1,044
Pension increase	5,776	-2,952

Sensitivity calculations are based on the average term of pension obligations as of December 31, 2020. 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 of December 31, 2020.

The following table shows the expected future benefit payments:

Financial years	Expected benefit payments
2021	6,724
2022	5,966
2023	5,445
2024	6,283
2025	5,722
2026 bis 2030	27,532
For the next ten years	Total 57,672

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:

	2020	2019
Equity funds	38.67 %	37.63 %
Pension funds	29.22 %	29.49 %
Real estate funds	16.67 %	16.97 %
Other	15.43 %	15.91 %

The fair value of the "Other" component of the plan assets is determined on the basis of Level 1 and 2 ("fair value measurement"; approximately 37 % and 63 % respectively).

Defined contribution plans

The VAMED subgroup's total expense under defined contribution plans for the year under review was T€ 3,989 (2019: T€ 3,853).

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 interest subject to put options recognized at fair value are also included.

Moreover, a subordinated registered bond with a value of € 200 million was issued within the Group in the 2018 financial year within the context of the acquisition of the post-acute portfolio in Germany. Furthermore, in the 2020 financial year, existing intra-Group financing was replaced by subordinated registered bonds taken up within the Group. This financing represents equity and is thus 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

	Before taxes January 1, 2020		Before taxes December 31, 2020		Tax effect January 1, 2020		Tax effect December 31, 2020		After taxes January 1, 2020		After taxes December 31, 2020	
		Changes				Changes						
Foreign currency translation	-852	-2,795	-3,647	0	0	0	-852	-3,647				
Actuarial gains (losses) from defined benefit pension plans	-36,653	589	-36,064	7,504	-452	7,052	-29,149	-29,012				
Fair value changes of equity instruments	18,373	-2,735	15,638	-4,593	684	-3,909	13,780	11,729				
Other items (mainly severance pay provisions)	-12,259	27	-12,232	2,950	-85	2,865	-9,309	-9,367				
Other comprehensive income (loss)	-31,391	-4,914	-36,305	5,861	147	6,008	-25,530	-30,297				

OTHER NOTES

(All figures are stated in T €)

28. Commitments and contingencies

Contingencies

The VAMED Group has contingencies to the assessable amount of up to € 30.3 million (2019: € 31.6 million) resulting from guarantees and similar obligations (mainly in connection with various construction and service projects). No amount is indicated for additional contingencies 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.

Leases in the income statement

The following table shows the effects of leases on the consolidated income statement for the 2020 financial year:

	2020	2019
Depreciation on right-of-use assets from leases	41,611	32,352
Expenses from short-term leases	3,579	4,163
Expenses from low value asset leases	2,525	2,370
Expenses from variable lease payments	2,100	5,670
Interest expense from lease liabilities	6,709	5,975

Leases on the balance sheet

As at December 31, 2020 and December 31, 2019, the acquisition costs and accumulated depreciation of right-of-use assets from leases consisted of the following:

Acquisition and manufacturing costs	As at January 1, 2020	Changes in the consolidation scope	Additions/Transfers	Disposals	Foreign currency translation	As at December 31, 2020
Right-of-use assets: Land	30,551	0	269	-1,269	4	29,555
Right-of-use assets: Buildings and improvements	349,804	25,937	83,265	-7,099	-1,047	450,860
Right-of-use assets: Machinery and equipment	29,690	54	14,133	-3,913	-93	39,871
Right-of-use assets from leases	410,045	25,991	97,667	-12,281	-1,136	520,286

Depreciation	As at January 1, 2020	Changes in the consolidation scope	Additions/Transfers	Disposals	Foreign currency translation	As at December 31, 2020
Right-of-use assets: Land	447	0	645	-41	0	1,051
Right-of-use assets: Buildings and improvements	31,955	0	31,815	-2,109	-115	61,546
Right-of-use assets: Machinery and equipment	9,909	0	9,151	-3,449	-71	15,540
Right-of-use assets from leases	42,311	0	41,611	-5,599	-186	78,137

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
Right-of-use assets: Land	4,097	0	26,429	-9	34	30,551
Right-of-use assets: Buildings and improvements	278,481	5,258	66,680	-4,034	3,419	349,804
Right-of-use assets: Machinery and equipment	15,677	61	14,299	-542	195	29,690
Right-of-use assets 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
Right-of-use assets: Land	0	0	446	0	1	447
Right-of-use assets: Buildings and improvements	0	0	32,115	-337	177	31,955
Right-of-use assets: Machinery and equipment	0	0	10,077	-215	47	9,909
Right-of-use assets from leases	0	0	42,638	-552	225	42,311

Carrying amounts	As at December 31, 2020	As at December 31, 2019
Right-of-use assets: Land	28,504	30,104
Right-of-use assets: Buildings and improvements	389,314	317,849
Right-of-use assets: Machinery and equipment	24,331	19,781
Right-of-use assets from leases	442,149	367,734

The current portion of lease liabilities as at December 31, 2020 equalled T€ 41,575 (2019: T€ 33,856), whereas the non-current portion totalled T€ 411,253 (2019: T€ 336,757).

Leases in the cash flow statement

The total cash outflow from leases amounted to T€ 52,436 in the 2020 financial year (2019: T€ 47,233).

The consolidated cash flow statement shows the interest component 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€ 66,670 (2019: T€ 82,534).

Potential future cash outflows from purchase, extension or termination options equaling T€ 191,151 (2019: 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

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 debt 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 the basis of observable market information or by means of discounted cash flow models.

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 the 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, short-term provisions and other short-term liabilities. The long-term component of assets or liabilities is included in other non-current assets, long-term provisions or other long-term 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 long-term 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 and interest 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.

Short-term financing needs arose in the 2020 financial year as a consequence of COVID-19. These requirements were largely fulfilled via intra-group financing. Moreover, in order to sustainably strengthen the VAMED Group's equity, existing intra-group debt amounting to € 350 million were converted to intra-group subordinated registered bonds and reported in the capital reserve.

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.

32. Segment reporting

The VAMED Group has identified the "Project Business" and "Service Business" segments which correspond to internal organizational and reporting structures (management approach) as at December 31, 2020.

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€ 2,488 (2019: T € 2,176).

During 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

Mag. (FH) Thomas Hehle
DI (FH) Harald Steer, M.Sc.
Ing. Robert Winkelmayer

Supervisory Board remuneration is determined by the Annual General Meeting of VAMED AG and amounted to T€ 135 (2019: T€ 135) in the year under review.

37. Auditor's fees

The auditor's fees listed below and the fees of its network companies were recorded as expenses in the year under review. PwC Wirtschaftsprüfung GmbH, Vienna, served as the auditor for the 2020 financial year, and Deloitte Audit Wirtschaftsprüfung GmbH, Vienna for the 2019 financial year.

	2020		2019	
	Total	thereof Austria	Total	thereof Austria
Audit fees	1,278	358	291	239
Tax consulting fees	0	0	157	157
Other fees	2	2	8	6
Total auditor's fees	1,280	360	456	402

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 5, 2021

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



DI (FH) Andreas Wortmann, M.Sc.
Member of the Executive Board

VAMED GROUP INVESTMENTS AS AT DECEMBER 31, 2020

(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
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.U., 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 gGmbH, 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
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

Abbreviation	Company, location	Capital interest %
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
VCG	VAMED CARE gemeinnützige Betriebs-GmbH, Vienna, Austria	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
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-MY	VAMED HEALTH PROJECTS MALAYSIA SDN. BHD., Selangor, Malaysia	100.00
VHP-UK	VAMED HEALTH PROJECTS UK LIMITED, London, Great Britain	100.00
VIDL-D	VAMED Gesundheit IDL Germany GmbH, Damp, Germany	100.00

Fully consolidated companies:

Abbreviation	Company, location	Capital interest %
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
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

Abbreviation	Company, location	Capital interest %
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-BLO	VAMED Campus Reha Bleicherode GmbH, Damp, Germany	100.00
VRZ-D	VAMED Rehazentren Germany GmbH, Damp, Germany	100.00
VRZ-ERF	VAMED Campus Reha Erfurt GmbH, Erfurt, Germany	100.00
VRZ-FFO	VAMED Rehazentrum Frankfurt (Oder) GmbH, Frankfurt (Oder), Germany	100.00
VRZ-HA	VAMED Rehazentrum Harburg GmbH, Hamburg, Germany	100.00
VRZ-HIL	VAMED Rehazentrum Hildesheim GmbH, Hildesheim, Germany	100.00
VRZ-KRE	VAMED Rehazentrum Krefeld GmbH, Damp, Germany	100.00
VRZ-LÜ	VAMED Rehazentrum Lübeck GmbH, Lübeck, Germany	100.00
VRZ-NO	VAMED Rehazentrum Norderstedt GmbH, Norderstedt, Germany	100.00
VRZ-ULM	VAMED Rehazentrum Ulm GmbH, Ulm, 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
VSW	VAMED VS-Sterilgutversorgung West GmbH, Wuppertal, Germany	100.00
VTE	VAMED VS-Technik GmbH, Damp, Germany	100.00
VTS	VAMED Technical Services GmbH, Vienna, Austria	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, 2020

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

Associated and non-consolidated companies:

Abbreviation	Company, location	Capital interest %
ANIS	ANIS-ANregiomed-Instruclean-Services GmbH, Ansbach, Germany	49.00
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
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
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
MSK-H	MSK GROUP HOLDINGS COMPANY LIMITED, Bangkok, Thailand	26.70
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
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
TGMZ	TGMZ Team Gesund Medizin Zentren GmbH, Vienna, Austria	60.00
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 GMBH	Aqua Dome Tirol Therme Längenfeld GMBH, Längenfeld, Austria	12.31
TLG KG	Aqua Dome Tirol Therme Längenfeld GMBH & CO KG, 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
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

Abbreviation	Company, location	Capital interest %
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	30.00
VE (P)	PRINSAMED - PROJECTOS INTERNACIONAIS DE SAÚDE UNIPESSOAL LDA, Lisbon, Portugal	100.00
VE (U)	TOV "VAMED UKRAINE", Kiev, Ukraine	100.00
VE-GAB	VAMED GABON SAS, Libreville, Gabon	100.00
VE-NI	VAMED ENGINEERING NICARAGUA, SOCIEDAD ANONIMA, Managua, Nicaragua	99.00
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
VHP-ID	PT VAMED HEALTH PROJECTS INDONESIA, Jakarta, Indonesia	99.00
VHP-TH	Vamed Health Projects (Thailand) Co., Ltd., Bangkok, Thailand	99.94
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
VSS	VAMED Shared Services GmbH, Vienna, Austria	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.

We draw attention to the fact that the English translation of this independent auditor's report is presented for the convenience of the reader only and that the German language version is the only legally binding version.

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the "condensed subgroup financial statements" of VAMED AG, Vienna, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year then ended as well as the comments and other disclosures included in the group notes.

In our opinion, the accompanying condensed subgroup financial statements are prepared, in all material respects, in accordance with the accounting policies as presented in the consolidated financial statements 2020 of Fresenius SE & Co. KGaA.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Condensed Subgroup Financial Statements" section of our report. We are independent of the subgroup in accordance with the ethical requirements that are relevant to our audit of the condensed subgroup financial statements in Austria, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this report is sufficient and appropriate to provide a basis for our opinion by this date.

As provided under section 275 para. 2 UGB (Austrian Company Code) (liability provision regarding the audit of financial statements of large companies), our responsibility and liability towards the Company and any third parties arising from the audit are limited to a total of EUR 12 million.

Emphasis of Matter – Accounting Policies

We draw attention to the disclosure under "General notes on the financial statements of the VAMED Group" in the group notes, which states that the

condensed subgroup financial statements were prepared in accordance with the guidelines of the parent company, Fresenius SE & Co. KGaA, in particular regarding the application of IFRSs, materiality thresholds, determination of the consolidated group. The accounting policies of Fresenius SE & Co. KGaA are based on IFRSs as adopted by the EU. For the purposes of the condensed subgroup financial statements, material deviations from these principles are presented in the "General notes on the financial statements of the VAMED Group" section of the condensed subgroup financial statements. As a result, the condensed subgroup financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Other Matter

The condensed subgroup financial statements of VAMED AG, Vienna, for the financial year ended 31 December 2019 were audited by another auditor who issued an unqualified opinion dated 6 March 2020 on these condensed subgroup financial statements.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Supervisory Board for the Condensed Subgroup Financial Statements

Management is responsible for the preparation of the condensed subgroup financial statements in accordance with the accounting policies as presented in the notes to the consolidated financial statements of Fresenius SE & Co. KGaA and for such internal control as management determines is necessary to enable the preparation of condensed subgroup financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed subgroup financial statements, management is responsible for assessing the subgroup's ability to continue as a going concern, disclosing, as applicable, matters relating to going

concern and using the going concern basis of accounting unless 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 Subgroup Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed subgroup financial statements as a whole are free from material misstatement, 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, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed subgroup financial statements.

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

We also:

- identify and assess the risks of material misstatement of the condensed subgroup financial statements, whether due to fraud or 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control 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 subgroup's internal control.
- 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 subgroup'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 subgroup financial statements 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.
- evaluate the reasonableness of accounting estimates and related disclosures made by management, if any, based on the accounting policies as presented in the consolidated financial statements 2020 of Fresenius SE & Co. KGaA.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the subgroup to express an opinion on the condensed subgroup financial statements. 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 internal control that we identify during our audit.

Vienna
5 March 2021

PwC Wirtschaftsprüfung GmbH

signed:
Anton Pichler
Austrian Certified Public Accountant

signed:
Aslan Milla
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is the legally binding version. Publication and sharing with third parties of the condensed subgroup financial statements together with our auditor's report is only allowed if the condensed subgroup financial statements are identical with German audited version. This independent auditor's report is only applicable to the German condensed subgroup financial statements presented on pages 39 to 83.

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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.

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 cannot be completely excluded.



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