FRESENIUS MEDICAL CARE US FINANCE II, INC.

Financial Statements

Six Months Ended

June 30, 2024 and 2023

(Unaudited)

FRESENIUS MEDICAL CARE US FINANCE II, INC.

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FRESENIUS MEDICAL CARE US FINANCE II, INC.

Balance Sheets

June 30, 2024 (Unaudited) and December 31, 2023

(In thousands, except share and per-share data)

Assets	**2024**	**2023**
Current assets:		
Cash	$ 1	$ 1
Income tax receivable	—	432
Interest receivables from affiliates	5,179	5,197
Short-term notes receivable from affiliates	593,074	587,012
Other current assets	10,617	9,617
Total currents assets	608,871	602,259
Total assets	$ 608,871	$ 602,259
Liabilities and Stockholder's Equity		
Current liabilities:		
Accrued liabilities	$ 4,145	$ 4,146
Accrued income taxes	1,168	—
Short-term debt, net of discount and deferred charges	399,898	399,694
Total current liabilities	405,211	403,840
Total liabilities	405,211	403,840
Stockholder's Equity:		
Common stock, par value $0.01 per share, 1,000 shares authorized, 100 shares issued outstanding at June 30, 2024 and December 31, 2023	$ —	$ —
Additional paid-in capital	175,000	175,000
Retained earnings	28,660	23,419
Total stockholder's equity	203,660	198,419
Total liabilities and stockholder's equity	$ 608,871	$ 602,259

See accompanying notes to financial statements.

FRESENIUS MEDICAL CARE US FINANCE II, INC.

Statements of Operations

For the six months ended June 30, 2024 and 2023

(In thousands)

	2024	2023
Net interest income from affiliates	$ 16,561	$ 18,006
Interest expense to third parties	(9,721)	(9,721)
Income (loss) before income taxes	6,840	8,285
Income tax (expense) benefit	(1,599)	(1,936)
Net income	$ 5,241	$ 6,349

See accompanying notes to financial statements.

FRESENIUS MEDICAL CARE US FINANCE II, INC.

Notes to Unaudited Financial Statements

June 30, 2024 (Unaudited) and December 31, 2023

(In thousands)

(1) The Company

Fresenius Medical Care US Finance II, Inc. ("the Company"), a Delaware corporation, is a wholly owned subsidiary of Fresenius Medical Care AG, formerly, Fresenius Medical Care AG & Co. KGaA, a German stock corporation ("FME AG" or "the Parent Company"). The Company was formed on August 22, 2011 to act as a finance subsidiary of the Parent Company and engage primarily in effecting any lawful financing act or activity between the Parent Company and Fresenius Medical Care Holdings, Inc. ("FMCH"), a subsidiary of the Parent Company, and any other acts related to or in furtherance thereof, for which corporations may be organized and incorporated under the general corporation law of the state of Delaware.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

The Company has evaluated subsequent events through August 30, 2024 which is the date these financial statements were available to be issued.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash

Cash comprises cash balances only.

(d) Debt Issuance Costs

Debt issuance costs related to a recognized debt liability are presented on the balance sheet as a direct deduction from the carrying amount of that debt liability. These costs are amortized over the term of the related obligation. The Company had $102 and $306 of deferred charges at June 30, 2024 and December 31, 2023, respectively.

(e) Income Taxes

The Company recognizes deferred tax assets and liabilities for future consequences attributable to temporary differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded to reduce the carrying amount of the deferred tax assets unless it is more likely than not that such assets will be realized. The Company had no deferred tax assets or deferred tax liabilities as of June 30, 2024 and December 31, 2023, respectively.

(f) Contingencies

Liabilities for loss contingencies arising from claims assessments, litigation, fines, penalties and other matters are recorded when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated. The Company is currently not a party to any such claims or proceedings.

(g) Financial Instruments

The Company's financial instruments include cash, notes receivable from affiliates, accrued liabilities and short-term borrowings.

(h) Fair Value Measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

(3) Borrowings

On October 29, 2014, the Company issued $400,000 aggregate principal amount of senior unsecured notes (“the 2014 Senior Notes”). The 2014 Senior Notes were issued at par with a coupon of 4.75% due October 15, 2024. The Company may redeem the 2014 Senior Notes at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the applicable indenture. The holders of the 2014 Senior Notes have a right to request that the respective issuers of the notes repurchase the applicable issue of notes at 101% of principal plus accrued interest upon the occurrence of a change of control of the Company followed by a decline in the rating of the respective notes. The 2014 Senior Notes are guaranteed on a senior basis jointly and severally by FME AG and FMCH. On June 30, 2024 and December 31, 2023, the balance of the 2014 Senior Notes was $399,898 and $399,694, respectively, net of unamortized deferred charges of $102 and $306, respectively.

(4) Notes Receivables from Affiliates

On September 14, 2011, the Company entered into an intercompany loan agreement (“the Intercompany Loan”) with National Medical Care, Inc. (“NMC”), which allows the Company to loan all excess cash to NMC, at an interest rate of LIBOR plus 0.8%. The Intercompany Loan shall be paid by NMC no later than one business day after receipt of demand for payment not to exceed October 15, 2024. Accrued interest shall be due and payable quarterly in arrears on; (i) the first day of each interest period commencing December 15, 2011; (ii) upon maturity; or (iii) any demand of the principal amount and shall be computed on the basis of a 360-day year, for the actual number of days elapsed (including the first day and excluding the last day). The obligations under the Intercompany Loan may be prepaid in whole or any part at any time without penalty or premium. In January 2023, the note was amended to change the interest rate from LIBOR plus 0.8% to SOFR (Secured Overnight Financing Rate) plus 0.8%.

On October 29, 2014, the Company entered into intercompany loan agreements (“the 2014 FMCH Loans”) with FMCH in the aggregate principal amount of $942,500 net of a discount of $7,500. The 2014 FMCH Loans consist of an intercompany promissory note of $525,000 which was fully paid in July 2020, and an intercompany promissory note of $425,000 to be paid on October 15, 2024, bearing interest at a rate of 5.25% per annum. Interest for the 2014 FMCH Loans are payable semi-annually in arrears on; (i) April 15 and October 15 of each year, commencing on April 15, 2015, (ii) upon maturity; or (iii) on any prepayment and on any demand of the principal amount. Interest is computed on a 360-day year comprised of twelve 30-day months.

As of June 30, 2024, and December 31, 2023, notes receivables from affiliates consist of the following:

(In thousands)

	June 30, 2024	December 31, 2023
National Medical Care, Inc. at a rate of SOFR plus 0.8%	$ 168,158	$ 162,263
FMCH at a rate of 5.25%	424,916	424,749
Accrued interest on notes receivables from affiliates	5,179	5,197
Total	$ 598,253	$ 592,209

(5) Financial Instruments

(a) Nonderivative Financial Instruments

The following table presents the carrying amounts and fair values of the Company's nonderivative financial instruments on June 30, 2024 and December 31, 2023.

The carrying amounts in the table are included in the balance sheets under the indicated captions.

		2024		2023	
	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Assets:					
Cash	1	$ 1	$ 1	$ 1	$ 1
Short-term notes receivable from affiliate	2	593,074	598,030	587,012	592,403
Liabilities:					
Short-term debt	2	$ 399,898	$ 397,824	$ 399,694	$ 395,408

The methods and significant assumptions used in estimating the fair value of nonderivative financial instruments are as follows:

Cash is stated at nominal value which equals the fair value.

Short-term financial instruments such as interest receivables from affiliates are valued at their carrying amounts, which are reasonable estimates of the fair value due to the relatively short period to maturity of these instruments.

The valuation of short-term notes receivables is calculated at the present value of the respective future cash flows. To determine the present values, the prevailing interest rates and credit spreads for the Parent Company as of the balance sheet dates are used.

The fair value of short-term debt is calculated on the basis of market information, using market quotes.

(6) Related Party Transactions

As discussed in note1, the Company and FMCH are affiliated entities. FMCH is primarily engaged in (i) providing kidney dialysis services and clinical lab testing; (ii) manufacturing and distributing products and equipment for kidney dialysis treatment; and (iii) providing other medical ancillary services in the United States. FMCH provides certain support to the Company including human resource management, benefit plan administration, accounting, treasury, payroll, tax services, and management oversight as required and/or warranted.

Section 1.01

Management Report of the Board of Directors

Fresenius Medical Care US Finance II, Inc.

For the financial period ended June 30, 2024
(in thousands, except share and per share amounts)

As prescribed by law, the Board wishes hereby to highlight the activities of Fresenius Medical Care US Finance II, Inc. (“the Company” or “US Finance II”) during the six-month period ended June 30, 2024 and to comment on the non-audited half-yearly accounts.

Operations and activity of the Company

During the six-month period ended June 30, 2024, the Company’s operations and activity have been the following:

On October 29, 2014, the Company issued $400,000 aggregate principal amount of senior unsecured notes ("the 2014 Senior Notes"). The 2014 Senior Notes were issued at par with a coupon of 4.75% due October 15, 2024. On the issue date, the Company loaned the proceeds to Fresenius Medical Care AG (FME AG) and Fresenius Medical Care Holdings (FMCH). In connection with the issuance of the 2014 Senior Notes, the Company received additional capital contributions of $25,000. The Company loaned the proceeds of such contributions to FMCH. The intercompany promissory note bears interest at a rate of 5.25% per annum and a maturity date of October 15, 2024.

FME AG is a holding company for the Fresenius Medical Care Group (the Group or the Parent), and FMCH, one of its subsidiaries and guarantor of the notes, functions exclusively as a holding company for the Parent’s North American operations. They have no material amount of independent operations and derive substantially all of their consolidated revenues from their operating subsidiaries. Consequently, FME AG’s and FMCH’s cash flows and their ability to meet their cash requirements, including their respective obligations under their guarantees of the Notes and their guarantees of other financings, are dependent upon the profitability and cash flow of their subsidiaries and payments by such subsidiaries to them in the form of loans, dividends, fees, or otherwise, as well as their own credit arrangements. The Company’s main income is generated by interest received from the loans issued to related parties.

Section 1.02

Risk

The Company is included in the internal control and risk management system for the accounting process at the Group level.

The Company’s assets primarily consist of intercompany receivables and liabilities primarily consist of the notes payables, as described above. The Company’s only source of income are interest revenues from FME AG and its subsidiaries. Its expenses are mainly interest payments to holders of Notes. As such, the Company’s accounting process is considered non-complex and the risk of material misstatement of its financial statements is considered low. Therefore, the Company is included in the internal control and risk management system for the accounting process at Group level.

The Group applies numerous internal controls and measures to reasonably assure that its accounting processes and financial reporting are correct and reliable. This reasonably assures that annual financial statements and management reports at Company and Group level are issued in compliance with the applicable rules. The Group’s internal reporting process that is generally carried out at four levels reasonably assures that financial data and key figures are reliably recorded, processed and controlled. At each of these four reporting levels – the local entity, the region, the segment, and the entire Group – the figures and data are compared with the previous year’s figures, budget values, and the latest projections regularly on a monthly and quarterly basis. In addition, the Management Board of the Parent and the departments responsible for preparing the annual and consolidated Group financial statements discuss in-depth all parameters, assumptions and estimates that substantially affect the Group and segment results reported externally. The Audit Committee of the Supervisory Board of the Parent also reviews current quarterly results and compares them with budgets and projections.

The Group’s internal control system over financial reporting is designed to reasonably assure compliance with the applicable accounting standards. The goal is to provide reasonable assurance that the Group financial statements are issued in accordance with applicable accounting principles. The internal control system thus contains guidelines and instructions intended to reasonably assure, for example, that all Group transactions are presented accurately, or that earnings and expenses are only recorded after management approval (dual control principle).

The internal control system over financial reporting is subject to inherent limitations, no matter how carefully it is designed. As a result, there is no absolute assurance that financial reporting objectives can be met, nor that misstatements will always be prevented or detected.

Management assessed changes to the Group’s internal control system over financial reporting for the period ended June 30, 2024, as compared to the annual assessment performed on December 31, 2023, and noted that there have been no significant changes in internal controls, or in factors that could significantly affect internal controls. The effectiveness of the Group’s internal control over financial reporting as of December 31, 2023 has been audited by the Parent’s independent public accounting firm in connection with their audit of the Group’s consolidated financial statements as of and for the fiscal year ended December 31, 2023, which were included in the Parent’s Annual Report on Form 20-F filed with the United States Securities and Exchange Commission. The independent auditors, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, issued their report that the Group has maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023.

Section 1.03

Results – Allocation

The Company’s net income for the six-month period ended June 30, 2024, was approximately $5,241.

Section 1.04

Other

The accounts in question have been drawn up according to United States generally accepted accounting principles (“U.S. GAAP”).

For the second half of the fiscal year 2024, we do not foresee any other new operations or activities.

The Board of Directors

August 30, 2024

Signed by

/s/ Craig Cordola Ed.D.	/s/ Thomas D. Brouillard, Jr.
Craig Cordola Ed.D.	Thomas D. Brouillard, Jr.

Fresenius Medical Care US Finance II, Inc.

Statement from the Board of Directors

For the six months ended June 30, 2024

To the best of our knowledge, the financial statements give a true and fair view of the financial position of the Company as of June 30, 2024 and the results of its operations for the period from January 1, 2024 through June 30, 2024 in accordance with U.S. generally accepted accounting principles.

The interim management report includes a fair review of the development and performance of the business during the first six months of the financial year and the position of the Company, together with a description of the principal risks and uncertainties the Company faces for the remaining six months of the financial year.

August 30, 2024

The Board of Directors

Signed by

/s/ Craig Cordola Ed.D.	/s/ Thomas D. Brouillard, Jr.
Craig Cordola Ed.D.	Thomas D. Brouillard, Jr.