Integrated Annual Report 2022

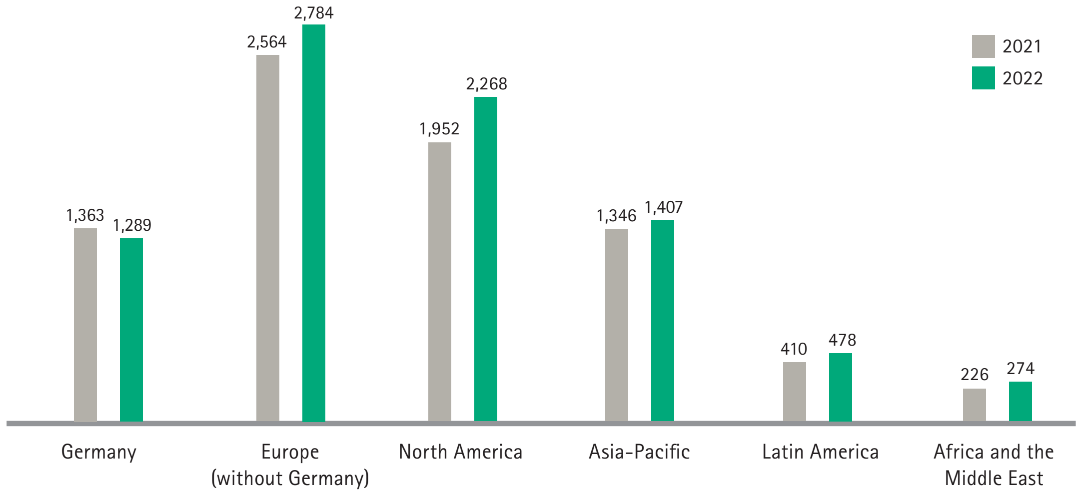
Change and move ahead

B|BRAUN
SHARING EXPERTISE

Statement of income

	2021 EUR million	2022 EUR million	Change in percent
Sales	7,859.8	8,499.8	8.1
Costs of goods sold	4,799.0	5,268.6	9.8
Gross profit	3,060.8	3,231.2	5.6
Functional expenses	2,599.2	2,901.8	11.6
Selling and general administrative expenses	2,182.4	2,360.5	8.2
Research and development expenses	416.9	541.2	29.8
Interim profit	461.5	329.4	-28.6
Profit before taxes (adjusted)	408.6	275.0	-32.7
Consolidated net income (adjusted)	300.1	211.7	-29.5
EBIT (adjusted)	471.7	344.2	-27.0
EBITDA	1,101.9	997.2	-9.5

Sales by region (in EUR million)



Content

Executive Board

Dr. Annette Beller
Finance, Taxes and
Central Services

Markus Strotmann
Hospital Care

Anna Maria Braun, LL.M.
CEO, Avitum

Dr. Jens von Lackum
Aesculap

Dr. Stefan Ruppert
Human Resources, Legal Affairs
and Labor Relations

„The capacity to adapt to change and move forward is a critical skill that B. Braun demonstrated in 2022. We did not slow down the implementation of milestones in our strategy. This includes further investment in the medical technology of tomorrow."

Change and move ahead

Dear Readers,

2022 was characterized by disruption. The most dramatic impact being Russia's war against Ukraine. In addition, we experienced an energy crisis, inflation, and unreliable supply chains. This has, and will continue to pose major challenges to all of us. At B. Braun, we responded early and began consistently adapting our business models to this changing world, allowing us to drive strategic projects forward and continue our investments.

We have maintained our path towards growth. Despite a volatile climate, we are pleased with our 3.6 percent increase in sales (currency adjusted). As a health care company, we are aware of our special responsibility—particularly now, when the challenges facing health care systems continue to mount. We are working hard to ensure supply availability to provide quality health care to more people around the world.

Our profit was burdened considerably by cost increases, especially for raw material, energy, and logistic costs, as well as one-time effects. Although we could not completely compensate for this impact, with global steps such as price increases and cost reductions, we successfully stabilized our profit.

The capacity to adapt to change and move forward is a critical skill that B. Braun demonstrated in 2022. We did not slow down the implementation of milestones in our strategy, B. Braun—the next decade. This includes further investment in the medical technology of tomorrow.

New technologies offer possibilities for treating people around the world using the highest medical standards, while also ensuring the affordability of health care through greater efficiency. We offer high-quality product systems enabled by technologies we continue to refine.

One example is B. Braun's Space^{plus} infusion pump system, which can be connected to hospital data manage ment systems. Infusion data is automatically transmitted and made accessible to medical staff for patient treatment. In the operating room, our Aesculap Aeos® robot-assisted surgical microscope deploys the latest imaging techniques, setting new benchmarks for depth of field, field of view and lighting.

Precise view of the future

We also employ technological developments to weave sustainability through our supply chains, production and logistics processes, and resource management. We have continued to improve our sustainability structures to attain a competitive edge through professional sustainability management for the future. One example is our dialysis equipment, which conserves resources and improves processes by using less water, energy, and materials.

How dialysis is going green

B. Braun is determined to achieve equal access to quality health care. We have been present in Africa for over 60 years. Today, we manufacture products in South Africa and Kenya, promote education programs, outfit medical facilities, and work together with partners to deliver high-quality health care to the African continent.

Partner in Africa

B. Braun is also committed to equity for our 65,000 employees across the globe. Their different perspectives, experience and backgrounds enable us to stay successful in a dynamic environment. On behalf of the Executive Board, I sincerely thank each of them for their willingness to embrace change, their motivation, and their extraordinary dedication.

Strength through diversity

Together, we at B. Braun have successfully strengthened our resilience during a difficult 2022. We deepened our commitment to our customers and invested in our future. We will continue to change and move ahead—with the goal of using our own resources to grow and drive advancements in health care.

Anna Maria Braun
CEO

The story of medical advancement is also® a story of seeing things better. From the microscope to magnetic resonance imaging, computer tomography, X-rays, ultrasound, and endoscopy. Medicine as we know it today would hardly to imagine without devices and technologies that let us peer into the body with ever greater precision.

Now, medical imaging technology is about to experience its next breakthrough: structures hidden from the human eye will be made visible with the help of smart devices. Highly sensitive surgical interventions such as those involving the brain and medulla oblongata can become safer with devices like the robot-assisted surgical microscope Aesculap Aeos®. This approach also opens up entirely new treatment possibilities and gives us a glimpse of the future—smart imaging technologies, like those being driven by companies such as B. Braun, are just getting started.

Precise view of the future

"Digital microscopy already offers an image quality which limits further optimization possibilities. This means, in the future, the focus will be on something else—the ability to better assist users in their decision-making. With smart imaging technology like the Aesculap Aeos®, we are making that possible."

Erick Drost, Senior Expert Engineer Research & Development, Tuttlingen, Germany

Find out more!

Discover how precisely medical technology can peer inside the body and which developments are still to come.

War in Ukraine, inflation, coronavirus: our world is shaped by many crises these days. Resilience is a quality that is more important today than ever before for individuals, and at the corporate level. One crucial component here is an embodied culture of diversity. Research shows that employee well-being critically depends on the extent to which they can be themselves at work. Diversity—understood as a wealth of different perspectives, experience, and backgrounds—is also a prerequisite for every core process in a modern company. The work environment at B. Braun is one of respect, equity, inclusion, trust, and willingness to accept responsibility.

Six employees in Malaysia, Kenya, Brazil, United Kingdom, the United States and Germany tell us what diversity means to them and how they perceive and practice it in their day-to-day work. They make it clear that the issue of diversity is emphasized differently depending on the country. They tell us about their personal experience, their hopes, and their efforts. They also reveal why diversity is not just about fairness: for a company working to improve the health of people around the world, diversity of experience and backgrounds is one of the keys to our success.

Strength through diversity

"People are our greatest asset, they make our company successful. Our goal has to be to treat them in a way that makes them feel fully respected and seen."

Sam Fairbanks, Learning & Development Specialist, Sheffield, United Kingdom

"In our department, we are responsible to establish the innovation roadmap of intravenous catheters and implement it. It would not be ideal if these catheters were developed by a group of engineers who are all alike, when the nursing professionals who are our customers are diverse in age and gender. This means we need the specific experience, the vision, the background of different people to develop a product which nurses actually like to work with."

Yongji Fu, Vice President and Head of Research & Development, Penang, Malaysia

"Diversity means recognizing and responding to these different environments—and addressing them. But you must first recognize, acknowledge and embrace a work culture to get the best out of our diverse workforce and make them feel they belong here. The only way to make progress is with empathy, open communication and transparency—to the benefit of everyone."

Renata Almeida, Senior Project Manager Digital HR, Melsungen, Germany

Find out more!

Find out together with our employees how diversity shapes their typical workday—while also accelerating progress.

How dialysis is going green

Roughly four million people around the world need dialysis on a regular basis. Given this great need, if dialysis processes are designed to be more sustainable the positive impact on the environment can be immense. Resource consumption is currently very high; several hundred liters of water is commonly used for every dialysis treatment. However, there are also opportunities to save medical technology resources in terms of water, energy and even product consumption. B. Braun already practices this kind of green dialysis to varying degrees at most European locations, with the Czech Republic, Slovakia, Portugal, Ireland, Croatia and Spain leading the way.

We introduce the concept of green dialysis and describe about how it works in practice using the Czech Republic as an example. At the "Green Field" Renal Care Center in Teplice, B. Braun focuses on both the structural aspects of an energy-efficient dialysis center and the digital and logistical possibilities. The concept shows how much B. Braun values sustainability and the kind of innovation we are bringing to concrete solutions.

Find out more!

Follow us into the B. Braun renal care center in Teplice
and find out how we are defining green dialysis.

Senegal
Establishing a study program
for medical technology

Cameroon
Renal care centers

Ghana
West Africa office,
opening new markets

Kenya
IV solutions and eye drops

South Africa
Employment of
disadvantaged people

B. Braun has been active on the African continent for more than 60 years, with production plants in Kenya and South Africa as well as sales and project partners in countries like Ghana, Cameroon, and Senegal. We want to make basic medical care accessible to everyone, regardless of where they live, what color their skin is, or what social class they belong to. We focus on responsible, sustainable investments and long-term partnerships. But how does B. Braun make these plans happen? What needs to be done specifically, in the different health care systems? What steps do we need to take to achieve more equal opportunity on the path to better health care around the world?

Partner in Africa

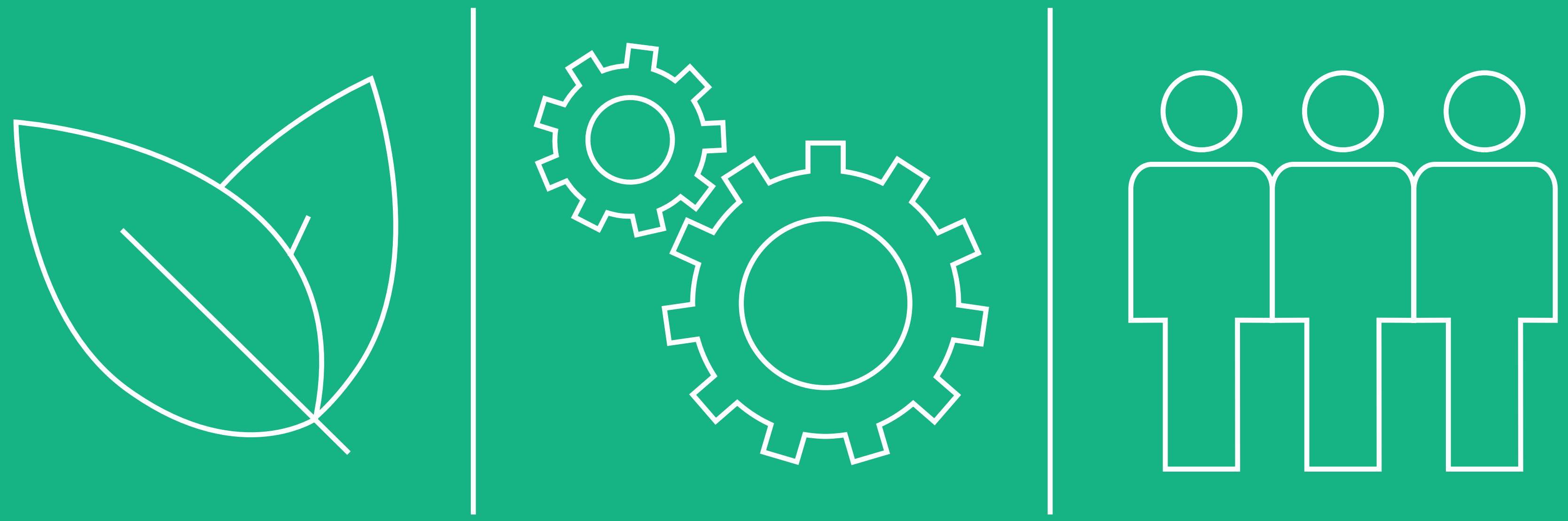
In Senegal, we follow Sylberia Diack, who is studying biomedical technology at the university in Dakar—a program launched and monitored by B. Braun. In Cameroon, 20-year-old Ngueochi Tamba Maurelle tells her story, about living with chronic kidney disease. Thanks to B. Braun, every week she receives the dialysis she needs to survive. Petty Tanghanwaye heads the B. Braun office in Accra, the capital of Ghana. He reports on opportunities and responsibilities in West Africa and how he came to work at B. Braun. Last but not least, we visit our production facilities in Kenya and South Africa—and reflect on the possibilities our years of involvement have created for young people in South Africa.

B. Braun's dedication has had noticeable positive effects. We employ more than a thousand people on the African continent. We manufacture medical devices and pharmaceutical products at three different locations and provide care to several thousand patients with chronic kidney disease at our renal care centers. The path to health equity—more equitable access to modern health care—may still be a long one around the world, including in Africa. As a true partner, we are working with local health care systems on the issues they face.

Find out more!

Find out how B. Braun is committed to modern health care in Africa
and is changing people's lives.

Our responsibility



01 Value-based corporate management

02 Employees who embrace change

03 Efficient solutions

04 An environment worth protecting

05 Transparent supply chain

06 Sustainable society

Value-based corporate management

Strategy and sustainability

Sustainability is one of our company values and is firmly embedded in our Group strategy. We understand that this means utilizing the resources available to us in a way that is economically, ecologically and socially responsible. We make business decisions with the generations of today and tomorrow in mind and take responsibility in the pursuit of protecting and improving the health of people around the world.

The constant exchange of knowledge and experience amongst our employees and with our customers and partners allows us to implement sustainable solutions throughout B. Braun's entire value creation cycle. We acknowledge our shared standards and global goals and implement them through local contributions. In 2022, we continued on our path toward continuous integration of sustainability into all of our business processes.

We remain focused on finding new ways to use technology to conserve resources and stop climate change and committing to filling the gaps in health care supply worldwide. We are working decisively and steadfastly to achieve our sustainability goals in order to ensure long-term success.

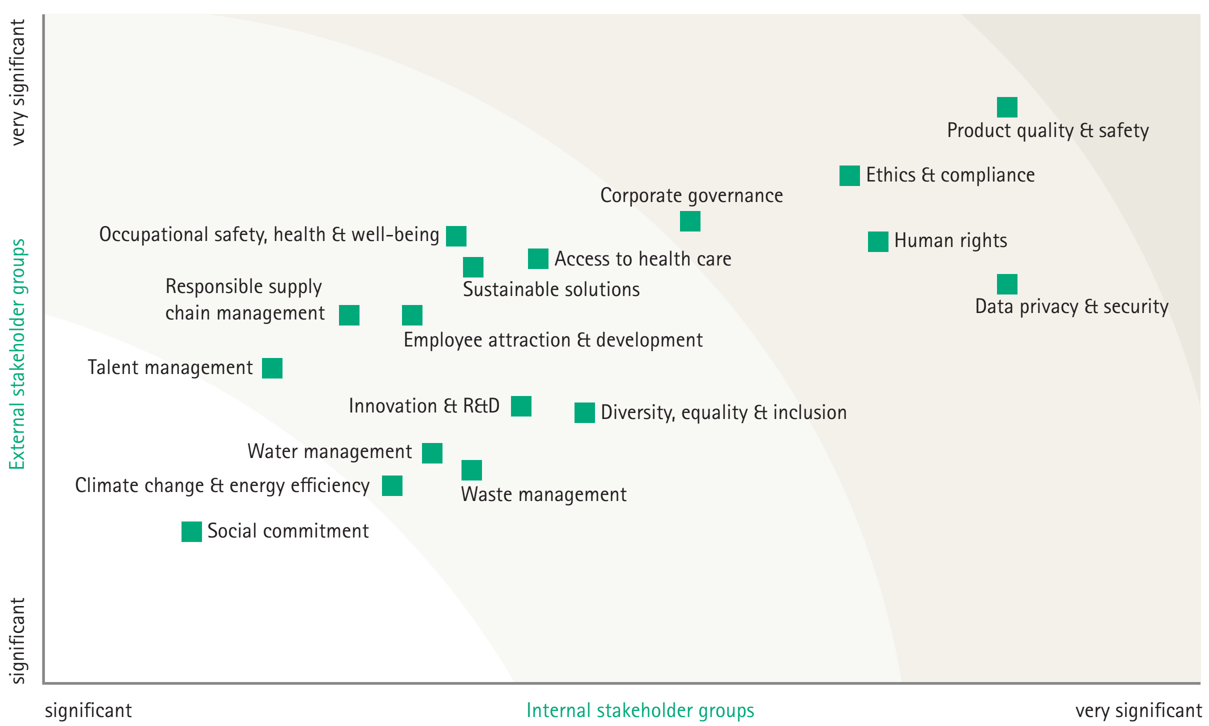
Materiality

Based on our materiality analysis, we are steering and prioritizing the content and direction of our sustainability activities. The topics significant to B. Braun and its stakeholders are shown in the matrix below.

The last evaluation was conducted in 2021. The results of that survey confirm that the topics of product quality and product safety have the highest priority. Ethical principles and human rights are also very significant to us, and we link them to meeting social standards, especially in the supply chain. Data security and data protection in the face of digital transformation in business and society continue to be of increasing importance to us.

We are planning to update our materiality matrix for 2023 using a double materiality analysis for the first time. This will not only help us identify the specific effects of our business activities on the various aspects of sustainability but also bring the effects of

Materiality matrix



the environment, climate change and society on our business results into focus.

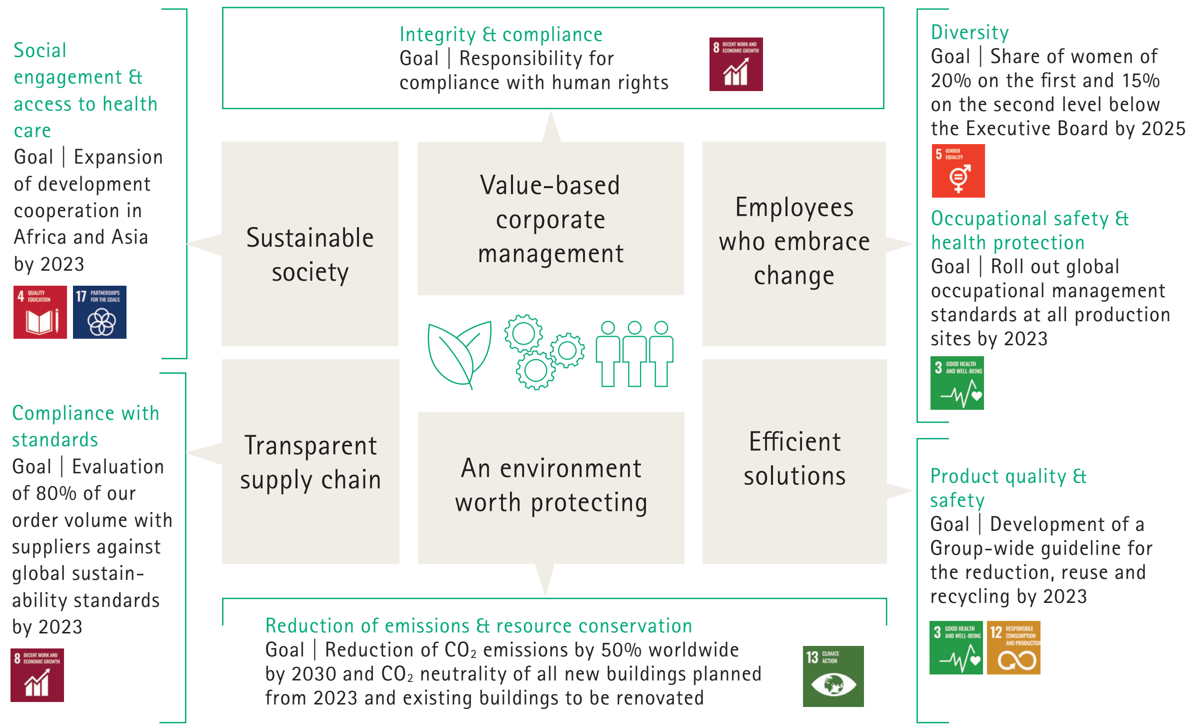
Action and reporting framework

Our strategic goal continues to be strengthening sustainability in the company and advancing it as a core component of our business processes. For B. Braun, the development and use of modern technologies is the key to successfully implementing sustainability along the company's value chain. With coming generations in mind, this is why we are investing heavily in the development of future technologies. We have set the framework for our activities, as derived from our Group strategy and materiality analysis, with six topics and fleshed them out with clear medium- to long-term goals. At the same time, we are working towards fulfilling seven of the United Nations' 17 Sustainable Development Goals (SDGs).

We have aligned our report with the current standards of the Global Reporting Initiative (GRI) and the SDGs and report data from the countries with the largest number of employees (approximately 1,000 or more) and/or our largest production sites (at least 50 employees). In the 2022 reporting year and in some cases retrospectively, we included additional manufacturing sites in our reporting. We also further specified our methodology and data compilation methods, which resulted in the number of reporting countries increasing to 27 with the addition of Bulgaria. A total of more than 93 percent of all B. Braun employees worked in these countries in 2022.

A sustainability management system established in the Group supports efficient and uniform processing of sustainability data. The specialist and central departments involved and B. Braun's national subsidiaries benefit from the central management of international, national and site-related information, as well as the monitoring options provided by our indicators. We are also preparing ourselves for the Corporate Sustainability Reporting Directive (CSRD), a Europe-wide directive under which, starting in 2025, we will report both on the effects of our own business operations on people and the environment, and on the effects of sustainability aspects on B. Braun.

Overview of goals



Number of employees in reporting countries
as of December 31, 2022

Country	Employees	Percentage
Germany	15,753	24.2
United States	8,906	13.7
Malaysia	7,855	12.1
Russia	3,443	5.3
Poland	2,452	3.8
Spain	2,441	3.8
Hungary	2,412	3.7
France	2,099	3.2
India	1,965	3.0
China	1,884	2.9
Vietnam	1,487	2.3
Brazil	1,372	2.1
United Kingdom	1,342	2.1
Switzerland	1,060	1.6
Romania	999	1.5
Czech Republic & Slovakia	995	1.5
South Africa	873	1.3
Italy	744	1.1
Indonesia	480	0.7
Japan	459	0.7
Peru	417	0.6
Colombia	410	0.6
Thailand	278	0.4
Bulgaria	265	0.4
Argentina	224	0.3
Kenya	184	0.3
Total	**60,799**	**93.5**
Other countries	4,256	6.5
B. Braun Group	**65,055**	100.0

Organizational structure

Sustainability can only be effective when it is firmly integrated into organizational and management systems. This is why we have spent the last several years improving the structures that allow for sustainable corporate activity in the B. Braun Group from strategy to implementation and reinforcing our sustainability management with additional personnel in many operational areas around the world.

The global sustainability team, which has been responsible for the topic within the Group in its own Group Sustainability department since 2022, sets the cornerstones for sustainability at B. Braun. The department puts the necessary activities in motion and ensures their implementation. It monitors sustainability-related requirements, coordinates the global sustainability network and helps other departments exchange ideas about sustainable approaches. The department reports directly to the CEO.

The Sustainability Steering team, consisting of experts from various departments, offers advice on B. Braun's strategic direction for all sustainability topics. The departments and committees are supported by our global sustainability network of national coordinators and subject matter experts. The colleagues responsible for sustainability in the central and specialist departments at Group headquarters and in the national companies implement these approaches and set the associated goals. The Executive Board is responsible for setting and documenting goals and the management review.

Corporate Governance

Good corporate management is a part of our corporate culture and shapes our day-to-day business. The legal and ethical conduct of our employees is an integral part of our value system. For the B. Braun Group, compliance does not mean just abiding by standards, it also includes ethical values such as integrity, fairness and sustainability, which we transparently live both internally and externally.

Compliance

Our worldwide compliance management system ensures that our employees conduct themselves according to uniform, ethical standards. Our compliance officers in the national organizations report directly to the respective management and work together with the Group Compliance Office on the further development of the system. Their network extends across all continents and currently comprises 70 specialists. All B. Braun employees are obligated to adhere to our rules. Employees receive face-to-face training and via e-learning and coaching. Our compliance officers also regularly train and advise our employees on special topics.

Code of Conduct

Our Code of Conduct establishes a binding framework for our activities around the world and documents the ethical conduct of our employees. We also require our supply chain partners to respect human rights and enforce them in their own business activities. To back up this commitment, the B. Braun Group launched a corporate declaration of respect for human rights in 2022 that includes all our business units as well as our global supply chains. It covers the major areas of human rights risks for workers in global supply chains. The updated Code of Conduct and the declaration were developed by an interdepartmental team at the B. Braun Group and are modeled closely on international human rights standards and principles.

Risk management

B. Braun's goal is to employ a comprehensive risk management system to help identify, document, evaluate, and minimize actual and potential risks early on that may arise in our own business operations and in global supply chains. This due diligence is a fundamental step in respecting employees' human rights as they are rooted in our declaration on human rights and Code of Conduct. The B. Braun Group's due diligence also includes the establishment of preventive measures with direct suppliers. We are currently developing a framework for compliance in our supply chains with minimum criteria to regulate our expectations of standards for suppliers and the consequences of non-compliance. This also takes into account the German law on corporate due diligence in supply chains that will enter into force in 2023 and require B. Braun to perform transparent due diligence in the supply chain with regard to human rights and the environment.

Our responsibility
Value-based corporate management

Employees who embrace change

Management approach

Our employees are the driving force behind B. Braun's corporate success. Their expertise, passion and capabilities are our greatest strengths. To foster these qualities, we promote a culture characterized by trust, accountability, and diversity. We are shaping the future with great openness, flexibility and the courage to change, to continue to remain successful in a highly dynamic environment. We are constantly evolving our corporate culture and using our competency model to create a framework for what we look for in our employees both today and in the future. At the same time, we want to attract new employees to the company and our growth areas. All of our employees should be able to work in a safe and healthy environment. This is why we are always working on strengthening our culture of safety and health.

The joint commitment of all employees to the values and goals of B. Braun is essential to our success. In our strategic development into a technology company, we promote a high-level culture of leadership and cooperation based on our competence model. We are constantly developing our leadership culture to create change for greater progress. We value and need a diversity of perspectives. Appreciating each other's differences enables a collaborative work environment. This includes our desire to continue to increase the proportion of women in managerial positions.

In order to continue to operate successfully as a family-owned company in the market, we intensified our efforts toward the continuous improvement of our competitiveness in the reporting year. We know how critical it is to become more efficient in order to drive technologies, make investments and keep jobs. This is why we critically examined our structures and processes in the reporting year and continuously evaluate our staffing needs worldwide. Through this initiative, we want to continue standardizing and digitizing processes and eliminate redundant structures within the Group—all as part of our strategy, B. Braun–the next decade. We are refraining from filling vacancies if we are able to compensate for the position with more effective structures and processes while reducing manual tasks wherever it is practical to do so. The goal is to utilize our workforce more efficiently and continue to develop and retain employees for the long term by investing in training and structured talent and succession planning. We also want to modernize our HR management processes. One important milestone for us in this endeavor is to digitally transform HR with standardized processes and clearly defined roles.

Digitalization in HR management

We have achieved important milestones on the path to the digital transformation of HR management with the deployment of a cloud-based HR software program and the continued growth of our standardized HR administration and development. After launching in seven countries in 2021, the first module was introduced in another 41 countries in the reporting year. This module compiles approximately 45,000 B. Braun employee master data sets in the central HR data source. Expanded self-services give two-thirds of employees more flexibility and transparency with their stored personal data and allow them to perform a variety of HR activities in the system themselves. The module will be launched in the remaining 16 countries of the Asia-Pacific region by mid-2023.

At the same time, another service center is now operational in Colombia (other sites are located in Poland and Germany). This new service center is the initial point of contact for HR matters for employees in the North America and Latin America regions and has also taken over administrative tasks. This allows the local HR departments to be even more of a strategic partner for business operations. The plan is to complete a global HR management system that covers every phase of the employee life cycle, from application to retirement. Standardized and harmonized HR processes will soon be supported by the introduction of a digital employee file. The HR management system will be supplemented with an integrative talent and succession planning function as well as offers for validated and individual learning offerings.

Sustainable employer

As of December 31, 2022, the B. Braun Group employed 65,055 people.

Balancing work and family

As a family-owned company, it is particularly important for us to help our employees balance family and work. B. Braun offers individualized working models for families in many national subsidiaries. In the reporting year, 1,494 employees in 11 countries took B. Braun's part-time family leave, which was revised to accommodate a changing environment. 2,865 employees took parental leave in 2022. The percentage of men taking parental leave has continued to increase in recent years. The continuation of remote work in the administrative departments is also helping make it easier for employees to maintain work/life balance.

Supplementary retirement pension

Our company has grown through entrepreneurial thinking over several generations. We want our employees and their families to be well taken care of—not just today, but also into their retirements. This is why we support employees beyond the statutory pension amounts. As of December 31, 2022, the B. Braun Group had established provisions for pensions and similar obligations in the amount of about € 1 billion. Worldwide, about half of our employees are safe-guarded with a supplementary retirement pension.

Employee co-determination

B. Braun is committed to social partnership as an active supporter of labor laws and a designer of guidelines. Cooperation between corporate management and employee representatives is characterized by a long history and mutual trust. B. Braun protects the employees' right to freely associate, organize and bargain collectively, and their right to conclude joint agreements to negotiate our working conditions. Protecting long-term employment is also part of our understanding of sustainability as a family-owned company. 88 percent of employees are subject to collective bargaining agreements across Europe. Worldwide, more than half of all employees in our reporting countries are covered by collective bargaining agreements.

Diversity

We value differences. It is our culture of trust, accountability and diversity that makes B. Braun a true partner for employees and customers. By strengtheing an appreciative, inclusive and equitable working environment, we unleash the full potential of all of our employees. They drive advancements in health care with their different perspectives, experiences and backgrounds. As a symbol of this concept, B. Braun signed the Diversity Charter together with 3,000 other companies in Germany.

We are aware of the advantages of a mixed-age workforce that contributes different professional experiences and expertise across generations. We offer all genders the same opportunities for employment and advancement. The proportion of women in the overall workforce was 52 percent in 2022. Of the five members of the Executive Board, two were women in 2022, and five women were among the 16 members of the Supervisory Board. This allowed us to meet the targets we set in 2017 of not falling below a proportion of women on the Executive Board of 28 percent, and increasing the proportion of women members on the Supervisory Board to 30 percent or having at least two women Supervisory Board members each on the employer and employee side. The proportion of women serving on these boards is 40 percent and 31 percent, respectively.

We are consistently working toward our goal increasing the number of women in managerial positions in the company. By 2025, we aim to achieve a 20 percent share of women in the first management level and 15 percent in the second management level below the Executive Board. In the reporting year, we completed the women's mentoring program that began in 2021, with female employees from different departments participating. In addition to personal development, this mentoring program especially helped the women further strengthen their management skills. The program will begin the next series in 2023 in order to develop more women in management positions over the long term.

The internationality and mobility of our employees are key components of the B. Braun culture. We are committed to networking and exchange across national, international and cultural boundaries. Since 2022, we have increasingly relied on new international assignment models, such as short-term expat contracts, to accommodate the shift in our employees' ways of life and work.

We value the skills and expertise of our employees, including those with physical, mental and/or psychological impairments. We rely on the abilities of each individual, not on their limitations. In order to make inclusion successful, we are committed to an accessible and open-minded work environment. This includes work areas and workplaces that are accessible to people with disabilities, among other things. The proportion of employees with disabilities in the reporting countries was around 3 percent in 2022, and around 7 percent in Germany.

Management and collaboration

As a leading medical technology company, B. Braun is increasingly in search of employees who have expertise in the latest digital technology. Using our redesigned competency model, we are identifying the necessary knowledge and developing the capabilities that will continue to be important to us in the future. The core competencies are derived from our corporate strategy and our cultural values of trust, accountability and diversity. Implementation of this new approach into existing HR processes, including the annual performance review, feedback and recruiting processes has begun and will be finished in 2023.

We view employees in management positions as role models and dependable partners who elevate their teams' sense of responsibility and facilitate decision-making directly in each team member's area of responsibility. We train managers as part of our leadership program. We believe that mutual trust is the foundation of our collaboration. We create space for personal growth and develop together, using constructive communication. We promote a culture of respectful and appreciative interaction with one another through regular discussions between managers and employees, which are part and parcel of our leadership culture.

Learning and continuous development

B. Braun offers a wide range of training and development options for individual career paths. Being successful in a volatile business environment also means our employees have to adopt new ways of learning. We deliver training content to transform and strengthen our learning culture with a customized and motivating learning ecosystem. This includes learning units that specifically focus on cultural change within the company, as well as apps that expand employees' digital process knowledge.

Continuing education

In the reporting year, B. Braun employees spent an average of 3 days on continuing education. All training and development programs are provided under the umbrella of the B. Braun Business School and provide opportunities for every employee group. A total of 1,340 courses were taught to over 26,000 attendees. Since the start of the pandemic, B. Braun Business School has adapted its formats and added various virtual. This enabled us to help employees to learn at any time and any place in a self-directed manner.

Talent and succession management

Through the B. Braun Talent & Succession Program, we seek to identify the individual skills of our employees early on, develop those skills and then make good use of them later on in key positions. We routinely identify critical positions and specific target profiles, identify employee potential in our talent reviews and develop career paths for these talented individuals. To ensure employee development, we will soon place greater focus on performance management. This is intended to empower employees to take charge of their personal and professional growth, actively assisted by their managers using regular feedback and coaching. Mapping these processes to a digital platform is another step towards our digital transformation and will facilitate efficient implementation at all B. Braun locations worldwide.

Since 2012, B. Braun has been an active partner in the "Afrika Kommt!" initiative, a fellowship program for young African professionals. We also use networks like this to hire talent for key positions in new markets so we can create a robust talent pool for the future.

Education

The qualification of junior employees is a key component of our HR strategy. B. Braun offers these employees professional training, followed in many cases by direct employment. With a total of 27 professions around the globe with apprenticeship training, B. Braun has positioned itself well. Here, too, we are specifically strengthening digital skills in both new and well-established apprenticeships. In 2022, a total of 1,029 young people were enrolled in vocational training.

Occupational safety

As a company in the health care sector, we are responsible for our customers, patients and our own employees. At B. Braun, we take a preventive approach in order to keep work-related accidents and illnesses to a minimum. Occupational safety is achieved by example and through employees' willingness to take responsibility in all departments in the company. The number of accidents with lost time in the reporting year dropped about 27 percent, and we attribute this to various activities designed to raise employee awareness. We analyze every accident to determine the underlying cause and come up with corrective and preventive measures. We communicate the circumstances and cause of the accident to all locations to prevent similar accidents elsewhere in the company.

72 percent of work-related accidents are caused by the behavior of individuals. We respond to this with safety training to raise awareness as well as meetings with those involved to go over the accident. All other occupational accidents are attributed to technical or organizational causes. Here, too, we derive appropriate protective measures through analytical discussions of accidents. For 2023, we have come to an agreement with our locations on standardized occupational safety indicators. This guarantees a uniform understanding of the definition of a work-related accident and allows us to compare and evaluate locations more objectively. This will soon include the lost time injury rate (LTIR), which is the number of work-related accidents with at least one day lost per million hours worked.

All employees receive regular training on occupational safety, first aid and what to do in case of a fire, in based on their positions in the company. Employer representatives at the production sites meet with the employees in each job to conduct risk assessments, which also include aspects of ergonomics and noise exposure. In particular, the technical departments of our company are subject to a variety of regulatory requirements arising from both legislation and government regulations. In the future, these will be supplemented by B. Braun's global standards for occupational health and safety, and monitored by routine audits.

B. Braun relies on the globally recognized ISO 45001 standard in order to harmonize and continue to develop its occupational health and safety processes and standards. More than 68 percent of the production sites in our reporting countries are already certified under this ISO standard. By 2023, we will roll out our occupational safety management standards globally, and managers at our production sites will be responsible for implementing them. Additionally, the major German production sites were given a seal of approval in recognition of their higher occupational safety standards and functional occupational safety management system in 2022.

Occupational accidents

	2020	2021	2022	Change in percent
Number of occupational accidents	605	600	439	-27.4

We have also defined clear occupational safety regulations for employees of external service providers, which are part of our contracts. Coordinators take care of the instructions for external employees and monitor the activities to prevent mutual hazards. We have strengthened our preventive approach to occupational safety with a program to report all near misses or unsafe acts. This allows a manager to intervene before an accident occurs.

Occupational health

Protecting the health of our employees is important. This is why our corporate health management does not just focus on physical health, but on mental health, as well. We focus on a broad range of preventive measures with a holistic approach that ranges from preventive medicine and physical fitness to mental health and nutrition tips. In countries with less effective health care systems, we offer our employees medical screenings, nutritional advice and dental examinations. In the case of an illness or accident, it is important that the affected employee not only receive medical care but also the best possible financial protection.

In many reporting countries, we take out accident or disability insurance for employees to cover the financial consequences of an accident at work or during their commute. In some countries, we offer our employees life insurance and income protection insurance or cover part of an employee's health insurance costs. If an employee experiences a prolonged illness, the company supports them after recovery by reintegrating them into everyday work life.

Efficient solutions

Management approach

B. Braun protects and improves the health of people around the world with a broad range of high-quality products and services. Our top priority is the trust our customers place in our services and in the quality of our products. This is why we see it as our responsibility to develop therapy systems that improve processes, drive advancements, increase safety and strengthen partnerships for better patient care.

Our goal is to achieve the highest possible patient and user safety for our products and services using comprehensive quality management as well as integrated and comprehensive risk management throughout the product cycle. Our holistic approach includes keeping ecological and social aspects in mind along the value chain and developing solutions with which we can contribute to sustainable development. One essential aspect is to use alternative technologies to leverage more sustainability potential in our production processes and use of materials.

We focus on reducing, reusing and recycling our products for all the resources we use. As we do this, we are also breaking new ground in the development of standards for the optimization of manufacturing sites, products, production technologies and packaging. In addition, we continue to work on the use of more recyclable or even biodegradable materials. Still, the decisive factor for us is: no compromises in product safety and quality.

Sustainable products and services

One major way to improve our sustainability efforts is in the development of future-proof products.

One example is our reusable sterile container system. Studies[1] show that surgeries are responsible for 20 to 30 percent of all waste generated at a hospital. 11.5 to 19 percent of this is sterile, single-use packaging, which must be purchased for each sterilization cycle. It is not reusable and is also time-consuming and expensive to recycle. This is where B. Braun comes in with its AESCULAP Aicon® sterile container. Instead of single-use packaging, we offer a reusable sterile container system for transporting sterilized surgical instruments to the operating room and safely transporting contaminated instruments back to the sterile processing department after the procedure. This packaging system supports standardized automatic cleaning, disinfection and sterilization processes. It makes safe and sustainable processes possible in the operating room and the sterile processing department. Compared to single-use packaging, the Aesculap sterile container system generates 95 percent less plastic waste. This allows hospitals to dramatically reduce their single-use packaging waste stream, and in a medium-sized facility, to save over 3,100 kilograms of waste every year. The container system also proves itself useful in terms of ecological cost and greenhouse gas emissions generated over the entire product life cycle.

Our redesigned Injekt® 10 mL, a single-use manual syringe, also helps hospitals become more environmentally friendly. By redesigning the ergonomics of the barrel and reducing the diameter of the plunger, we were able to reduce the amount of plastic in each syringe by 16 percent. This new design retains the same product quality and safety features, while meeting requirements for more sustainable use of resources and also reducing waste for our hospital customers.

At our location in Glandorf, Germany, we have developed an entirely new primary packaging format for the acidic concentrates used in dialysis. This development focused on substantially improving our product's environmental footprint by consistently reducing the use of plastics to the minimum amount that still meets requirements. Currently, the concentrate is filled into commercially available plastic canisters made of high density polyethylene, which are produced by qualified manufacturers and then delivered by truck over long distances. Soon, these containers will be manufactured on site at our production facility by stretch-molding preformed blanks over the custom molds using polyethylene terephthalate (PET), a type of thermoplastic. The advantage of this new method is that the PET blanks have a substantially more compressed volume than the current containers, and are stretched out to their final size during the on-site production process, just before they are filled. This will reduce logistic costs, especially for delivery and interim storage, by up to 90 percent. This new product development and change to a PET-based primary packaging format has not only allowed us to significantly reduce costs, but it also makes an important contribution to reducing the product's environmental footprint. The new packaging format will save around 120 metric tons of plastic every year and reduce the new product's total carbon footprint by 17 percent.

Another place where action can be taken to better protect the environment is at our renal care centers. Dialysis is traditionally characterized by high resource usage, with water consumption being especially significant. As part of a pilot project in the Czech Republic, we have now been able to drastically reduce water consumption without compromising patient safety.

Product life cycle analyses provide information on where the best starting points for our optimizations are, pointing the way toward the use of new technologies. We are focusing on products that are used in high volumes, including our IV administration sets and IV solution containers. We strive for sustainability in our products along their entire life cycle—in the sense of a circular economy—from the procurement and manufacture to the use, recovery and processing, to the recycling and reuse of materials. One of these actions is the use of more environmentally friendly packaging for our single-use products. Another is the reuse of plastic waste through a process called regranulation. At our locations in Brazil, Germany, Malaysia, Spain and Switzerland, we regranulate the polyethylene waste generated by the production of the Ecoflac® IV container into a raw material that can be reused. Regranulate and new granulate can be mixed at a maximum ratio of 30:70 without reducing the quality of the final product. This has made it possible for our production sites to save over 23 metric tons of granulate every work day in 2022.

Since 2017, B. Braun's Accelerator program has promoted collaboration with startups in order to drive innovation and accelerate its implementation. In the reporting year, the program was focused on sustainability. Together with partners and young companies, we generated novel ideas and innovative approaches while adapting existing solutions to help B. Braun meet its sustainability goals. Specifically, we worked on improving energy efficiency in manufacturing, reducing packaging and product waste, and making the work environment more sustainable. We also added the sustainability category to the B. Braun Group's internal ideas competition, the B. Braun Innovation Award, and have already given out three awards to employees for sustainable product ideas.

Product quality

B. Braun operates an extensive and connected quality management system certified by accredited bodies. It consists of a multistep process that covers international requirements, regulations, and laws, and integrates the applicable standards for product, process and risk management. Other requirements regarding environmental protection and occupational safety have been combined into an integrated management system. This allows us to meet ISO 13485 criteria at all our reporting locations that manufacture medical devices. This standard describes the requirements for a comprehensive quality management system for design, manufacture, storage and distribution of medical devices with the goal of ensuring product safety and effectiveness.

In addition to meeting the requirements of ISO 13485, we also meet various requirements and regulations from our target markets, such as in Australia, Brazil, Canada, China, Japan and the USA. These legal standards include the EU's Medical Devices Regulation (MDR). In 2019, B. Braun in Germany passed its audit under the new regulation and was given an MDR certificate for our quality management system as well as for the first products that were audited within its scope.

[1] Friedericy, H. (Dec 2020): A comparative LCA of disposable and reusable sterilization packaging systems. Leiden University Medical Centre, Clean Med Europe Online; Williamson J. E. (Apr 2008): Healthcare purchasing news.

In addition to medical devices, there is a new European directive for medicines: the Falsified Medicines Directive (FMD). With its implementation, we can transmit the serial numbers of all the medicines produced on a total of 30 production lines in Europe and North America to a central European Union database in compliance with track and trace requirements to fight counterfeiting.

We are also working on implementing the requirements from Annex 1 of the new EU good manufacturing practice (GMP) guidelines on medicinal products for human and veterinary use, which will accommodate changes in the regulatory and production environment. Better understanding of processes through the use of innovative tools, such as that described in ICH guidelines Q9 (Quality Risk Management) and Q10 (Pharmaceutical Quality System), will play a significant role here. In particular, these address the prevention and monitoring of potential contamination of medicinal products over their life cycle. The final version of the new EU GMP Annex 1 was published on August 25, 2022 and will take effect on August 25, 2023.

Product safety

We identify the potential risks of medical devices or even medical services early on during the product life cycle—from the initial idea to product application by patients at home, or in the hospital setting. Our goal is to ensure the greatest possible safety through comprehensive risk management. We are also constantly improving the design of our products and packaging based on user studies as a part of our safety concept. Easily visible, harmonized color codes indicate the size of the product or the material that is used to manufacture it. Special labels with clear, differentiating colors and shapes make it easier to select the proper dose of medications and make the packaging more noticeable, which is particularly important when it comes to critical substances.

Over the course of the B. Braun for Safety project, which was launched in 2013, we have strengthened our partnerships with a variety of organizations and associations. That includes cooperation with the European Association of Hospital Managers, the umbrella organization for hospital management in Europe. Through joint projects, we increase awareness of the risks of use and contribute to safe and high-quality patient care over the long term. B. Braun is actively working in the German Medical Technology Association (BVmed), the European Medical Technology Association (MedTech Europe) and the Asia Pacific Medical Technology Association (APACMed) on new medical standards and rules.

Data protection

Our data protection department establishes the B. Braun data protection strategy, defines goals and establishes standard processes. It is based on the EU's General Data Protection Regulation (GDPR), which governs the processing of personal data for all of Europe. We have implemented these legal requirements and internal standards at all European B. Braun locations. In countries outside Europe, the national data protection requirements are observed. B. Braun's data protection experts ensure compliance with legal requirements and internal standards. They are supported by other data protection officers and data protection coordinators. This department organizes regular employee training sessions, consults on the drafting of contracts or marketing activities, and operates a comprehensive data protection information center. At regular intervals, the data protection department, data protection officers and data protection coordinators meet to discuss current developments in data protection.

Data security

Information technology has long been an integral aspect of our lives as well as the health care business. In addition to the opportunities it provides increasing networking also poses risks for individuals, hospitals and manufacturing companies. Lawmakers in Germany have responded to these developments with legal regulations. These include, in particular, the IT Security Act and the BSI Act (Act on the Establishment of

the Federal Office for Information Security), which require operators of critical infrastructures (CRITIS) such as electricity and water utilities as well as food producers to implement appropriate security measures. As a manufacturer of medical devices and pharmaceuticals, areas of B. Braun have also been classified as critical and must regularly demonstrate appropriate safety procedures.

Confidence in the security of our systems and data as well as their resilience against manipulative interference are crucial to us. This is why we have taken a series of steps to ensure both our own security interests and legal requirements are assured. We have launched a Group-wide information security management system (ISMS) based on international standard ISO/IEC 27001, which we regularly audit and continuously improve. The ISMS identifies the protection requirements of information and information-processing facilities, systematically records the risks to which they are exposed, and takes the necessary steps to mitigate those risks. The system encompasses all relevant aspects of information security, such as cybersecurity and employee training. In addition, we work together in highly specialized teams of experts to continuously optimize the protection of end devices, IT security in production networks and 24/7 monitoring with regard to cyberattacks.

With the opening of a central product security office during the reporting year, we created a single point of contact to coordinate cybersecurity for our products, identifying potential cyber risks, and coming up with comprehensive measures to protect against data loss or misuse in our products throughout the Group. B. Braun is involved in various organizations to continue developing global security standards for medical devices and health IT solutions.

An environment worth protecting

Management approach

As a company with energy-intensive processes, B. Braun is globally committed to energy efficiency, climate protection and resource conservation. We are examining B. Braun's impact on the environment over the entire life cycle of our products and are successively introducing this approach to the main products in our portfolio. We are increasingly relying on new technologies and renewable energy, and are developing methods for reducing our impact on the environment. We design our production processes to be as energy efficient as possible. Comprehensive energy management helps us achieve this.

We have set the goal of reducing CO_2 emissions at our B. Braun sites by a total of 50 percent by 2030. In the reporting year, we were able to reduce CO_2 emissions by 12.7 percent. We are planning to make our new construction and buildings undergoing complete renovation CO_2 neutral as of 2023. We are also developing a global guideline to harmonize sustainability standards for future construction, which we will roll out in 2023. This includes both new build-ings and conversion or modernization projects.

Intact ecosystems are the essential foundation for sustainable living. This is why we are particularly concerned with maintaining biodiversity. In 2022, we identified every location situated in a conservation area in order to begin to continuously evaluate our impact on these nature reserves and to take appropriate steps to minimize as much as possible.

Management systems

The B. Braun Executive Board and the European Works Council have agreed to uniform environmental, health and safety standards. This is how we ensure a uniform procedure and comparable management structures in all European production locations for these topics. We are also guided by these standards outside Europe. By the end of 2023, we will gradually extend this to all production sites worldwide.

In 2022, our environmental management system at a production site in Indonesia was certified under ISO 14001. This means that 77 percent of the production sites in our reporting countries have already established a certified environmental management system in accordance with ISO 14001/EMAS. Using a system of randomized internal audits, we regularly evaluate our production sites for deviations from our standards. This makes it possible for the sites to put a continuous improvement process into place. We particularly focus on the continuous improvement of energy efficiency. To do this, we are introducing intelligent energy management systems based on ISO 50001 global requirements. Under this standard, 29 production sites are certified and seven others have had energy audits performed by external auditors.

We use modern building technology and implement energy efficiency measures at our sites, such as avoiding losses in our pressurized air networks in production facilities. We are also setting new benchmarks in sustainability in some of our latest construction projects: Our disinfectant production plant N.I.C.O in Sempach (Switzerland) launching in 2023 will be the first to use CO_2-neutral geothermal energy for all heating applications for both production and the building, for energy savings of 20 to 30 percent. The ACTIVE expansion at the Melsungen, Germany, location slated for completion in 2024 will house a highly automated production line for single-use infusion therapy items. Using efficient plant technology and renewable energy can save 195 metric tons of CO_2 annually when compared to conventional operations.

Energy

At B. Braun, energy is primarily required in the form of electricity for the operation of production machinery and systems, and also as thermal energy for steam production, heating and air conditioning in production areas. B. Braun is striving to continuously reduce its energy consumption through energy efficiency projects. During the continuous development of our infrastructure, we are led by state-of-the-art technology, and we align our processes accordingly—for example, replacing high energy-consumption equipment such as chillers or compressed air systems with open cooling systems in the construction of new manufacturing facilities and in the use of heat recovery systems. At our production plant in Rubí, Spain, a new compressed air system for sterilization saved us around 94 megawatt-hours of electricity, the CO_2 equivalent of around 25 metric tons.

We are increasingly supplying our production facilities with renewable energy, including geothermal energy, wind and solar power, and energy from hydroelectric or biomass power plants. We evaluate the supply of energy by our utility providers regularly, at least annually, and look for solutions to increase the percentages of renewable energy. Our total energy consumption, consisting of electricity consumption and thermal energy, dropped by 2.1 percent compared to the previous year. Over the same period, production value increased by 9.5 percent. We were able to increase the share of renewable sources by around 25 percent. Our production sites obtained around 15 percent of their thermal energy and around 50 percent of their electricity from these sources. At 12 production sites (Argentina, Italy, Malaysia, Spain, Switzerland and the UK), we now get almost 100 percent of our electricity from renewable sources.

Total energy use by source of energy
in percent

	2020	2021	2022	Change in percent
Renewable energy sources	26.8	26.8	34.1	7.3
Fossil energy sources	73.2	73.2	65.9	-7.3

At 20.1 percent, the highest total energy consumption level was at the Melsungen production site in Germany. 45.4 percent of the energy used there comes from renewable sources. This production site drew 77 gigawatt-hours of thermal energy from two wood-fired power stations during the reporting period. Compared to the conventional production of thermal energy with natural gas, this saved the CO_2 equivalent of around 20,000 metric tons.

Five of our production sites (Melsungen and Tuttlingen in Germany, Irvine, CA in the US, Penang in Malaysia, Rubí in Spain) accounted for 50 percent of our total energy requirement. The percentage of renewable energy is already at 45 percent. We will take a closer look at further energy-saving opportunities at these locations, while still pursuing our energy saving goals at all locations.

In order to save energy as quickly as possible, we created an energy guideline for all production sites that describes general, reasonable energy-saving measures that can be implemented swiftly. This includes replacing conventional lighting with modern LED technology, auditing compressed air losses, or reducing operating pressure, and reducing heat losses caused by inadequate insulation. Many locations have already implemented these steps. The Mirandola, Italy, location, for example, has saved around 25 megawatt-hours of electricity, the CO_2 equivalent of 9 metric tons by switching to LED technology. The Daytona Beach, FL location in the USA optimized its gas control circuit and employed new metering technology to reduce gas consumption by 3.1 gigawatt-hours. This is a CO_2 equivalent of 813 metric tons. Our Chinese location in Zibo recalibrated its hot steam supply for production to meet a lower requirement. The entire hot steam system was also renovated to keep heat losses to a minimum. These steps and the lower steam requirement saved around 750 megawatt-hours of energy. We are also investing in our logistics buildings in order to operate them as energy-efficiently as possible. Our logistics location in Breinigsville, PA, USA, for example, replaced its existing lighting with LED bulbs. This single change saves us around 1.5 gigawatt-hours per year.

CO_2 emissions

B. Braun determines its emissions based on the greenhouse gas protocol of the World Business Council for Sustainable Development (WBCSD). We have been reporting our own CO_2 emissions (Scope 1) since 2021. These include emissions from the company's own electricity generation and its own vehicle fleet. We have been reporting CO_2 emissions from purchased energy (Scope 2) since 2018. In addition to emissions from electricity consumption, we also record emissions from thermal energy used at the B. Braun reporting locations. In conjunction with a more precise measurement based on country-specific conversion factors, this has led to a reduction in absolute CO_2 emissions (CO_2 equivalent) of 9.6 percent since the 2020 reporting period. Compared to the previous year, the reduction was actually 12.7 percent, which we attribute to one-off effects. By communicating our CO_2 reduction target worldwide for the first time, we were able to spur each location into making significant contributions to CO_2 reduction using targeted energy-saving projects. Major contributions were also made in the face of the global energy crisis, as a variety of steps were taken in the energy sector to head off feared supply shortages. This means the reduction in CO_2 emissions is due to a higher share of renewable energy. Additionally, more realistic emission factors allowed for a more precise measurement of the emissions from our own natural gas thermal energy plants during the reporting period.

CO_2 emissions
in metric kilotons CO_2-eq

	2020	2021	2022	Change in percent
CO_2 emissions (Scope 1&2)	585.1	605.2	528.6	-9.6

At our production sites in Mirandola, Italy, and Bad Arolsen and Tuttlingen in Germany, we generate an average of around 43 gigawatt-hours of electrical energy from natural gas cogeneration plants. This saves us around 40 percent in CO_2 emissions when compared to conventional gas-fired power generation. This is the CO_2 equivalent of around 4,600 metric tons.

Water and wastewater

Water is one of the most important resources for manufacturing our products and operating our renal care centers. We obtain 90.6 percent of our water from public and private utility companies. The rest of the water comes from our own wells and surface sources. For us, it is self-evident that we need to ensure the responsible use of our water resources and minimize water requirements in all of our processes. This particularly applies to production sites in regions where water is scarce. We regularly analyze whether B. Braun locations are situated in water risk areas as defined by the World Resources Institute. At these locations, we intensify measures to use water efficiently. This includes making any generated wastewater reusable.

Our water withdrawal dropped slightly by 1.3 percent in the reporting year. Around 90 percent of the water required is used at locations where we manufacture products with a high volume of water, such as IV solutions, dialysis concentrates and disinfectants. Due to fluctuations in production volume, water withdrawal varies in our core reporting countries from year to year. For example, water evaporates during the cooling of production plants, and waste is produced in a liquid state, when we dispose of it. Around 14 percent of our water consumption is tied up in our products, 12 percent is used in cooling and evaporation processes. The remaining 74 percent end up in wastewater systems or is disposed of as liquid waste.

The percentages are similar for wastewater discharge at our sites. The necessary rinsing processes have specific requirements, especially at our production sites for products using a high volume of water, where we only use water to clean production facilities to avoid the use of chemicals. These cleaning processes use high volumes of rinse water and represent by far the largest portion of wastewater discharge. This is why it takes several liters of fresh water to produce a single liter of IV solution.

Water use

	2020	2021	2022	Change in percent
Water withdrawal (in thousands of cubic meters)	7,400.0	6,778.9	6,688.7	-9.6
Wastewater discharge (in percent)	77.4	77.0	73.6	-3.8
Water consumption (in percent)	22.6	23.0	26.4	3.8

Waste

We consider waste as valuable materials that we separate, recycle as often as possible, and return to the value creation cycle. The total volume of waste generated in the reporting year fell 6.2 percent compared to the previous period. On average, more than 67.4 percent of waste is recycled, meaning that separately collected materials are reused according to their material properties. Adding waste that is incinerated in order to use its energy to generate heat and electricity increased our recycling rate to 87.4 percent in 2022.

Our total volume of waste depends largely on the proportion of liquid waste resulting from batch changes or rejection of finished solutions at our production sites for IV solutions, disinfectants and dialysis concentrates. Smaller batches resulting in frequent product variant changeovers on the production lines generate more liquid waste compared to total production quantity, that waste must be treated before it is returned to the water cycle. We use only high-quality plastics at our production sites for plastic medical devices. The plastic waste generated during production is collected separately and sent for high-quality recycling. Plastic waste consisting of several types of plastic cannot be recycled together, but must be sent for thermal recycling.

Our waste management distinguishes between hazardous and non-hazardous waste. Our proportion of hazardous waste in 2022 was around 16.4 percent, with nonhazardous waste accounting for around 83.6 percent of total waste. Around 60 percent of hazardous waste is generated by cleaning and rinsing processes at our production sites for disinfectants and water intensive products. The percentage of total generated waste that is hazardous increased 1.8 percent in 2022. Waste that is not suitable for either material or thermal recycling is disposed of by specialized disposal companies. This volume is just 12.4 percent.

Proportion of the accumulated waste

	2020	2021	2022	Change in percent
Hazardous waste (in metric kilotons)	9.9	9.5	10.0	0.9
Non-hazardous waste (in metric kilotons)	50.1	55.8	51.2	2.3
Total waste (in metric kilotons)	**60.0**	**65.3**	**61.3**	**2.0**
Reuse ratio (in percent)	86.8	86.6	87.4	0.6
Recycling ratio (in percent)	60.7	63.5	67.4	6.7

Transparent supply chain

Management approach

Our supply chain is characterized by a very high level of internal value creation. We generate over 90 percent of our sales of goods and services from B. Braun's own production sites and distribution centers. Wherever possible, we source raw materials and goods for a location from their surrounding region in order to process or distribute them immediately on site. Our goal is to support the economic areas where we do business.

We manufacture the majority of our volume products, such as IV solutions or our IV administration sets, directly in the regions of the world in which we also sell them. This reduces intercontinental shipping and with it, our CO_2 emissions. We take a holistic approach to corporate responsibility. This also applies to our relationship with our business partners. When selecting and qualifying our suppliers, we ensure that they meet the required quality standards and standards for sustainability, are open to innovation, and can guarantee a reliable supply. To this end, we are continuously expanding our existing supplier management approaches and have anchored them in our strategy. We are increasingly involving independent service providers with the goal of having 80 percent of our annual procurement volume assessed according to sustainability criteria by the end of 2023.

Supply chain

For many years, we have implemented management processes, taken it upon ourselves to conduct independent audits and have joined forces with initiatives to improve the human rights situation and optimize the framework for environmental and climate policy that is associated with it. In particular, ensuring that human rights are fully respected is a key concern in a globalized world with complex supply streams and goods flows.

At B. Braun, our Code of Conduct commits us to perform our due diligence with regard to human rights along our value chain. We respect applicable core labor standards from the International Labour Organization (ILO), ensure good working conditions beyond what is legally required, and strictly reject any forms of child labor, forced labor and other forms of exploitation. Experts from B. Braun lead cross-sector dialog on current human rights topics in organizations such as the German Institute for Compliance (DICO e.V.).

Procurement

Integrated software solutions for supplier qualification and monitoring help us gain more transparency across our supply chains. We obtain relevant information on the sustainability efforts of our suppliers and, if necessary, take specific steps. We also conduct annual reviews where we can address compliance with required standards and strengthen our dialog. This allows us to purposefully help our suppliers refine their sustainability efforts. Our dialog with suppliers is based on internal training that raises the awareness of employees involved in purchasing with regard to sustainable procurement. Our goal is to implement a supplier risk management process for our entire procurement volume in 2024. Supplier risk is determined utilizing real-time data from an independent service provider, which allows us to continuously monitor and control risks in our own supply chain.

We also employ sustainable solutions when it comes to procuring raw materials for our production facilities. The primary raw materials for the manufacturing of our products are water, plastic granulate, minerals, nutrients, and metals. We use these in a responsible and efficient manner and work to keep the use of raw materials as low as possible. In principle, the amount of primary raw materials is closely related to production quantity, and is subject to annual fluctuations. In 2021, there was an increase in the use of metals due to a sharp growth in the demand for our reusable sterile container system. Consumption of minerals and nutrients fell in the previous year due to decreased demand but returned to the usual levels in 2022.

We spend a large part of our purchasing volume in the countries in which we operate. The Group's national purchasing volume was 79 percent in 2022, an increase of 2 percent. Our purchasing volume in individual countries varied between 35 and 100 percent depending on the size, location, and raw materials situation of each country. With this purchasing policy, we shorten transportation routes, save on costs, protect the environment, and boost regional economic power.

Our responsibility
Transparent supply chain

Purchasing volume of raw material
in metric kilotons

	2020	2021	2022	Change in percent
Plastic granulates (PS, SB, ABS, PE, PP, PVC)	71.4	71.2	69.3	–2.9
Minerals and nutrients (salts, amino acids, proteins, carbohydrate compounds)	60.6	56.3	62.2	2.6
Metals (ferrous, non-ferrous)	4.2	5.1	4.3	1.6

Purchasing volume of packaging materials

	2020	2021	2022	Change in percent
Paper (in millions of linear meters)	85.6	85.7	83.8	–2.1
Corrugated cardboard boxes (in millions of units)	132,0	149.7	155.3	17.7
Plastic film (in millions of linear meters)	191.9	182.2	197	2.7

We also take steps to protect the environment when it comes to packaging our products. First, we use as much of the packaging volume as possible in order to keep excess packaging as low as we can. Second, we use environmentally friendly materials wherever possible. This conserves natural resources and saves on new procurement and disposal costs. B. Braun packaging is taken back through licensed service providers in every European country. In principle, the amount of packaging material is closely related to production quantity, and is subject to annual fluctuations. Sales increases and growing demand due to vaccination campaigns resulted in a 3.8 percent higher packaging volume of cardboard boxes of compared to the previous year.

Logistics

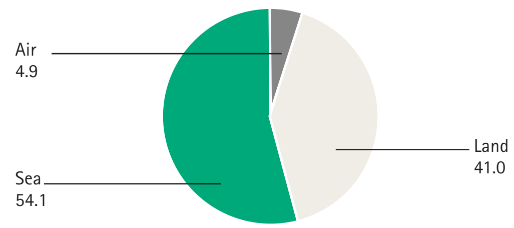
Even in our distribution logistics, we routinely examine our processes with the goal of reducing their environmental impact. We also examine what new and environmentally friendly technologies can be used. For destinations within Europe, we are increasingly covering the main transport distance by rail. We were able to offload a total of approximately 5,000 road transports onto rail in 2022, saving around 2,800 metric tons of CO_2. Various locations use electric vehicles for on-site transit. In an ongoing pilot project, we are testing the use of an electric freight vehicle at our German location in Melsungen for internal on-site logistics and we expect meaningful results in favor of widespread use.

We also seek to boost efficiency with alternative loading concepts. For example, we sent three shipping containers per week to the US from our Tuttlingen location (Germany). With an improved loading concept, we can now ship the same volume in two containers per week, saving approximately 12 metric tons of CO_2 per year. Our German production site in Glandorf has also switched to a different pallet size. This better utilizes the load area in shipping containers and holds 30 pallets instead of 25. This is an improvement of 16 percent and saves every 6th container. The stacking height of individual products has also been increased, allowing a significantly greater volume to be loaded.

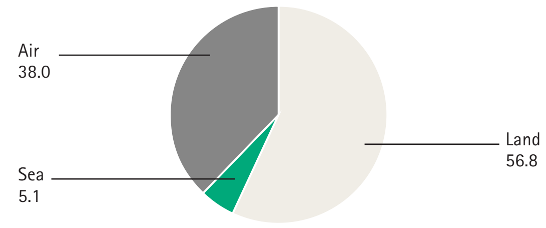
We also compel our business partners to conserve resources and reduce the impact of their activities on the environment as much as possible. This means sustainability aspects are a critical part of the requirements profile when selecting our logistics service providers. For example, our logistics partners must keep track of their CO_2 emissions, use modern powertrain technologies, and maintain or introduce environmental management systems.

Transport types and their CO_2 emissions
in percent

Route share



CO_2 emission share



Sustainable society

Management approach

As a family-owned company, B. Braun also steadfastly campaigns for social issues around the globe beyond the scope of its core business. We choose our projects based on our strategic action areas and where we can make an effective contribution. We focus on imparting knowledge, supporting the regions in which we operate, and improving prospects for generations. This commitment ranges from material resources and financial support in the form of sponsoring and donations, to volunteer work by our employees.

One particular concern is to make it easier for people around the world to access health care. This is why we have spent the last few years continuously expanding our commitment to improving infrastructure and health care together with our partners in order to establish and expand health care systems in developing countries. Our activities are geared toward the long term, and we periodically reevaluate them. We continually examine the value our involvement adds for a target group and adjust our actions accordingly when needed. In 2022, we sponsored a total of 260 social projects in 30 countries.

Prospects for children

Since 2004, we have been creating better living conditions and prospects for children with the B. Braun for Children initiative. In 2022, we made over 100 projects possible, which benefited around 60,000 children worldwide. These projects are selected at the discretion of the national subsidiaries because they know the local situation and can manage projects in a purposeful manner. We base our commitment in these activities on specific requirements.

Conveying knowledge

We believe that education empowers people to shape the course of their own lives. Through our Sharing Expertise philosophy, we also fulfill our promise of sharing knowledge and developing new ideas together as part of our social commitment.

Criteria
The project has a local connection and strengthens the living or educational situation in a region.
The project helps people assist themselves, and B. Braun helps the project organizers achieve their goals.
The support is especially valuable for smaller regional organizations and groups.
The support must be sustainable, and the project must therefore experience regular and longer-term support.
Project managers and their B. Braun contacts continually exchange information about program progress and success.

The B. Braun Foundation has been dedicated to promoting education, science and research, as well as public health, in human medicine for over 50 years. It was founded by the entrepreneurs Otto and Dr. Bernd Braun in 1966. With its own programs, the support of research projects and events, as well as providing advanced training grants for those working in medicine, nursing, pharmaceutical science and hospital managers, it sponsors people in the health care industry, which contributes to improving health. The B. Braun Foundation is a modern medical foundation that has awarded as of today over 16,000 grants totaling € 20 million.

As part of the develoPPP program, an initiative of Germany's Federal Ministry for Economic Cooperation and Development (BMZ) in cooperation with the German Association for International Cooperation (GIZ), we combine various activities in Africa in order to build infrastructure and health care. This includes working with other industry and commercial partners to establish a course of study in applied medical technology in Kenya and Senegal and to qualify medical and technical staff. With the help of the German Investment Corporation (DEG) and as part of the BMZ's develoPPP program, B. Braun is also training nephrologists and dialysis technicians in Cameroon and other

African countries in order to expand local dialysis capacity to protect and improve the health of people with kidney disease. With these approaches, we are improving the quality of local health care, and the quality of life of those benefiting from treatment while also supporting stable employment for people working in the local economy.

Commitment in the regions

We always identify projects that give disadvantaged people a chance at a better life in the regions in which we operate. With our personal and financial commitment and through in-kind donations, we help them to help themselves in the long term, as well as providing urgent assistance when necessary. Many of our employees are also regularly involved, contribut ing donations or their personal time for societal needs, supported by B. Braun as they do so.

The war in Ukraine meant financial aid to Ukraine's civilian population was the focal point of our commitment in the reporting year. Money and materials totaling more than € 650,000 were collected by B. Braun and its employees from around the world to improve supply in Ukraine and support refugees. At the largest German locations, even the leftover cents that B. Braun employees voluntarily donate from their monthly pay to social projects were directed toward aid for Ukraine.

In September 2022, B. Braun called for further donations after the catastrophic flooding in Pakistan to help flood victims and support reconstruction efforts. Especially with natural catastrophes, we believe not only in immediate financial and material aid but also in long-term development of affected regions.

In the future, we will continue to support development partnerships and social projects to share knowledge, promote regions and improve prospects, which we see as the greatest added value of our social progress activities. This brings us one step closer to our goal as a company: protecting and improving the health of people around the world.

Group management report

Five-year overview

	2018 € million	2019 € million	2020 € million	2021 € million	2022 € million
Sales	**6,908.1**	**7,471.3**	**7,426.3**	**7,859.8**	**8,499.8**
Cost of goods sold	**3,971.9**	**4,444.9**	**4,503.2**	**4,799.0**	**5,268.6**
Functional expenses	**2,403.0**	**2,551.1**	**2,428.1**	**2,599.2**	**2,901.8**
Selling, general and administrative expenses	2,079.5	2,186.6	2,058.2	2,182.4	2,360.5
Research and development expenses	323.5	364.5	369.8	416.9	541.2
Interim profit	**533.2**	**475.4**	**495.0**	**461.5**	**329.4**
Interim profit (adjusted)	**533.2**	**475.4**	**495.0**	**461.5**	**425.7**
Operating profit	**495.8**	**434.8**	**461.2**	**450.5**	**234.2**
Profit before taxes	**451.6**	**309.0**	**416.1**	**408.6**	**178.7**
Profit before taxes (adjusted)	**451.6**	**400.2**	**416.1**	**408.6**	**275.0**
Consolidated net income	**328.4**	**197.3**	**301.5**	**300.1**	**143.9**
Consolidated net income (adjusted)	**328.4**	**288.5**	**301.5**	**300.1**	**211.7**
EBIT	**520.6**	**388.8**	**481.8**	**471.7**	**247.9**
EBIT (adjusted)	**520.6**	**480.0**	**481.8**	**471.7**	**344.2**
EBITDA	**952.5**	**1,079.1**	**1,103.2**	**1,101.9**	**997.2**
Assets	**9,224.4**	**10,088.4**	**9,720.1**	**10,206.2***	**10,564.8**
Intangible assets (incl. goodwill)	818.3	854.5	831.8	831.5	729.1
Property, plant, and equipment	4,589.3	5,244.1	5,150.0	5,451.3*	5,520.6
Other financial investments	63.3	68.0	65.1	87.8	106.1
Inventories	1,344.4	1,370.2	1,450.2	1,639.7	1,908.6
Trade receivables	1,147.6	1,240.0	1,182.9	1,220.7	1,315.2
Equity	**3,649.0**	**3,720.6**	**3,641.0**	**4,158.4***	**4,848.0**
Liabilities	**5,575.4**	**6,367.8**	**6,079.1**	**6,047.8**	**5,716.9**
Pension obligations	1,332.1	1,580.0	1,728.2	1,645.5	1,052.8
Financial liabilities	2,502.1	3,034.2	2,687.0	2,542.4	2,543.6
Trade accounts payable	545.3	527.0	450.3	520.1	642.2
Investments in property, plant, and equipment, intangible assets and financial investments inclusive business acquisitions	**921.6**	**894.6**	**782.8**	**799.7**	**647.0**
Depreciation and amortization of property, plant, and equipment and intangible assets	**431.9**	**599.2**	**712.6**	**630.2**	**749.3**
Personnel expenditures	**2,651.8**	**2,828.9**	**2,855.4**	**2,972.1**	**3,201.4**
Employees (annual average)	**62,675**	**64,210**	**64,217**	**65,832**	**65,999**
Employees (as of December 31)	**63,571**	**64,585**	**64,317**	**66,778**	**65,055**

*Adjustments due to application of Standard IAS 29 “Financial Reporting in Hyperinflationary Economies”

About the B. Braun Group

Business model

B. Braun is one of the world’s leading medical technology companies, with headquarters in Melsungen, Germany. As of December 31, 2022, the B. Braun Group employed 65,055 personnel (previous year: 66,778) in 64 countries.

As a true partner, we develop smart solutions and set standards to improve both inpatient and ambulatory health care. Our customers are hospitals, medical practices, pharmacies, long-term care and emergency medical services as well as patients and their families. As a sustainably managed, family-owned company, we invest in new technologies in order to protect and improve the health of people around the world.

B. Braun manufactures over 5,000 medical devices and pharmaceutical products, which are supplemented with an extensive range of services. A growing number of our holistic solutions include digital components that improve our customers’ processes, increase safety and ease the burden on medical professionals. We have divided our products and services into 15 therapeutic areas and applications grouped into three divisions Hospital Care, Aesculap and Avitum.

Hospital Care

The Hospital Care division sees itself as a leading supplier for infusion, nutrition and pain therapy.

For infusion therapy, we offer comprehensive solutions, from drugs and single-use products to smart system solutions. Our innovative and state-of-the-art product lines have been on the market for decades and we set global standards in quality, efficiency and safety with them. These aspects are the deciding factors for our customers, especially for single-use items. In 2022, we produced our four billionth Intrafix® IV administration set in Melsungen. IV systems are also used to administer chemotherapy drugs to treat cancer. We developed OncoSafety Remote Control®, a software program for digitally guiding, monitoring and documenting oncological drug therapy to avoid medication errors and safely guide patients and nursing staff through these types of cancer treatments.

Good nutritional status of patients is a prerequisite of any successful therapy in the preclinical, inpatient and at-home environments. For critical indications, parenteral nutrition is prepared at the pharmacy for each individual patient. With Apex®, we introduced our customers to an automated formulation system that saves time and helps prevent errors.

For anesthesia, one focus is on regional techniques, such as nerve blocks. We have expanded our range of intravenous drugs for numerous specializations, including pediatrics, where Ibuprofen 200 mg is now available as a pain reliever for this special patient population.

Aesculap

The Aesculap division is a partner for surgical and interventional treatment concepts in inpatient and ambulatory care.

In minimally invasive surgery, our focus is on laparoscopy, where we are developing treatment concepts that combine the EinsteinVision® 3D camera system, the Aesculap® Caiman® seal-and-cut solution, and specialized staple and suture solutions with a series of new surgical processes to lead to better treatment outcomes.

For orthopedic joint replacement and spinal surgery, we are launching the innovative implant platform systems CoreHip®, Plasmafit® Dual Mobility, Ennovate® and 3D Cages. Paired with our proven surgical navigation technology as well as our service and process solutions, we offer custom care concepts along the entire treatment pathway.

We are adding precisely integrated neurosurgical solutions, such as our Aesculap® Aeos® digital surgical microscope, to expand our range of classic instruments and implants. With the M.scio® implantable sensor, we offer an innovative solution that, for the first time, allows patients with hydrocephalus to document and analyze the telemetric measurements of their intracranial pressure over the long term. This reduces hospital admissions, lessens radiation exposure thanks to fewer CT scans and avoids the need for surgical procedures.

In interventional vascular therapy, our focus on clinical evidence is opening up new treatment options. We concentrate our efforts on innovative technologies for diagnosis, prevention and local drug administration.

In sterile goods management, we are a system supplier with a comprehensive range of surgical instruments, sterile container systems and surgical motor systems. We combine these products with consulting, planning and technical services as well as integrating IT-based processes to help hospitals reduce their operating costs.

We have been producing reliable surgical suture material for over 100 years. We improve processes in the operating room with our consulting services and logistics solutions, and help sustainably manage single-use products.

Avitum

The Avitum division offers products and services for people with chronic illnesses, to help them live their lives independently.

We operate a network of 369 renal care centers in Europe, Asia-Pacific, Latin America and Africa, providing care for 27,500 patients. Our network in Europe also gave treatment to refugees from Ukraine in the reporting year, ensuring their continued dialysis treatment. Our five European home care organizations also allow us to provide comprehensive care for chronic illnesses at home, one example is our home hemodialysis program.

In 2022, we launched Diacan® Flex, the next generation of flexible, single-use safety catheters for peripheral vascular access as part of extracorporeal blood purification therapy. This new catheter increases patient comfort while reducing the risk of vascular and needlestick injury. In addition, medical professionals with mobile devices running the new Nexadia Mobile Companion now have full access to digital patient and treatment data at renal care centers.

B. Braun therapeutic areas and applications

In the area of wound management, we specialize in coordinated concepts for treating severe burns with our products Prontosan® and Askina® Calgitrol®. For ostomy care, we are expanding our convex ostomy bag systems, which ensure a good seal with the surrounding skin and prevent leaks. When it comes to continence care, we continue to focus on easy handling, safety and the use of eco-friendly materials that are ready to use with our single-use catheters.

Knowledge transfer

As the training and education forum of the B. Braun Group, Aesculap Academy offers academic and product-specific training and workshops in over 40 countries, both online and in person. In 2022, Aesculap Academy reached over 268,000 medical professionals in around 4,200 courses with its guiding principle of Connect. Exchange. Enable.

Corporate governance

B. Braun Familienholding SE & Co. KG, the family-owned holding company for strategic management, includes the Group's accounting, controlling, tax, legal, internal auditing, human resources and communication departments. This family-owned holding company constitutes the link between the family and the organization. B. Braun SE is the operational parent company under the family-owned holding company that directly or indirectly holds all shares in B. Braun Melsungen AG (Hospital Care), Aesculap AG (Aesculap) and B. Braun Avitum AG (Avitum). The corporate bodies of B. Braun SE are the Executive Board, the Supervisory Board and the Annual Shareholders' Meeting. The members of the Executive Board have clearly assigned spheres of responsibility and are jointly responsible for the company's success.

As of April 1, 2022, Dr. Jens von Lackum became a deputy member of the Executive Board of B. Braun SE. He was given responsibility for the Aesculap division and, with it, the position of CEO of Aesculap AG. Dr. Jens von Lackum succeeded Dr. Joachim Schulz in both positions after Dr. Schulz retired. At the same time, Dr. Meinrad Lugan moved from B. Braun SE to the Executive Board of B. Braun Familienholding Verwaltungs SE. Markus Strotmann took over responsibility for the Hospital Care division on the Executive Board of B. Braun SE as well as the position of CEO of B. Braun Melsungen AG. Strotmann's previous responsibility on the Executive Board for the Avitum division as well as his position as CEO of B. Braun Avitum AG have since been given on an interim basis to Anna Maria Braun, CEO of B. Braun SE.

The Supervisory Board of B. Braun SE consists of 16 members, half of whom are elected by the company's Annual Shareholder's Meeting and the other half by employees. Committees have been established to efficiently support the work of the Supervisory Board. The Human Resources Committee is responsible for matters such as the Executive Board members' employment contracts and compensation. The Audit Committee monitors the company's systems of internal controls, the integrated compliance management system, accounting processes and financial statement audits.

Through its subsidiaries and holdings, B. Braun operates in 64 countries. The B. Braun SE Group includes 290 (previous year: 299) fully consolidated companies. Of the holdings, 20 (previous year: 22) are consolidated using the equity method of accounting. Major manufacturing sites are located in Melsungen, Bad Arolsen, Berlin, Denzlingen, Dresden, Glandorf, Tuttlingen (all Germany); Rubí (Spain); Nogent (France); Mirandola (Italy); Nowy Tomyśl (Poland); Gyöngyös (Hungary); Crissier, Escholzmatt, Sempach (all Switzerland); Allentown, PA, Daytona Beach, FL, Irvine, CA (all US); Suzhou (China); Tochigi (Japan); Penang (Malaysia); Hanoi (Vietnam); New Delhi (India); and São Gonçalo (Brazil). Key performance indicators for strategic management purposes include sales, EBITDA and defined balance sheet ratios. The key performance indicators interim profit and EBIT are primarily used to manage operations. In addition, we evaluate the development of working capital based on days sales outstanding (DSO), days payables outstanding (DPO) and coverage in weeks (CIW).

As a family-owned company, we are committed to law-abiding and socially responsible corporate governance. We have established a global compliance management system in order to ensure compliance with laws and regulations. For the B. Braun Group, compliance does not mean just obeying the law, it also includes ethical values such as integrity, fairness and sustainability, which we embody both internally and externally with full transparency.

Our Code of Conduct establishes a binding framework for our activities around the world and defines the ethical conduct of our employees as defined by our global compliance management system. Every company in the B. Braun Group is required to enact binding minimum rules to this effect. We are continuously developing our compliance management system. Utilizing digital processes, we can improve its efficiency as well as more effectively identify and manage risks.

Strategy

The health care industry is experiencing shorter and shorter innovation cycles. New technology changes the needs and expectations of our customers. At the same time, financial pressure is growing on health care systems due to demographic changes, a sharp rise in chronically ill patients and increasing regulatory requirements. B. Braun is meeting these developments with the strategic framework B. Braun—the next decade, from 2020 to 2030. Divisions, central departments and national subsidiaries have finalized detailed development plans with clear milestones and are working with employees to implement the strategic framework on an iterative basis. This framework describes our transition toward a company that drives advancements in the health care industry with Sharing Expertise and the power of new technology.

This will be based on a financial framework that we have initially set for 2025: our sales should grow 5 to 7 percent every year and our EBITDA margin should reach 14 percent (after adjusting for currency translation effects). To ensure this goal is met in persistently uncertain markets and be able to continue to invest in the future, B. Braun launched a Group-wide profitability program at the start of the reporting year as part of its corporate strategy.

We are examining structures, processes and cooperation in all organizational areas and adjusting them to increase our productivity, permanently reduce costs and to stabilize our earnings. We intend to counteract the complexity and persistent uncertainty in the markets by operating across departments and swiftly integrating various expertise and perspectives. Our values of innovation, efficiency and sustainability guide us in the implementation of our strategy. At the same time, we are promoting a culture characterized by trust, accountability and diversity. As a family-owned company, our focus is on the long term and we are also looking to expand using our own resources in the next decade.

Innovations

Innovation is the driving force behind B. Braun's success. Our strategic focus on key technologies takes advantage of a cross-divisional approach, with research and development at the B. Braun Group carried out at Centers of Excellence (CoEs). These CoEs combine research, development, production and product approval for specific therapeutic areas. The individual departments work closely with one another. At our production facilities, we implement connected and digitalized processes as well as new automation technologies, including robotics, sensors, predictive maintenance and artificial intelligence. When developing new products, we make sure to use materials in a manner that conserves resources.

The Hospital Care division focuses its research and development on solutions that increase efficiency in hospitals and improve safety for patients and users. We develop ready-made liquid drugs and application systems for intravenous therapy that reduce errors during formulation and administration. This eases the burden on nursing staff and better protects patients. We pursue these goals through the continuous development of our peripheral safety IV catheters.

Group management report
About the B. Braun Group

We are also driving the digital transformation of hospitals forward with our new Space®plus and OnlineSuiteplus infusion pump systems. With its straightforward network integration, interoperability based on the latest technology, and advanced approach for greater cybersecurity, the Space®plus system is the digital solution of the future. During operation, the infusion pumps collect a wealth of information that our system can transfer directly into existing data management systems for access by health care practitioners. We are working on other applications that use data analysis to optimize hospital processes and improve patient treatment.

The Aesculap division is making surgical innovations a reality with a focus on the growth areas of digitalization and robotics. In the reporting year, we expanded our development activities for robotic systems, always with the goal of creating added value for patients and customers. We are using development resources to seamlessly combine our digital solutions with classic products to increase user benefits. Examples include the enhancement of our robot-assisted surgical microscope Aesculap Aeos® and the digitalization of our sterile goods supply management. By connecting our products and systems, we are laying the groundwork for novel data-driven treatment methods and customized treatment concepts in fields such as in orthopedics. With the advancement of our digital innovations in the repair and supply management of sterile goods, implants and single-use products, we are increasing our customers' efficiency and becoming an integral part of the supply chain.

For the Avitum division, innovation means continuously improving and developing the treatment of people with chronic illnesses by leveraging automation and digitalization. We are driving the digital transformation of renal care centers with our Nexadia patient data management system by collecting data and connecting machines, medical devices and patient health data and using that information to compile medical reports to help continuously optimize dialysis treatment. We are also working on applications that use artificial intelligence to analyze the prognosis of chronic illnesses.

In order to embody and utilize innovation for B. Braun, we are consolidating the potential of internal and external expertise with the help of numerous initiatives and platforms. We are working on innovations in our own research and development departments and are a strong industry partner for young companies. This allows us to create offers for external innovations and help the growth of startups that bring novel ideas to the health care industry.

Economic report

Macroeconomic and industry-specific environment

Global trends[1]

In 2022, the effects of the coronavirus pandemic on the global economy lessened compared to previous years. While the spread of the Omicron variant brought some countries to new highs in the number of new infections, lockdowns were rarely used as a countermeasure. The exception was China, where the strict zero-COVID policy was only lifted toward the end of 2022. This also slowed the growth of China's economy. Protectionist sentiment around the world also increased in 2022, weakening the global economy. China, Europe and the United States moved to reduce their dependence on strategic imports and employed trade sanctions as a foreign policy instrument.

On February 24, 2022, Russia began its war against Ukraine, with significant consequences for the world economy. Energy and food prices rose sharply, with inflation reaching the 10 percent mark in several developed countries—worldwide, inflation increased an average of 8.8 percent. These trends, along with the disruption in supply chains, slowed global economic growth in 2022 to 3.2 percent.

Economic trends also affected the health care industry. Increased energy costs and the high level of inflation impeded the competitiveness of health care companies. Disruptions in supply chains resulted in shortages of primary products with corresponding effects on the availability of medical devices and drugs. Nevertheless, the global health care industry proved to be a driver of growth in the reporting year. The global medical technology market rose 7.8 percent to a volume of US$ 499 billion. The North American market led here at 39 percent, followed by Asia-Pacific at 27 percent and Europe at 26 percent.

Change in gross domestic product
in percent

	2021	2022
Europe	**5.4**	**2.1**
Czech Republic	3.8	1.9
France	6.3	2.5
Germany	3.1	1.5
Italy	5.8	3.2
Poland	5.1	3.8
Russia	4.7	-3.4
Spain	5.7	4.3
Switzerland	3.7	2.2
United Kingdom	6.8	3.6
North America	**6.0**	**1.8**
USA	6.0	1.6
Asia-Pacific	**6.5**	**4.0**
ASEAN	2.9	5.3
China	8.0	3.2
Japan	2.4	1.7
Latin America	**6.3**	**3.6**
Brazil	5.2	2.8
Africa and the Middle East	**4.1**	**5.0**
South Africa	5.0	2.1

Germany

After a strong start driven by private consumer spending, the German economy cooled off noticeably in the second half of the year. High inflation rates had a negative impact on savings, real income and purchasing power in private households. Germany's GDP rose 1.5 percent in 2022 while inflation increased 8.5 percent. Fiscal measures related to high energy and commodity costs as well as climate change put pressure on treasuries in 2022. However, since the government's sweeping coronavirus aid package from previous years had a positive effect, public deficit and debt levels declined appreciably. Despite global uncertainty, the job market stabilized thanks to high worker demand.

The German health care industry reached a new high in gross value added, totaling € 391.8 billion. This amounted to 12.1 percent of the country's gross value added. In fall 2022, the federal government gave relief to statutory health insurance providers with the Statutory Health Insurance Financial Stabilization Act in order to offset a financial deficit of € 17 billion. The tense economic situation at hospitals continued due to a lack of investment by the federal states, rising wages and high energy costs. A survey by the German Medical Technology Association (BVMed) showed sales by medical technology companies rose 3.3 percent in 2022 compared to the previous year. However, earnings were burdened by sharp increases in the cost of shipping, commodities and energy as well as the extra regulatory requirements brought about by the EU's Medical Devices Regulation (MDR). The climate of innovation for medical technology companies in Germany has deteriorated. The most innovative fields of research were cardiology and oncology.

EU countries

Persistently high energy and commodity prices led to slowed growth in the European economy, which only reached a rate of 2.1 percent overall because of a strong first half of the year. The inflation rate in 2022 averaged 8.3 percent, slightly below the global inflation rate. Significant cost increases also affected the European health care industry, which received extensive financial support from the EU's recovery plan. The EU4Health work program alone applied € 835 million in the reporting year toward invigorating EU health care systems. According to the European medical technology trade association MedTech Europe, health care spending accounted for an approximate average of 11 percent of GDP in Europe, with about 7.6 percent of that going to medical technology and 15 percent to drugs and single-use products.

A recovery plan to stimulate Spain's economy as well as promote renewable energy and tourism resulted in an 4.3 percent increase in GDP. Grants from the Next Generation EU program totaling € 69.5 billion also had a positive impact on economic growth. In Spain's health care industry, EU subsidies primarily went digitalizing the national health care system as well as a special strategic project on state-of-the-art medicine. France's economy grew just 2.5 percent, though by freezing energy prices at around 5 percent in the first half of the year, the country had one of the lowest inflation rates in the EU. In addition to largescale investments in the public health system financed partly by the EU's recovery plan, France took the first steps toward implementing its national health care innovation plan.

Italy's economy grew 3.2 percent in 2022. The Italian government assisted families and businesses with billion-euro aid packages, which further increased the country's debt. Italy also invested EU funds into developing a modern, digital health care system. The GDPs of the Czech Republic and Poland grew in 2022 by 1.9 percent and 3.8 percent, respectively, thanks to high consumer spending and investment. However, over the course of the year, the economic climate deteriorated due to heavy energy dependence and unavailability of commodities. Inflation rates were comparably high, at 16.3 percent and 13.8 percent, respectively. Both countries used EU subsidies to fund health care system modernization projects.

Non-EU countries

In the United Kingdom, inflation rose in the second half of 2022 to 9.1 percent, straining private consumer spending. Sweeping tax cuts prevented a potential halt to growth. The National Health Service (NHS) was under heightened financial pressure and struggled with a growing staff shortage as well as long waiting times for patients. Amended labeling and approval provisions as a result of Brexit also continued to give rise to uncertainty, as in previous years. Private consumer spending in Switzerland rose, supported by positive developments in the job market. This proved to be an engine of growth, helped by a low inflation rate of 3.4 percent. The expiration of the Mutual Recognition Agreement on medical devices between the EU and Switzerland in May 2021 brought about additional regulations that hampered cross-border commerce.

[1] OECD: Economic Outlook; ifo: Economic forecast (September 2022). Council of Economic Experts, Economic forecast (March 2022); GTAI; WifOR Institute: Health economy calculation 2021 (Gesundheitswirtschaftliche Gesamtrechnung 2021); BVMed: Survey, Fall 2022 (Herbstumfrage 2022); MedTech Europe: Breakdown of Total Expenditure in Europe 2021; European Commission: Publications 2022.

Russia

In response to Russia's war against Ukraine, the European Union imposed several packages of sanctions on Russia in 2022. The depreciation of the ruble in the first quarter and the distinct decline in commerce due to Western companies pulling out of the country impeded imports. The Central Bank of Russia stabilized the ruble exchange rate at a high level and the inflation rate in 2022 was 13.8 percent. Russia's economic output declined by 3.4 percent in 2022. The import ban on shipments from EU countries declared by the Russian government did not apply to medical devices or drugs. Health care products were also excluded from the EU and US sanctions.

United States

Economic growth in the United States decreased to 1.6 percent in 2022. The domestic economy was still robust, though, due to positive developments in the job market in the first half of the year. Rising wages mitigated the loss of purchasing power in private households. While inflation, at 8.1 percent, did not rise as high as in the EU in the second half of the year, it still dampened economic growth. At US$ 31.1 trillion, US public debt nearly reached its ceiling of US$ 31.4 trillion.

Health care spending in the world's largest health care market rose 6.5 percent in 2022 to about US$ 4.5 trillion, accounting for 17.8 percent of GDP. The US government made efforts to reduce health care spending, which is high compared to the rest of the world. Political efforts such as the Inflation Reduction Act (IRA) passed by the United States Congress allowed the country's public health insurance program Medicare to negotiate prices of certain expensive drugs directly with the manufacturers. The law also calls for the increased prescriptions for generics to lower drug costs. The IRA also seeks to broaden health insurance coverage for approximately four million people who become uninsured.

Asia-Pacific

Economic growth in the Asia-Pacific region fell to 4.0 percent due to the uncertain global environment. Strict lockdowns under the zero-COVID policy, unstable supply chains and a real estate crisis reduced China's economic growth to 3.2 percent. Unlike other countries, the slowdown in economic activity prevented an increase in inflation, which remained low at 2.2 percent. China's health care industry was also heavily affected by the pandemic in 2022. In the first half of the year in particular, hospitals were hit by restrictions caused by mandated lockdowns and disrupted supply chains. Volume-based tenders gained significance in the reporting year, resulting in lower prices for select medical devices and drugs. In Japan, economic growth rose by just 1.7 percent due to low domestic demand. The Japanese government increased health care spending in 2022 to compensate for demographic trends.

The countries in the ASEAN economic area achieved a total economic growth of 5.3 percent and their inflation rate was 4.7 percent. Vietnam trended better than its neighbors with 7.0 percent growth and a relatively low inflation rate of 3.8 percent. The ASEAN countries saw growing demand for medical technology in 2022. While the health care industry in the Philippines was affected by professionals emigrating to other countries, Malaysia profited from medical tourism in particular. Vietnam's health care industry suffered from a lack of drugs, medical devices and single-use products in 2022 due to supply chain issues.

Latin America

Economic growth in Latin America dropped to 3.5 percent in 2022. As a net exporter, only Brazil benefited from rising global market prices for food and energy, recording a high influx of capital and strong appreciation of the Brazilian real. The government raised the prime interest rate to curb an inflation rate averaging 9.4 percent. In the second half of the year, growth slowed due to the rising US federal funds rate, increasing instability in the world economy, and the presidential election.

Health care spending in Latin America remained low in 2022, with the exception of Brazil. Only a few countries met the health sector investment target of 6 percent of national GDP. The health care industry in

Brazil was unable to keep up with the nation's overall growth in the reporting year, in particular due to supply chain disruptions and heavy dependence on imports.

Africa and the Middle East

Economic growth in Africa and the Middle East rose to 5.0 percent, largely due to favorable conditions for the region's oil exporters. The weaker growth in GDP of 3.6 percent in Sub-Saharan Africa was caused by poor growth for trading partners, difficult financial conditions for national budgets and poorer trading conditions in the commodities sector. In South Africa, economic growth rose just 2.1 percent, slowed by power outages, very high unemployment and floods.

Demand for medical devices increased in Africa in 2022 thanks to a booming middle class. Particularly, international organizations invested in Africa's health care sector. In contrast, governments were seldom able to advance the expansion of health care markets, as many countries were forced to cut down on public funds due to increased debt burdens. South Africa's medical technology market grew significantly in 2022 compared to the previous year, with a volume of US$ 1.3 billion. The Middle East became a thriving medical technology market in 2022, attracting international investors.

Performance and financial position

Business performance

In the 2022 reporting year, B. Braun sales grew 3.6 percent at constant exchange rates. While we did not achieve our strategic target growth range of 5 to 7 percent given the difficult global economic environment, we were able to continue our growth despite distinctly negative factors. Given these constraints, we are satisfied with our sales growth in 2022, even though we are endeavoring to swiftly return to our original growth path. Sales in the reporting currency increased 8.1 percent to € 8.5 billion (previous year: € 7.9 billion). The Hospital Care and Aesculap divisions saw good sales increases. The Avitum division, however, was unable to exceed the previous year's level at constant exchange rates. Hospital Care benefited from stable volumes and price effects in the past financial year, offsetting the decline in demand for COVID-specific products compared to the previous year. The Aesculap division achieved strong sales growth, especially in Europe and Latin America, driven by hip and knee implants, imaging systems, suture materials and surgical instruments. Avitum recorded a decline in sales of protective equipment and gloves, though this was largely offset by higher sales of wound care, ostomy care and dialysis products. Treatment numbers at our renal care centers also rose faster than expected compared to those of the previous years, which were affected by the coronavirus, yet 2022 still did not meet the levels from before the pandemic. We sold our renal care centers in Colombia in March 2022, which were treating 1,263 patients at that time. This reduced provider sales by € 9.6 million compared to the previous year.

Sales in Germany declined in 2022 due to high one-time effects in the previous year. In Europe, particularly strong sales were recorded in the United Kingdom, Switzerland, Benelux and the Czech Republic, with Poland, Spain and Romania also showing solid increases. Russia remained below the previous year's level locally. Growth in France, Sweden and Hungary did not meet our expectations. In North America, positive currency effects helped us achieve a gratifying double-digit growth. The Asia-Pacific region also benefited from positive translation effects, though locally it remained at the previous year's levels due to China's volume-based tenders and Japan's strong sales from the year before. Some of the other countries in the region recorded double-digit growth rates. Latin America grew considerably, led by Brazil's outstanding growth. Only in Colombia were sales less than in the previous year. We were also able to expand sales in Africa and the Middle East.

The B. Braun Group's earnings were impacted in the reporting year by a variety of one-time and special effects, preventing us from reaching our goal of improving profitability. We are not satisfied with this earnings situation and have taken comprehensive steps in the reporting year to improve earnings, and they will be continued and intensified in coming years. Marked increases in commodity and energy prices resulted in a decrease in our gross margin (-0.9 percentage points). Sharp increases in freight costs

Key performance indicators

	2021	2022	Change in percent
Sales (in € million)	7,859.8	8,499.8	8.1
Gross margin (in percent)	38.9	38.0	
Net profit margin after taxes (in percent)	3.8	1.7	
Interim profit (in € million)	461.5	329.4	-28.6
Interim profit (adjusted in € million)	461.5	425.7	-7.8
Profit before taxes (in € million)	408.6	178.7	-56.3
Profit before taxes (adjusted in € million)	408.6	275.0	-32.7
Consolidated net income (in € million)	300.1	143.9	-52.1
Consolidated net income (adjusted in € million)	300.1	211.7	-29.5
EBIT (in € million)	471.7	247.9	-47.4
EBIT (adjusted in € million)	471.7	344.2	-27.0
EBITDA (in Mio. EUR)	1,101.9	997.2	-9.5
EBITDA margin (in percent)	14.0	11.7	
Equity ratio (in percent)	40.7	45.9	
Equity ratio including loans from shareholders (in percent)	41.6	46.6	
Equity ratio net of effects of IAS 19 (in percent)	45.9	46.5	
Net financial debt (in € million)	2,447.7	2,430.1	-0.7
Debt-equity ratio (Net financial debt / EBITDA)	2.2	2.4	
Research and development expenses (in € million)	416.9	541.2	29.8
Investments in property, plant, and equipment, intangible assets and financial investments (in € million)	799.7	647.0	-19.1
Depreciation and amortization of property, plant, and equipment and intangible assets (in € million)	630.2	749.3	18.9
Net working capital (in € million)	2,315.9	2,557.2	10.4
Personnel expenditures (in € million)	2,972.1	3,201.4	7.7
Employees (as of December 31)	66,778	65,055	-2.6

(+18.3 percent) also impacted earnings. Administrative costs in the Group currency were influenced by rising personnel costs and currency effects (+7.1 percent). Stricter regulatory requirements and new development projects greatly increased our expenditures for research and development in the reporting year. There were also unscheduled amortizations for discontinued development projects amounting to € 75.1 million. Unscheduled depreciations in production totaled € 21.2 million, resulting in a one-off impact on earnings in 2022 of € 96.3 million (for details, see Development of earnings figures). When adjusted for these effects, interim profit at constant exchange rates in the reporting year totaled € 404.3 million and adjusted EBIT totaled € 322.0 million, 12.4 percent and 31.7 percent below the previous year, respectively. Without thisadjustment, interim profit at constant exchange rates decreased to € 313.8 million (-32.0 percent) and EBIT was € 231.5 million (-50.9 percent). EBITDA at constant exchange rates in 2022 was 13.5 percent below the previous year, totaling € 953.4 million (previous year: € 1,101.9 million). The EBITDA margin in the reporting year declined to 11.8 percent (previous year: 14.0 percent).

Overall, the B. Braun Group's good market position allowed for steady sales growth and the Group finds itself in good and stable economic health despite persistent global economic challenges. Factors such as continued energy and commodity price increases associated with Russia's war against Ukraine, disrupted supply chains, or foreign exchange market upheavals

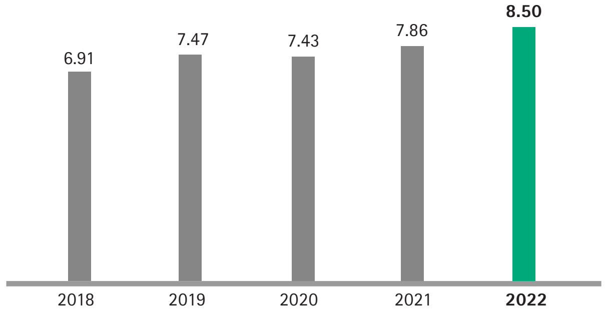
can impact the Group's position in the future. However, we currently do not identify any significant deterioration in B. Braun's economic stability.

Earnings

B. Braun Group's sales growth

In FY 2022, B. Braun Group sales totaled € 8,499.8 million (previous year: € 7,859.8 million), for an 8.1 percent increase (3.6 percent at constant exchange rates) over the previous year.

Sales development
in € billion



Business performance of the Hospital Care division

The Hospital Care division increased sales by 10.1 percent (4.3 percent at constant exchange rates) to € 4,541.6 million (previous year: € 4,125.1 million). For FY 2022, all product areas and regions (with the exception of China) saw a growth in sales. Price adjustments due to inflation and stable demand facilitated good growth for the division and offset upheavals caused by Russia's war against Ukraine, as well as lower product volumes related to coronavirus treatments.

Business performance of the Aesculap Division

In the last fiscal year, the Aesculap division reported sales of € 2,056.4 million (previous year: € 1,869.1 million), rising 10.0 percent (6.8 percent at constant exchange rates) above the previous year. The division has recovered from the significant strain caused by the pandemic in 2020 and 2021. Treatment numbers for elective surgeries normalized to the pre-pandemic level. Demand increased in particular for knee and hip implants as well as surgical instruments and suture materials. Only sales of coronary angioplasty products declined due to volume-based tenders in China. Aside from Germany, the most critical growth markets in 2022 were Poland, the Czech Republic, Slovakia, the United Kingdom, Brazil, Turkey, Thailand and Spain.

Business performance of the Avitum division

Sales in the Avitum division increased by 1.7 percent in the reporting year (-1.6 percent at constant exchange rates) to € 1,861.9 million (previous year: € 1,830.4 million). The disposal of the renal care centers in Colombia lowered sales € 9.6 million compared to 2021. Regardless, sales in extracorporeal blood treatment therapies improved 10.6 percent compared to the previous year. The main growth markets were China, the United States, Italy and Brazil. Growing patient and treatment numbers in Romania, the Czech Republic and the United Kingdom allowed our provider business to return to positive growth following the stagnation of the previous year, though the treatment numbers still did not reach the level from before the pandemic. A stronger recovery was also prevented by the lack of qualified nursing staff. Rising demand in Germany, China, the United Kingdom and France led to a clear expansion of business in wound management, ostomy care and continence care products. The therapeutic area of infection prevention and control saw a decrease compared to 2021, since as expected, we were unable to repeat the strong sales in the previous years related to the pandemic.

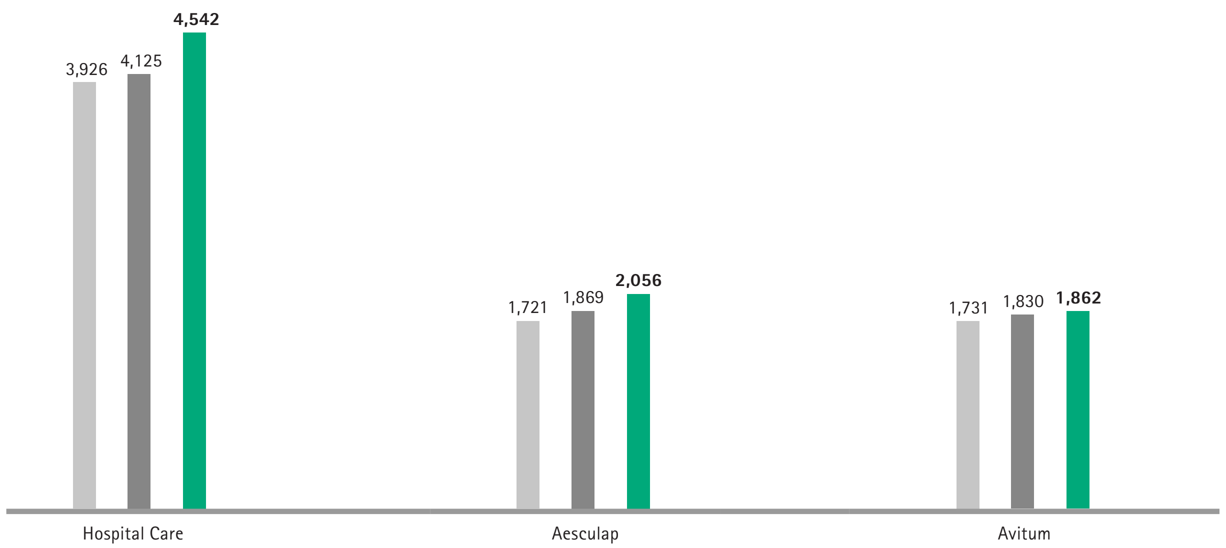
Development of gross profit

Gross profit in the 2022 reporting year increased 5.6 percent to € 3,231.2 million (previous year: € 3,060.8 million). Our gross margin declined by 0.9 percentage points to 38.0 percent (previous year: 38.9 percent). Significantly increased reference prices for energy, commodities and components as well as higher payroll costs burdened our gross margin. There were also unscheduled amortizations for production plants in Indonesia and a discontinued investment project in Romania.

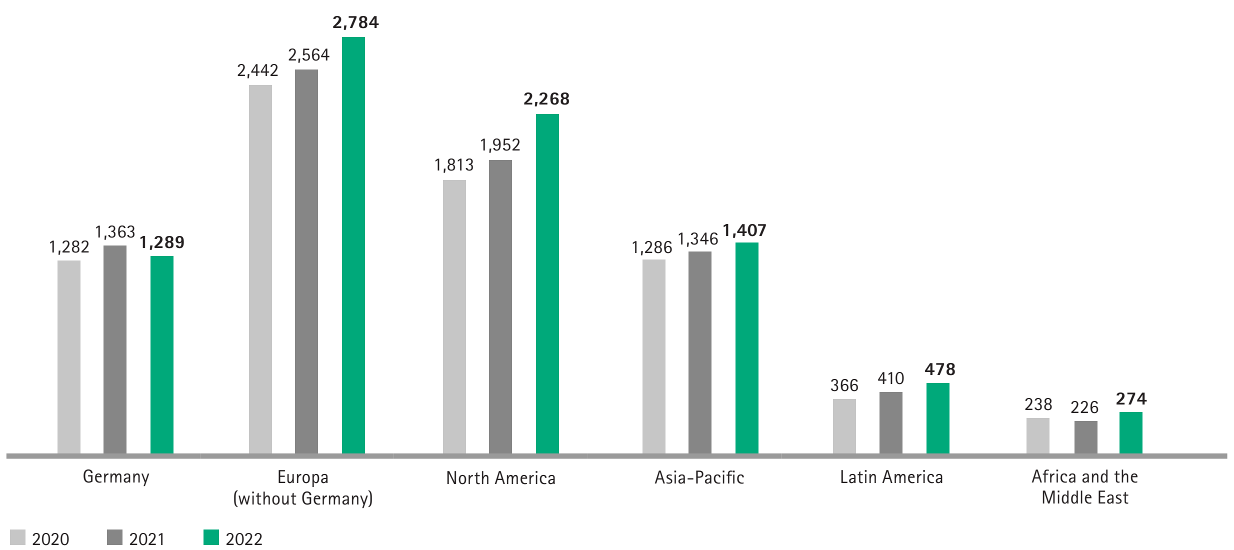
Development of functional expenses

Selling expenses increased 8.4 percent to € 1,940.6 million (previous year: € 1,790.4 million). Maritime and land freight rates rose significantly in the reporting year, with the first signs of a slight relaxation of prices only apparent in the last quarter. After pandemic restrictions were lifted, selling expenses increased as anticipated due to more travel and trade fair activity in addition to higher HR costs. Administrative expenses in the fiscal year came to € 420.0 million (previous year: € 391.9 million), for a 7.1 percent increase over the previous year. This cost increase was caused by rising HR costs and project costs to implement strategic measures. Expenditures for research and development rose 29.8 percent to € 541.2 million (previous year: € 416.9 million) in the reporting year. Increased regulatory requirements (MDR) continued to demand large HR and financial expenditures. New development projects and unscheduled amortizations of discontinued development projects also increased costs.

Sales by division
in € million



Sales by region
in € million

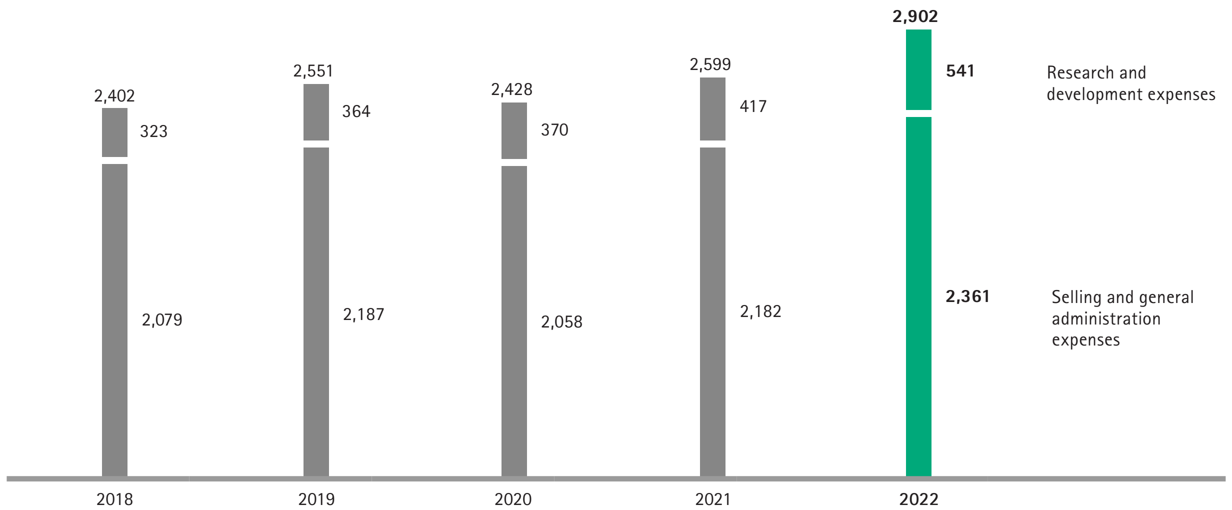


Development of investments

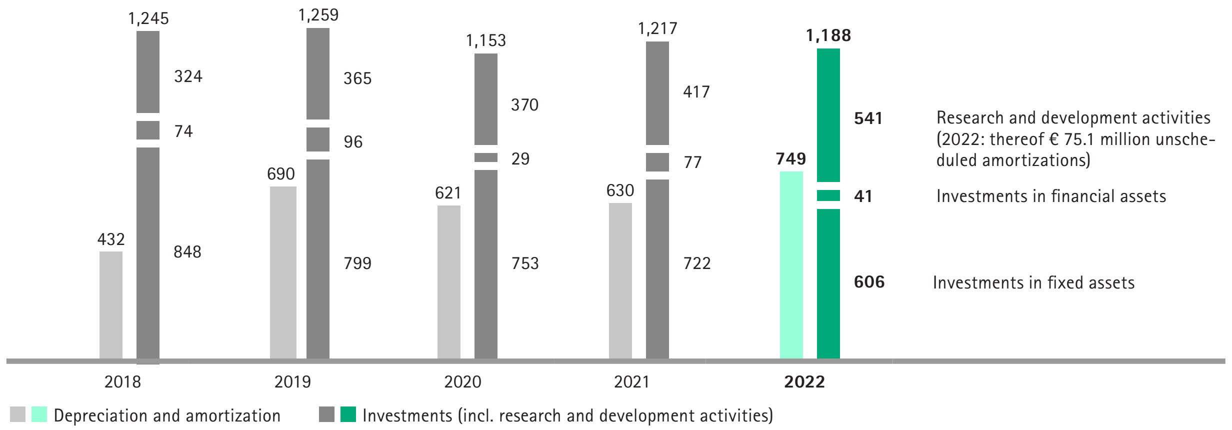
In the 2022 reporting year, total additions to property, plant and equipment, intangible assets and financial assets, and additions to investments in associated companies and acquisitions of fully consolidated companies amounted to € 647.0 million (previous year: € 799.7 million). Of that total, € 66.3 million (previous year: € 115.5 million) was in additions of rights of use under IFRS 16 for the extension of existing as well as the signing of new contracts. Investments were offset by amortization and depreciation totaling € 749.3 million (previous year: € 630.2 million).

The Hospital Care division continued construction of a new medical manufacturing line at the Pfieffewiesen facility in Melsungen (Germany). A forward-looking project on automating infusion pump production was also continued in Melsungen. At the Bad Arolsen location (Germany), money was invested in the expansion and upgrading of needle production. A new B. Braun location was opened in Daytona Beach, FL

Functional expenses
in € million



Investments in financial assets, property, plant, and equipment, and research and development
in € million



(United States) to produce large-volume IV solutions. A new production facility was also opened in Allentown, PA (United States) where medical devices, including for infusion therapy, will be manufactured.

The Aesculap division secured access to endoscopic visualization technology and know-how by acquiring the remaining shares in Schölly Fiberoptic GmbH (Denzlingen, Germany). In Rubí (Spain), we invested in more capacity for suture material products. At our production plant in Poland, we began setting up another sterilization line and installing a production line for optimizing packaging technology.

At the location in Sempach (Switzerland), the Avitum division continued construction of a new plant for producing disinfection products. Plans to expand the "Am Buschberg" plant in Melsungen (Germany) progressed. The project includes implementation of a sustainability concept to reduce CO_2 emissions. In Italy, we began expansion of the production facility in Nibbia so we can manufacture our own medical-grade film for major product groups. In Hanoi (Vietnam), a modern factory is under construction to produce hemodialysis concentrates to supply local and international markets.

As of the reporting date, investment commitments totaled € 262.8 million. These investments are largely attributable to ongoing replacement and expansion investments in the above-mentioned locations.

Development of other operating income and expenses

Other operating income and expenses for the reporting year totaled € -95.2 million (previous year: € -11.0 million), a decrease of € 84.2 million. Our negative currency result from the previous year increased by € 16.6 million to € -28.8 million (previous year: € -12.2 million) due to the valuation of receivables in foreign currencies. Other significant negative effects in other operating income and expenses resulted from higher expenditures for profit participation rights, the application of financial reporting regulations for the hyperinflationary economies in Turkey and Argentina under IAS 29, the discontinued consolidation of Avitum in Colombia and a provision for a windfall tax on medical device sales in Italy.

Development of net financial income

Negative net financial income rose in FY 2022 by 32.2 percent to € -55.5 million (previous year: € -42.0 million). Interest expenses totaled € 52.5 million, increasing € 4.3 million from the previous year (€ 48.2 million). Interest income amounted to € 8.0 million (previous year: € 6.2 million). Profit from holdings totaled € 14.3 million (previous year: € 21.1 million).

Development of earnings figures

Interim profit was € 329.4 million, a decrease of 28.6 percent (previous year: € 461.5 million). Adjusted for special and one-off effects, interim profit was € 425.7 million (-7.8 percent compared to previous year). EBIT in the reporting year reached € 247.9 million (previous year: € 471.7 million), € 223.7 million below previous year's level. Adjusted EBIT totaled € 344.2 million. Depreciation increased to € 749.3 million (previous year: € 630.2 million), for an EBITDA of € 997.2 million

Unscheduled amortizations
in € million

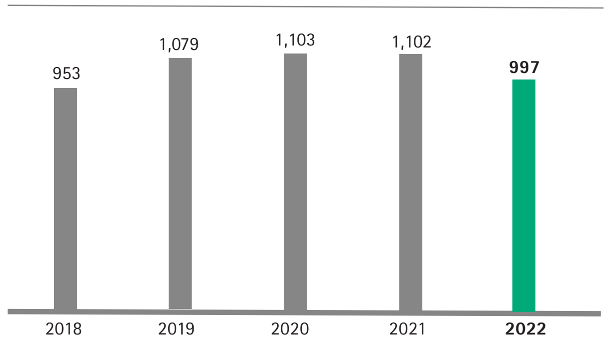
Adjusted EBIT	**344.2**
Unscheduled amortization on production plants in Indonesia and Romania	-21.2
Amortization on actived development expenses and licences in the areas of respiratory gas analysis, blood glucose monitoring, generic drugs, cartilage replacement and regional anesthesia	-75.1
EBIT	**247.9**

(previous year: € 1,101.9 million). The EBITDA margin decreased by 2.3 percentage points to 11.7 percent of sales (previous year: 14.0 percent of sales).

Profit before taxes declined by 56.3 percent to € 178.7 million (previous year: € 408.6 million). Adjusted for the aforementioned one-off effects, profit before taxes totaled € 275.0 million. Income taxes for

Group management report
Economic report

EBITDA
in € million



the financial year amounted to € 34.8 million, down € 73.6 million from the previous year (€ 108.4 million). Consolidated net income was € 143.9 million (previous year: € 300.1 million). Consolidated net income adjusted for the aforementioned one-off effects amounted to € 211.7 million.

Financial position

Liquidity

Operating cash flow totaled € 718.9 million (previous year: € 954.0 million), down € 235.1 million from the previous year. Cash outflow from investing[2] was lower by € 66.7 million to € 565.1 million in the reporting year (previous year: € 631.8 million). Disruptions in the supply chain and a lack of availability of materials caused delays in ongoing projects. Planned projects are being reevaluated as part of current optimization programs. The reporting year saw a positive free cash flow of € 153.8 million (previous year: positive free cash flow of € 322.2 million). Accordingly, cash flow for investments in plant, property and equipment as well as intangible assets totaled € 549.0 million (previous year: € 605.5 million) and € 43.9 million (previous year: € 80.6 million) for investments in financial assets and business acquisitions. At the same time, B. Braun received dividends and dividend equivalents in the amount of € 18.0 million (previous year: € 32.1 million). Net loan repayments for the reporting year totaled € -69.7 million (previous year: net loan repayments of € -299.4 million). Overall, cash and cash equivalents rose by € 18.8 million as of the reporting date, to € 113.5 million (previous year: € 94.7 million). € 17.7 million in funds are subject to disposal restrictions due to sanctions against Russia. Stable cash flow from operations in conjunction with open, firmly committed credit lines gives B. Braun adequate liquidity at all times.

Asset structure

As of December 31, 2022, the total assets of the B. Braun Group increased to € 10,564.8 million (previous year: € 10,206.2 million). This corresponds to an increase of 3.5 percent. At constant exchange rates, total assets rose 2.5 percent and reflected the considerably higher working capital.

Non-current financial liabilities decreased by 1.4 percent to € 6,792.3 million (previous year: € 6,887.7 million). Property, plant and equipment increased by 1.3 percent to € 5,520.6 million (previous year: € 5,451.3 million). This increase was largely the result of translation effects. Deferred tax receivables decreased substantially by € 89.0 million due to lower pension provisions caused by the increase in interest.

Inventories as of the reporting date amounted to € 1,908.6 million, up 16.4 percent (15.1 percent at constant exchange rates) over the previous year (€ 1,639.7 million). Inventory coverage as of the reporting date was 18.8 weeks (previous year: 17.8 weeks). We counteracted supply chain disruptions and potential production interruptions by deliberately increasing procurement levels. Currency effects and considerable price increases also led to an amount-related increase in inventory. Trade receivables increased by 7.7 percent (1.4 percent at constant exchange rates) to € 1,315.2 million (previous year: € 1,220.7 million). Trade receivables DSO increased by one day to 61 days compared to the previous year (60 days).

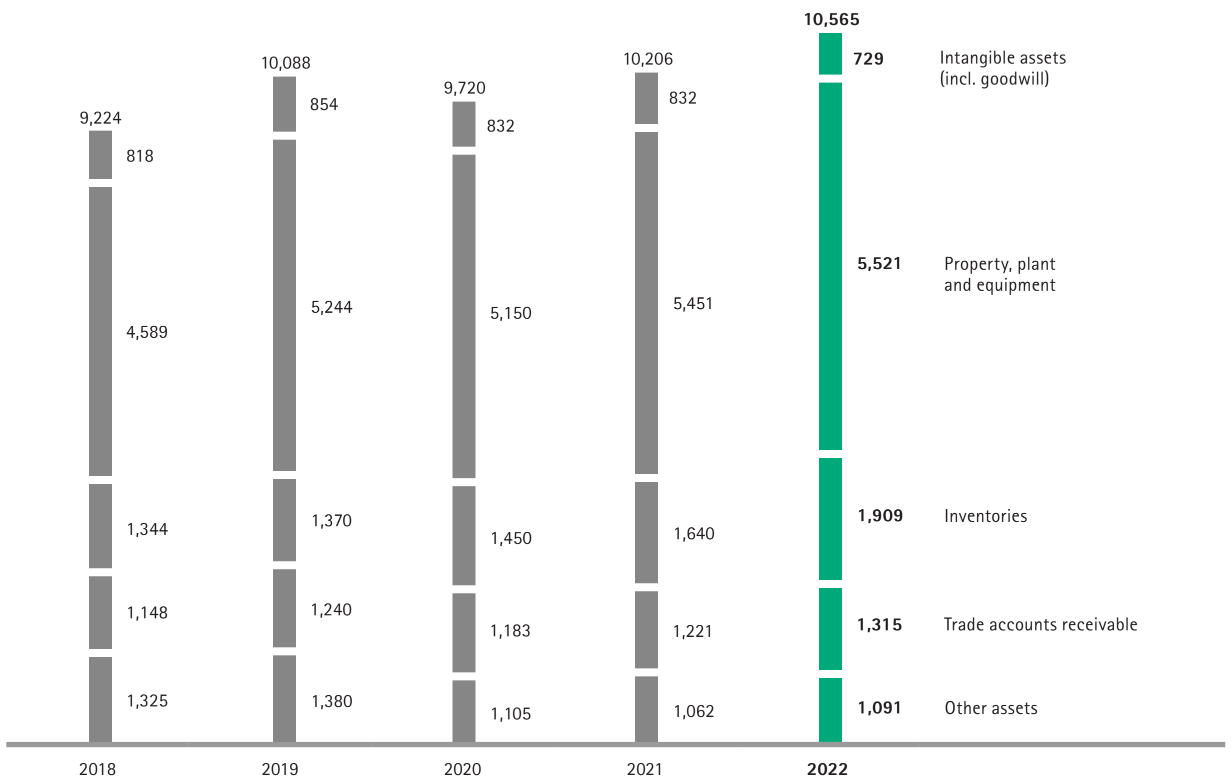
Financing structure

Equity increased by 16.6 percent (+15.2 percent at constant exchange rates) to € 4,848.0 million (previous year: € 4,158.4 million). The equity ratio was 45.9 percent (45.8 percent at constant exchange rates), 5.2 percentage points higher than the previous year's

[2] The difference between additions to fixed assets and cash outflow from investing is the product of cash-relevant investments and currency translation effects.

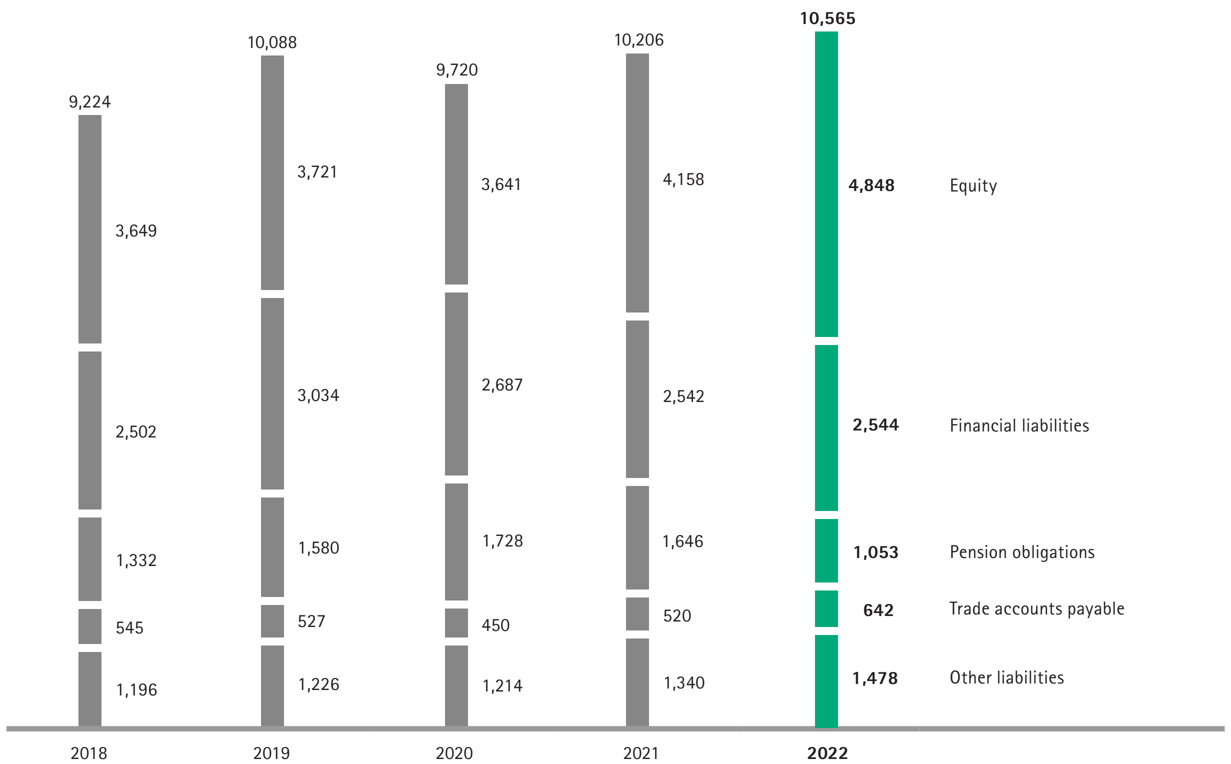
Structure of statement of financial position: Assets

in € million



Structure of statement of financial position: Equity and liabilities

in € million



level (40.7 percent). This means we reached our strategic target level of 45 percent. When factoring in shareholder loans, the equity ratio was 46.6 percent. In the reporting year, the actuarial interest rate for pension provisions increased to 4.1 percent (previous year: 1.5 percent). Therefore, actuarial losses declined by € 640.6 million. Accordingly, total provisions for pensions and similar commitments decreased by 36.0 percent to € 1,052.8 million (previous year: € 1,645.5 million). Our net financial liabilities (including IFRS 16) decreased by € 17.6 million to € 2,430.1 million (previous year: € 2,447.7 million). Financial liabilities totaled € 2,543.6 million, close to the previous year's level (€2,542.4 million). Non-current financial liabilities increased by 15.6 percent to € 1,644.3 million (previous year: € 1,422.8 million). Current financial liabilities, in contrast, decreased by 19.7 percent to € 899.3 million (previous year: € 1,119.6 million). Financial liabilities from leasing dropped in the fiscal year by € 37.6 million to € 391.5 million (previous year: € 429.1 million).

Most Group financing is conducted in euros. However, there are also small loans in various foreign currencies. As of the reporting date, 54.6 percent (previous year: 46.1 percent) of financial liabilities to banks and insurance providers carried a fixed interest rate. Trade accounts payable rose 23.5 percent to € 642.2 million (previous year: € 520.1 million). Trade payables DPO increased by 6 days to 49 days (previous year: 43 days).

In 2022, we were able to refinance mature loans essentially using a promissory note transaction (€ 350 million) and secure two long-term, bilateral loans in US$ (US$ 100 million each). As of the reporting date, the B. Braun Group had € 1,330 million (previous year: € 1,489 million) in firmly committed, unused credit lines. The asset-backed securities program was largely financed by the backup line of credit during the reporting year. All key performance indicators agreed with the banks were met. The financial position of the B. Braun Group is assessed as very stable.

Risk and opportunities report

Risk management and controlling

All strategic and operational decisions at B. Braun are made with consideration of the risks and opportunities involved. We have a fundamentally cautious corporate strategy and avoid any uncontrollable potential risks. Risk management and controlling are key management tasks and an essential part of Group management. The B. Braun Group's comprehensive risk management ensures that risks are identified, documented, assessed, monitored and managed. Risks resulting directly from business operations are quickly identified and assessed using our systematic controlling processes, which are implemented throughout the Group in all business areas, companies and regions. We also identify and manage risks that do not result directly from business operations. The divisional and Group risk committees assess these risks and document appropriate countermeasures. Our risk management is rounded out by an internal audit department and ultimately by the annual audit of financial statements.

Risk

The risks described below, which could have an impact on B. Braun, do not constitute every single risk to which B. Braun is or may be exposed to. Risks that are not known or are considered to be insignificant at the time this annual report was prepared may also impact the earnings and financial position of the B. Braun Group.

Macroeconomic risk

Macroeconomic downturn, increases in food and energy prices, supply chain disruptions and growing protectionism are risks that were identified in 2022 due to the effects of Russia's war against Ukraine and China's strict zero-COVID policy. The extent of these risks in the coming years will largely depend on the course of the war, including its economic consequences, the global course of the pandemic and the effects of high inflation rates.

The sanctions against Russia restrict the business activity of foreign companies in Russia depending on their industry. Currently, there are essentially no sanctions on medical technology and pharmaceutical products. We are continuing our business activity in Russia to care for the patients there to the extent permitted by law. There is a risk B. Braun will lose business in Russia depending on the military conflict between Russia and Ukraine. This could result in a one-off impact on profit in the lower hundreds of millions, some of which is hedged by export guarantees from the German government.

The primary risk to economic prospects is high global inflation accompanied by subdued economic growth, resulting in a substantial tightening of monetary policy in developed economies and financial pressure in emerging markets and developing countries. At the same time, central banks around the world are raising interest rates in response to inflation, which could cause a global recession and a series of financial crises in emerging markets and developing countries. Due to its heavy dependence on fossil fuels, the EU economy is particularly vulnerable to price trends in the energy markets. Despite the efforts of the EU and national governments, the dynamic developments in the energy market will continue to be challenging for Europe in 2023. Energy prices are likely to remain high, which can negatively affect Europe's economic growth and competitiveness.

Industry risk

Since a slump in 2020, the health care economy is once again showing solid growth. Most of the force behind this positive trend is driven by the health care industry; however, the current global situation and related developments threaten to slow the recovery process. Losses can be expected, particularly in the energy-intensive health care industry, which B. Braun is a part of. Inflation is presenting major tasks for medical technology companies.

High energy costs in the chemical supply industry are leading to sharp price increases for key precursors that businesses such as B. Braun cannot readily pass on to its customers. This causes a decrease in profitability. Hospitals are also facing high energy costs. Facilities providing intensive care are expecting a particularly challenging 2023 due to nursing staff shortages.

The effects of the Statutory Health Insurance Financial Stabilization Act are being felt in the German health care industry. The 5-percent increase in the manufacturer discount that took effect on January 1, 2023, especially for patented drugs, will lead to distinct losses of profit on these products. Additionally, the reforms set forth in Germany's Hospital Care Relief Act, such as the introduction of daytime inpatient hospital treatment and equal compensation across sectors for ambulatory surgery, are being implemented gradually. Based on the initial benchmarks established for fundamental hospital reform, we believe the hospital landscape in Germany will undergo a structural change.

Implementation of the MDR in Europe continues to be a risk factor for medical technology companies. A large number of established and critical medical devices still has not been certified under the new regulation due to a lack of implementation support from the EU and capacity bottlenecks at the notified bodies. The extension granted by the EU for certain existing products may reduce this risk. However, additional rules, such as for niche products, are needed.

Cross-sector legal requirements, especially the increase in sustainability legislation such as the EU Corporate Sustainability Due Diligence Directive, the EU Corporate Sustainability Reporting Directive, and the EU Taxonomy Regulation, will also have a significant impact on the health care industry. While the transparency these create brings an opportunity with it, the underlying administrative burden is immense and requires proactive and systematic requirements management in order not to jeopardize international competitiveness. The structural and regulatory risks for health care companies will continue and may impact B. Braun's profit.

Procurement risk

Risks generally result from commodity and energy price changes and supply shortages in the procurement markets. The global shortage of commodities and energy sources can lead to another increase in inflation and to rising prices for commodities and energy. A potential economic downturn, on the other hand, could lead to a delayed softening of inflation. The materialization of these risks may impact production supply, thereby impacting B. Braun's supply capabilities. Inadequate natural gas supply could also affect European production facilities in this context. Yet, winter 2022/2023 has shown it is possible to secure an uninterrupted supply of gas for businesses and the population of Europe. For this reason, we do not expect any bottlenecks for B. Braun or its suppliers in 2023. We have also retrofitted major production facilities in Europe to use alternative energy sources so we can switch to these in the event of a gas shortage.

Thanks to prompt corrective action, such as the build-up of safety stocks and a uniform market approach, we have been able to ward off procurement risks so far and prevent any significant production delays or interruptions. Our long, trusting and fair cooperation with our suppliers was also a key factor.

To minimize the risk of default, we conduct regular risk assessments. If a supplier is identified as a high default risk, we have established processes and instruments in place to ensure continuous supply. These include close communication with our key suppliers, disaster recovery plans, inventory build-up at B. Braun or at the supplier, multiple sourcing strategies, and a deposit of documents on production processes and formulas.

We anticipate no significant change in procurement risk in 2023. In light of current market trends, we are continuing to expand our risk management to reduce procurement risk. We believe isolated delivery delays are possible. We currently see no indication of a lasting disruption of our production and sales processes caused by procurement risk.

Product risk

We address risks arising from the use of our products with quality management systems within the division organizations. These are based on international standards to assure that all regulatory requirements are observed. Regular reviews of our quality management systems using internal and external audits, together with continuous employee training, round out our quality management.

To minimize risks from product liability, B. Braun has an international liability insurance program with a consortium of five primary insurers in place. To ensure that the particular country-specific or legal requirements are met, a local policy was taken out in each country where B. Braun has its own company (majority interest). In conjunction with this, an excess liability policy offers more extensive, globally uniform insurance coverage.

Many countries have also expanded legal requirements on cybersecurity due to increasing cyberattacks on critical infrastructure such as hospitals and other medical facilities. This is why we regularly evaluate the relevant standards and apply the results to our development processes.

Legal risk

B. Braun is exposed to risks from legal disputes, which can include present or future proceedings. Possible violations of laws or regulations can result in sanctions that can have a negative effect on our reputation and earnings. Violations may also result in the payment of out-of-court settlements. We have established a global compliance management system in order to ensure compliance with laws and regulations.

Lawsuits have been filed against American B. Braun companies with regard to our ethylene oxide sterilization plant in Allentown, PA (United States). In fiscal year 2020, a class action lawsuit was filed due to an alleged higher cancer risk for local residents, which has not been adjudicated yet as of the reporting date. As of December 31, 2022, a total of 39 civil suits were pending in the United States. These suits allege that emissions from the facility have caused personal injury to the plaintiffs. B. Braun considers these allegations unfounded.

There are currently no risks arising from ongoing proceedings or known circumstances that could jeopardize the company's continued existence.

Human resources risk

Volatile market conditions are putting increasing pressure on companies to operate more efficiently. B. Braun is facing these changes with a profitability program launched in 2022, in which we are analyzing our current structures and optimizing our processes. At the same time, we are refraining from filling vacancies whenever we can compensate for the position with additional automation and improved processes.

Continuous digitalization helps with this in two ways: first, we are increasing the digitalization level of our internal processes by using data mining, automation and artificial intelligence in various departments. The expansion of our shared service centers in Germany, Poland, Malaysia and Colombia would not even have been possible without process automation. Second, we are using digital solutions, such as with hybrid work models that combine office work and remote work to motivate our employees. We are continuously expanding digital working and learning formats that are a core component of B. Braun's work culture. This allows us to shape cooperation and learning paths in an individualized, self-directed and flexible manner.

Global demographic trends toward an aging population are also rapidly changing society and businesses, as seen predominantly in skills shortages in IT, mechanical engineering, logistics, the trades and nursing. B. Braun offers attractive training opportunities, working conditions and terms that go beyond collective bargaining agreements. We believe in internal advancement with the goal of preparing employees for digitalization and to acquire new skills for technically demanding roles at B. Braun. By doing this, we are promoting our employees' qualifications with the goal of filling most vacancies from within.

Thanks to our continuously refined HR processes, we should be able to cushion the impact of volatile market conditions and skills shortages, even if both trends should continue to intensify in the coming years.

IT risk

A failure of key IT systems or the loss, unauthorized alteration or disclosure of data can have serious consequences, including interruptions in business operations, loss of reputation, fines and legal claims. To mitigate these risks, various organizational and technical security measures have been implemented, including regular data backups and employee training as well as authorization concepts, redundant systems and malware protection. These measures are continually reviewed and expanded as part of a comprehensive IT security program. Enhanced protections for our production networks and continuous monitoring for attacks are some of the steps being taken.

In addition, an information security management system (ISMS) according to international standard ISO/IEC 27001 has been implemented and is continuously monitored. This kind of ISMS systematically identifies the risks to which our IT systems and the information they process are exposed and defines adequate protections. In the face of increasing digitalization and networking as well as ever-changing threats, such as novel cyberattacks, it will soon be necessary to constantly review and implement new security measures at all times. Reducing security risks will remain one of the fundamental tasks for guaranteeing the smooth running of processes within the Group in the future.

With the protections that are already deployed and those that are being implemented, we see no extraordinary dangers to B. Braun from IT risks at this time.

Financial risk

B. Braun operates internationally and is, therefore, exposed to currency risk, which it hedges using derivative financial instruments. The Group regularly hedges its net position from recognized receivables and payables against currency risks with foreign currency derivatives. In individual instances, we employ layered hedging for expected payables that have not yet been recognized. Trading and management of derivative financial instruments are regulated by internal guidelines and are subject to continuous risk monitoring.

To manage liquidity risk, we maintain sufficient reserves of short and long-term committed credit lines. Including in particular a syndicated loan agreement for € 700 million that we restructured in the reporting year and extended to 2027. There is also the risk of a possible deterioration in the payment behavior of our customers or public payers. Limited financing options can have a negative impact on liquidity and an individual customer's ability to pay. Over the course of the pandemic, we have been unable to observe any elevated default risk, but we anticipate a deterioration in payment behavior in 2023. Cost and price increases, some of them drastic, are further aggravating our customers' financial performance and financial position which were already strained during the pandemic. Continuously stressed supply chains and tighter financing conditions due to rising interest rates could favor consolidation trends in international health care markets, so we predict a higher default risk in 2023.

During the reporting period, we noted a growing number of countries that restricted cross-border capital market and money market trading. This can lead to production facilities located in one of the countries in question being cut off from their supply of raw materials, or sales organizations no longer being adequately supplied with finished products. This can also jeopardize the debt servicing of cross-border financing.

There is also a risk that our suppliers' liquidity situation could become strained and could, in the worst-case scenario, jeopardize their operation. Another increase in interest rates can also aggravate the financial situation of all parties.

Opportunities

In addition to risks, B. Braun regularly identifies and assesses opportunities for the company. Opportunities can generally arise from the advancement of medical standards or the launch of new products and services. Close dialog with our customers allows us to continue swiftly seizing potential and opening up new business prospects through innovation.

Opportunities from positive economic development

Our statements on the future development of the Group are based on the expected macroeconomic environment as described in the forecast report. Should the global economy perform better than currently expected, our sales, earnings and financial position may exceed our forecasts.

Opportunities from growth

Increased capacity enables us to share in the growing demand for health care and medical technology products. New, ultra-modern production processes further improve our competitiveness. In addition, our comprehensive product portfolio and our years of experience enable us to offer efficient solutions for our customers. Should the international health care industries develop at a faster rate than currently expected, this could have a positive impact on our sales, earnings and cash flow.

Opportunities from research and development

Our growth strategy is based on the development of new products and services as well as innovations for treatment concepts and processes. In close partnership with our customers and users, we work to bring new and improved treatments to market. If we are able to achieve a quicker time to market for our research and development projects than is currently expected, this too could positively affect our sales, earnings and cash flow.

Opportunities from digitalization

Digital technologies, data analytics and artificial intelligence are swiftly changing health care. For customers, numerous business models open the door to platform-based economies, which optimize custom patient care along a treatment pathway. At the same time, these technologies offer B. Braun numerous opportunities to optimize and automate processes, and increase productivity at the same time. This is based on data collected by B. Braun products through numerous channels, internally or from the customer. Afterwards this data is analyzed and processed into added value for various target groups.

B. Braun has begun its transition into a data-centric company and is decisively expanding its digital infrastructure as well as the skills and abilities of its employees in handling data and analytics. A consistent focus on data lays the groundwork for smart product, service and process digitalization—that is, for solutions fully customized to meet the customer's requirements. Digital services and products (software) together with interconnected devices and smart single-use products (hardware) form integrated systems that make data-driven, high-quality and efficient health care possible, and therefore build the foundation of more innovative business models.

New possibilities for data processing and analysis can affect our production and sales processes. The digitalization of production can open the door to further optimization and improve earnings. At the same time, opportunities present themselves when modifying the way we interact with our customers. A more comprehensive and faster exchange of customer needs and offered solutions, along with digital distribution structures, can positively affect our sales, earnings and cash flow.

Opportunities from new technologies

In addition to digitalization, other technologies such as automation, new manufacturing technology or innovations in material sciences offer opportunities to improve patient treatment quality and make the customers' processes and B. Braun's more efficient and sustainable.

B. Braun is testing select technologies and integrating them into its product portfolio in order to fulfill its responsibility as a health care company, with all the demands that entails, into the future as well. With our new technologies, we are creating added value for our customers, patients and health care systems because they will allow us to permanently ensure the supply of B. Braun products in persistently uncertain markets. The use of new technologies has the potential to improve our sales and earnings.

Opportunities from our international presence

The opening of additional health care markets to international medical technology companies, together with renewed public focus on health, could present additional opportunities for B. Braun. Our international presence allows us to take part in these developments. This would lead to a sustained improvement in the B. Braun Group's future sales and earnings.

Opportunities from employees

At B. Braun, our goal is to motivate, advance and retain employees at the company for the long term. We achieve this, especially with our hybrid work models, digital work processes and flexible work schedules. We invest in targeted training and continuing education to keep knowledge in the company and increase it in the true sense of Sharing Expertise. With regular talent and performance reviews, we plan the succession of management positions over the long term.

One particular task is keeping an eye on the different basic conditions in production and administrative departments. B. Braun attaches particular importance to promoting in every department and every employee based on their needs. To be able to meet these needs, we implemented Working at B. Braun, an organizational development project focusing on feedback, innovation, leadership and HR development in production departments. Even minor incentives, such as the Learning Cubes pilot project or the Openness to Change in the Training Shift program, in which learning is adapted to the time constraints of shift work, are also important.

At the same time, B. Braun supports a work culture characterized by trust, accountability and diversity. We promote a leadership style that motivates, values feedback and analyzes employee potential. The successful implementation of various employee-related initiatives and support from our workforce can also improve B. Braun's competitiveness and have a positive impact on our sales, earnings and cash flow.

Overall statement on the group's risk and opportunity situation

At present, there are no identifiable risks or dependencies that could threaten the viability of the B. Braun Group for the foreseeable future. Our net risk position compared to the previous year is heightened due to Russia's war against Ukraine, which has further intensified the volatility of the procurement and energy-markets caused by the pandemic and has also had an impact on B. Braun. By actively developing and implementing countermeasures, we were able to counteract potential negative trends and continue to see no risks that could jeopardize the company's continued existence. Our broad range of products and services combined with our global presence also has a stabilizing effect.

We anticipate that circumstances will remain volatile in 2023, which is why B. Braun's risk position will stay elevated. Foreign exchange market trends remain difficult to predict, which can create risks in the short term. The enacted and anticipated increase in interest rates is another risk that may persistently harm the financing capability of market participants. B. Braun also faces the risk of being unable to pass on all inflation-related price increases to our customers.

It is likely there will be another rise in IT risks. Advances in networking and digitalization, both on the user side as well as in production, will provoke more cyberattacks. To the extent that it is possible and reasonable, we are insured against liability risks, natural disasters and other risks. To minimize the financial impact of cyber risks, B. Braun has taken out a cyber insurance policy, which essentially covers risks such as losses from business interruption and third-party liability claims resulting from breaches of information security. Despite our extensive insurance coverage, obtaining full coverage for potential product liability risks is not feasible.

In general, however, we are convinced that the ever-present market risks will not have a substantial negative impact on the B. Braun Group's performance. Alongside these market risks are significant opportunities that may help the company continue to succeed.

Outlook

The statements made here on economic and company performance are forward-looking statements. Actual results may, therefore, be materially different—positively or negatively—from the expectations of future developments. Our forecasts contain all material events that were known at the time the Group Management Report was drafted and that could impact the business development of the B. Braun Group. Expectations are based in part on the macroeconomic and industry-specific developments described.

Expected macroeconomic and industry-specific environment

Global trends[3]

The global economy will also be affected by multiple critical factors in 2023. Russia's war against Ukraine, disrupted supply chains and the risk of stagflation can lead to a protracted phase of weak growth with increased inflation. The global economy should grow 2.7 percent in 2023 (previous year: 3.2 percent), with forecasts predicting inflation will drop to 6.5 percent (previous year: 8.8 percent).

The global health care market will grow stronger than the global economy in 2023, driven largely by ongoing digitalization that will see data-based end-to-end solutions for personalizing medicine and making it possible for medical care to be given to patients in their homes. At the same time, demographic trends toward an older population in many developed countries will increase the number of chronic illnesses and health care spending. Public health care spending will be increasingly oriented on social and ecological standards that may have an effect on the medical technology market.

The overall economic conditions for the health care industry will also shift due to growing cost pressure in health care systems, greater staffing shortages in the health care industry and the effects of the pandemic in some parts of the world. These trends will help accelerate digitalization in health care systems and increase demand for innovative medical devices and services.

Forecasted change in the gross domestic product
in percent

	2022	2023
Europe	**2.1**	**0.6**
Czech Republic	1.9	1.5
France	2.5	0.7
Germany	1.5	-0.3
Italy	3.2	-0.2
Poland	3.8	0.5
Russia	-3.4	-2.3
Spain	4.3	1.2
Switzerland	2.2	0.8
United Kingdom	3.6	0.3
North America	**1.8**	**1.0**
USA	1.6	1.0
Asia-Pacific	**4.0**	**4.3**
ASEAN	5.3	4.9
China	3.2	4.4
Japan	1.7	1.6
Latin America	**3.6**	**1.7**
Brazil	2.8	1.0
Africa and the Middle East	**5.0**	**3.6**
South Africa	2.1	1.1

Germany

In Germany, a decrease in economic output of 0.3 percent is expected in 2023 (previous year: +1.5 percent), with energy costs and inflation remaining high. Economic output should trend back upward starting in mid-2023. Despite a weak economy, unemployment should grow just 0.2 percent to 5.4 percent. Forecasts predict a decrease in private consumer spending by 2.2 percent.

Over the last 10 years, the health care industry in Germany has trended better (3.8 percent) than the overall economy (3.0 percent). We generally see this trend continuing. However, continual high energy costs and inflation may seriously challenge medical device and pharmaceutical manufacturers and negatively impact their global competitiveness. The financial situation of German hospitals remains tense, which can make price increases and the sale of medical devices and drugs more difficult. It can be expected that Germany's Supply Chain Due Diligence Act will be tightened in order to meet the requirements imposed by the new EU directive.

[3] OECD: Economic Outlook; ifo: Economic forecast (September 2022); IMF: World Economic Outlook (October 2022); Worldback: Global Economic Prospects; GTAI; WifOR Institute: Health economy calculation 2021 (Gesundheitswirtschaftliche Gesamtrechnung 2021); BMWK: Publications 2022; European Commission: Publications 2022.

EU countries

More restrictive financial conditions and interest rate increases will continue to have a negative effect on the EU economy, impeding growth and leading to high inflation. GDP is likely to grow just 0.6 percent in 2023. The EU's recovery plan will continue to provide significant EU funds to the health care industries of EU countries. The funding program EU4Health alone has earmarked over € 735 million primarily for the European Health Union for 2023. In research and innovation, the EU funding project IPCEI Health is invigorating the European medical and pharmaceutical industry in particular. In addition to industry-specific rules such as the MDR, it is expected that the EU Green Deal will add cross-sector requirements.

The GDPs of the large EU countries will stagnate or show little growth in 2023, with percentages between -0.2 percent in Italy and 1.2 percent in Spain, though Spain's economy is benefiting from investments from the European recovery and resilience fund. Italy's economy will be greatly affected by disrupted supply chains, which planned private and public investing can mitigate but not entirely offset. Most EU countries are likely to see less private and public investing and lower export volume in 2023 than in the previous year.

However, EU countries are investing more in modernizing their health care systems with the help of EU funding. The Spanish government is planning to spend over € 4 billion from 2021 to 2026 on science, research and improvements to its national health care system. France is planning to invest extensively in hospitals and has reserved € 7 billion through to 2030 for drug research and biotechnology innovations. The Italian government, with the help of the EU's recovery and resilience fund, is investing around € 20 billion until 2026 in its health care system.

Non-EU countries

Forecasts predict the United Kingdom's economy will stagnate at 0.3 percent and it may find itself in a recession by the middle of the year, after which it could see slow growth. An expansion of 2.4 percent is expected in 2024 along with a substantial drop in inflation. The British health care industry must meet new product labeling and approval regulations following Brexit. The NHS' net zero strategy, which seeks to make the British health care system climate-neutral no later than 2040, will also have an impact. In Switzerland, geopolitical risks and the appreciation of the Swiss franc will slow economic growth to 0.8 percent. Given growing public spending and regulations on health care, the potential efficiency of digitalization will gain significance.

Russia

Russia's economic situation is critically dependent on the progress of its war against Ukraine. According to forecasts, Russia's GDP will continue to decline in 2023 due to Western sanctions but, at 2.3 percent, more moderately than the previous year. The health care industry will increasingly be supplied by Russian products, and supply bottlenecks and further sanctions cannot be ruled out.

United States

Economic growth in the United States will likely continue to slow in 2023, falling to 1.0 percent (previous year: 1.6 percent) due to tighter monetary policy, sharply rising interest rates and tense job markets. The federal funds rate is expected to settle at 4.5 percent by September 2023. The medical technology market will likely grow 5.4 percent annually until 2026. The IRA may increase the number of people with health insurance, which will increase the need for medical products and services. Price negotiations for expensive drugs selected in the IRA and starting in 2023 will roll back sales income for expensive drugs. The staffing shortage in the health care industry is leading to greater use of products with innovative technologies. An aging population and the world's largest market volume mean the potential for growth is considerable.

Asia-Pacific

In 2023, the Asia-Pacific region should see GDP grow 4.3 percent. China's economic growth should increase at the same scale, with the economy likely to recover thanks to the end of the country's zero-COVID policy and moderate increases in public investing. Industrial production will slow in 2023, likely due to sagging demand from abroad. Demographic trends and ever-increasing public spending mean China's health care industry will be a strong growth market for the long term. The health care industry will be affected in 2023 by government measures to combat the coronavirus. Foreign providers of health services will increasingly be required to serve the Chinese market with products made in China. Japan is expected to see economic growth of 1.6 percent (previous year: 1.7 percent) in 2023. Spending on medical care by the nation's (compared to other countries) very old population will increase.

GDP in the ASEAN economic area will fall slightly to 4.9 percent (previous year: 5.3 percent) in 2023 due to lesser trade dynamics with major partners such as China, the decline in purchasing power due to high inflation and the swift tightening of monetary policy. The ASEAN health care industries will grow considerably, with annual growth rates of 9.9 percent forecasted for German medical technology exports. Due to the increasing demand for medical products and services, there is a shortage of skilled workers. In the Philippines, the 2023 health care budget will increase substantially by 17.9 percent; in Malaysia, it will rise to 5 percent of GDP. Import restrictions in Indonesia mean that Chinese businesses are likely to oust Western competitors.

Latin America

Forecasts predict economic growth in Latin America will slow to 1.7 percent and the very high inflation rate will fall to 11.4 percent. Above all, the two big national economies in the region, Brazil (1.0 percent) and Mexico (1.2 percent) will see only minor growth, while Chile's economy could even fall into a recession (-1.0 percent). The economic outlook for Brazil is fraught due to structural weaknesses and a high debt ratio. Brazil's new government wants to increase public spending, including in health care, by raising the debt limit. The health care industries in Latin America face the challenge of caring for a growing and aging population in 2023. The Mexican government, for example, wants to spend 9.4 percent more on its health care system than the previous year.

Africa and the Middle East

Economic growth in Africa and the Middle East will likely fall in 2023 from 5.0 to 3.6 percent due to high inflation, although tighter monetary policy from the central banks may cause this to relent over the course of the year. South Africa's economy should grow by 1.1 percent, although unemployment will remain high at around 35 percent.

The health care industries in Africa will grow in 2023 thanks to a booming middle class and related demand for quality health care. Many countries, though, will continue to depend on foreign investment given their overall economic situation. The South African government continues to pursue its goal of establishing national health insurance by 2026. The market for medical products in the Middle East will continue to grow in 2023 due especially to an aging population.

Business and earnings outlook

For FY 2023, we expect sales at constant exchange rates to be somewhere in the middle of our strategic target growth range of 5 to 7 percent, assuming stable economic conditions, largely intact supply chains and a secured energy supply. Dynamic exchange rate changes caused by inflation trends and political hot spots may cause the rates of increase to be lower in euros. We currently expect no material effects on our business or earnings developments from the continuing pandemic. At the same time, we expect the currently high price level for commodities, energy and logistics services to persist over the short and medium term, which may reduce our profitability. A potential softening of global economic development trends at the end of 2023 may slightly lower reference prices. B. Braun is generally less dependent on economic trends, meaning we predict no material negative effects from an economic downturn, though, over the medium term, we may experience second-round effects due to limited budgets among the world's health care industries. The structural adjustments that were started in 2022 will continue and intensify in 2023. We expect this to further contribute to profits in order to be able to offset cost increases and continuously improve our profitability.

For the Hospital Care division, we expect growth at constant exchange rates to match the overall Group level in 2023. In the United States and Asia-Pacific, we are preparing for a highly competitive market setting. We believe our expanded capacity for infusion solution bags in Daytona Beach, FL (United States) and our single-use medical products will stimulate growth. The market launch of Introcan Safety® 2, our new peripheral IV catheter, will further strengthen our competitive position. We also see other market opportunities in Europe as well as North and Latin America with our infusion pump portfolios.

After the Aesculap division recovered well in 2022 from the effects of the pandemic in the past few years, we expect sales to rebound above the Group average in 2023, with growth stimulated significantly in Europe

and the United States. The division's growth in 2023 will be impacted by China's new tendering procedure and the postponement of elective surgery due to the coronavirus outbreak. Prices in the therapeutic areas of neurosurgery as well as interventional vascular diagnostics and treatment will likely continue to fall in China. Significant growth is expected from the new digital microscope Aesculap Aeos®. We also continue to see good sales opportunities in the surgical instruments, containers, motors and endoscopy businesses, as well as implants.

For the Avitum division, we forecast sales growth just below that of the Group, though the provider business will continue to stabilize and turn a profit thanks to an increase in treatment numbers as well as isolated country-dependent cost reimbursement increases. We predict significant sales increases in North America and Asia-Pacific. New projects in the water treatment plant sector should support development. We expect dynamic growth in wound care, ostomy care and continence care products, since the number of surgeries performed in hospitals is returning to normal after two years of decline caused by the pandemic. Growth will likely be stimulated in Europe and Latin America. Demand in the area of infection prevention will once again be weaker than in the previous year, increasingly moving toward the pre-pandemic level.

We expect our performance indicators of interim profit and EBIT to each end up somewhere between € 480 million and € 520 million (2022: interim profit of € 329.4 million—€ 425.7 million adjusted—and EBIT of € 247.9 million—€ 347.4 million adjusted) at constant exchange rates. We forecast EBITDA to grow to € 1,150 million to € 1,200 million at constant exchange rates (2022: € 997.2 million). An EBITDA margin of at least 13 percent of sales is the target.

Achieving our earnings goals will depend on how conflicts in geopolitical hot spots unfold. Achieving these goals will also be influenced by how much profit is yielded by our internal structural adjustments. We are using active working capital management to optimize CIW and DSO. For DSO, we want to largely continue the low level of the reporting year (61 days) into 2023, even though we believe our customers' ability to pay will tend to worsen. Generally, we are holding to our strategic goal at constant exchange rates of a CIW of 16 weeks (2022: 18.8 weeks). Deliberately more extensive procurement due to hampered supply chains in 2022 means coverage will exceed the strategic goal in 2023 as well. It is possible this will be reduced below the previous year's level.

Expected financial position

B. Braun will continue its solid financial policy of recent years in the future, as well. We are striving for an equity ratio above 45 percent for 2023. At the same time, we will maintain our current conservative dividend policy.

The financing volume for long-term maturities will be € 302 million for 2023 and a total of € 127 million in the following year. Due to our long standing banking relationships and the sustained earning power of B. Braun, we do not expect any significant risks in connection with the upcoming financing measures. The shift away from expansive monetary policy toward a higher interest rate can make it more expensive for B. Braun to refinance. If geopolitical conflicts persist, they may further increase uncertainty in the capital markets, resulting in higher risk premiums. However, we do not consider this an above-average risk to B. Braun at this time. In FY 2022, we were able to conclude material refinancing under favorable terms and intend to finance our planned investment in fixed assets from ongoing cash flow.

With the Group-wide cash pooling system, we will ensure optimal financing within the Group in the future, as well. Furthermore, Group-wide inventory and receivable management projects continue to positively support the need for financing.

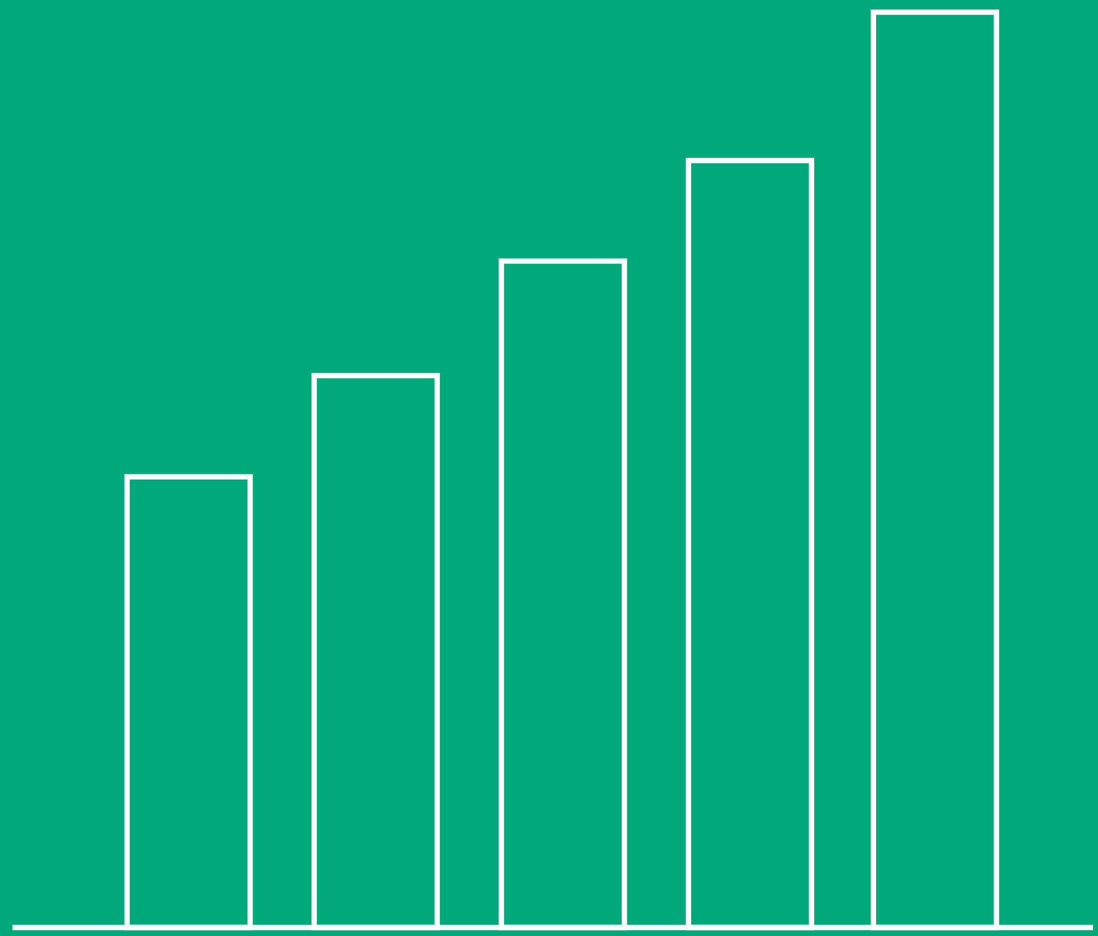
Overall statement on the outlook for the Group

Given the assumptions presented with regard to the performance of the global economy and the health care industry, we anticipate positive sales and earnings development for B. Braun in 2023. With the structural optimization measures already initiated, we will counteract the expected new cost increases. The course of geopolitical conflicts may continue to affect our growth. However, we expect growth to continue beyond FY 2023. We will create new opportunities for implementing technology in health care. With our innovative products and solutions as well as our consistent focus on profitability, we will continue to hold our own in a volatile environment, and B. Braun will remain a true partner that drives advancements in health care and protects and improves the health of people around the world.

Melsungen, March 3, 2023

The Executive Board

Consolidated financial statements



Consolidated statement of income

	Notes	2022 '000	2021 '000
Sales	1)	8,499,846	7,859,775
Cost of goods sold	2)	-5,268,647	-4,798,995
Gross profit		**3,231,199**	**3,060,780**
Selling expenses	3)	-1,940,570	-1,790,429
General and administrative expenses		-419,964	-391,948
Research and development expenses	4)	-541,246	-416,862
Interim profit		**329,419**	**461,541**
Other operating income	5)	574,101	347,964
Other operating expenses	6)	-669,341	-358,981
Net position of monetary items as per IAS 29	6)	(-7,389)	-
Operating profit		**234,179**	**450,524**
Profit from financial investments/equity method	7)	5,266	8,087
Financial income		8,033	6,182
Financial expenses		-77,255	-69,278
Net financial income	8)	-69,222	-63,096
Other financial income	9)	8,469	13,041
Profit before taxes		**178,692**	**408,556**
Income taxes	10)	-34,793	-108,429
Consolidated net income		**143,899**	**300,127**
thereof attributable to:			
B. Braun SE shareholders		(120,099)	(251,806)
Non-controlling interests		(23,800)	(48,321)
		143,899	**300,127**
Earnings per share (in €) for B. Braun SE shareholders in the fiscal year (diluted and undiluted)	11)	0.15	0.31

Consolidated statement of comprehensive income

	2022 '000	2021 '000
Consolidated net income	**143,899**	**300,127**
Items not reclassified as profits or losses		
Revaluation of pension obligations	640,577	135,114
Income taxes	-180,890	-34,313
Changes in amount recognized in equity	**459,688**	**100,801**
Items potentially reclassified as profits or losses		
Changes in fair value of securities	1,424	14,106
Income taxes	-670	-4,228
Changes in amount recognized in equity	**754**	**9,878**
Cash flow hedging instruments	4,605	-2,000
Income taxes	124	680
Changes in amount recognized in equity	**4,730**	**-1,320**
Changes due to currency translation	111,800	152,219
Income taxes	0	0
Changes in amount recognized in equity	**111,800**	**152,219**
Changes recognized directly in equity (after taxes)	576,972	261,578
Comprehensive income over the period	**720,871**	**561,705**
thereof attributable to: B. Braun SE shareholders	(626,472)	(483,289)
Non-controlling interests	(94,399)	(-6,365)

Consolidated statement of financial position

	Notes	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Assets			
Non-current assets			
Intangible assets	14) 16)	729,106	831,540
Property, plant and equipment	15) 16)	5,520,595	5,451,276
Investment real estate holdings	15)	6,953	0
Financial investments (equity method)	17)	75,569	76,191
Other financial investments	17)	106,086	87,789
thereof financial assets		(106,086)	(87,789)
Trade receivables	18)	24,428	24,334
Other assets	19)	54,624	49,206
thereof financial assets		(8,199)	(8,712)
Income tax receivables		1,934	5,428
Deferred tax assets		272,969	361,980
		6,792,264	**6,887,744**
Current assets			
Inventory	20)	1,908,636	1,639,724
Trade receivables	18)	1,290,752	1,196,317
Other assets	19)	355,984	326,413
thereof financial assets		(147,634)	(147,915)
Income tax receivables		103,682	61,331
Cash and cash equivalents	21)	113,494	94,667
		3,772,548	**3,318,452**
Total assets		**10,564,812**	**10,206,196**
Equity			
Subscribed capital	22)	800,000	800,000
Capital reserves and retained earnings	23)	3,626,071	3,070,655
Effects of foreign currency translation		-137,791	-226,892
Equity attributable to B. Braun SE shareholders		**4,288,280**	**3,643,763**
Non-controlling interests	24)	559,671	514,600
Total equity		**4,847,951**	**4,158,363**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar commitments	25)	1,052,818	1,645,501
Other provisions	26)	131,061	136,874
Financial liabilities	27)	1,644,305	1,422,789
Trade accounts payable	29)	29	38
Other liabilities	29)	82,486	68,913
thereof financial liabilities		(4,584)	(4,871)
Deferred tax liabilities		176,212	116,154
		3,086,911	**3,390,269**
Current liabilities			
Other provisions	26)	81,122	72,249
Financial liabilities	27)	899,265	1,119,603
Trade accounts payable	29)	642,211	520,111
Other liabilities	29)	956,730	886,530
thereof financial liabilities		(368,358)	(314,008)
Current income tax liabilities		50,622	59,071
		2,629,950	**2,657,564**
Total liabilities		**5,716,861**	**6,047,833**
Total equity and liabilities		**10,564,812**	**10,206,196**

Consolidated financial statements
Consolidated statement of changes in equity

Consolidated statement of changes in equity

See notes 22-24	Subscribed capital '000	Capital reserves '000	Retained earnings '000	Other reserves '000	Treasury stock '000	Equity attributable to owners '000	Non-controlling interests '000	Equity '000
Jan. 01, 2021	800,000	80,020	**2,697,895**	**-359,709**	**0**	**3,218,208**	**422,767**	**3,640,974**
Profit distribution from B.Braun SE	0	0	-32,000	0	0	-32,000	0	-32,000
Increase in subscribed capital	0	0	0	0	0	0	0	0
Consolidated net income	0	0	251,806	0	0	251,806	48,321	300,127
Changes recognized directly in equity (after taxes)								
Changes in fair value of securities	0	0	0	9,283	0	9,283	594	9,877
Cash flow hedging instruments	0	0	0	-1,241	0	-1,241	-79	-1,320
Revaluation of pension obligations	0	0	89,752	0	0	89,752	11,049	100,801
Changes due to currency translation	0	0	0	133,689	0	133,689	18,531	152,220
Comprehensive income over the period	**0**	**0**	**341,558**	**141,731**	**0**	**483,289**	**78,416**	**561,705**
Other changes	0	0	-25,733	0	0	-25,733	13,416	-12,317
Dec. 31, 2021	**800,000**	**80,020**	**2,981,720**	**-217,978**	**0**	**3,643,764**	**514,599**	**4,158,362**
Jan. 01, 2022	**800,000**	**80,020**	**2,981,720**	**-217,978**	**0**	**3,643,764**	**514,599**	**4,158,362**
Profit distribution from B.Braun SE	0	0	-32,000	0	0	-32,000	0	-32,000
Increase in subscribed capital	0	0	0	0	0	0	0	0
Consolidated net income	0	0	120,099	0	0	120,099	23,800	143,899
Changes recognized directly in equity (after taxes)								
Changes in fair value of securities	0	0	0	715	0	715	39	754
Cash flow hedging instruments	0	0	0	4,744	0	4,744	-14	4,730
Revaluation of pension obligations	0	0	411,812	0	0	411,812	47,876	459,688
Changes due to currency translation	0	0	0	89,102	0	89,102	22,698	111,800
Comprehensive income over the period	**0**	**0**	**531,911**	**94,561**	**0**	**626,472**	**94,399**	**720,871**
Other changes	0	0	50,044	0	0	50,044	-49,326	718
Dec. 31, 2022	**800,000**	**80,020**	**3,531,675**	**-123,417**	**0**	**4,288,280**	**559,672**	**4,847,951**

Consolidated statement of cash flows

	Notes	2022 '000	2021 '000
Operating profit		234,179	450,524
Net position of monetary items as per IAS 29		7,389	0
Income tax paid		-132,345	-117,200
Depreciation and amortization of property, plant and equipment, and intangible assets (net of appreciation)		747,474	629,447
Change in non-current provisions		-607,897	-74,311
Interest received and other financial income		4,263	1,688
Interest paid and other financial expenditures		-35,068	-33,118
Other non-cash income and expenses		687,099	85,956
Gain/loss on the disposal of property, plant and equipment, and intangible or other assets		4,197	2,589
Gross cash flow	**34)**	**909,291**	**945,575**
Change in inventory		-250,981	-114,668
Change in receivables and other assets		-138,139	-18,095
Change in liabilities, current provisions and other liabilities (excluding financial liabilities)		198,690	141,171
Cash flow from operating activities (net cash flow)	**34)**	**718,861**	**953,983**
Investments in property, plant, and equipment, and intangible assets		-549,017	-605,504
Investments in financial assets		-6,627	-16,281
Acquisitions of subsidiaries, net of cash acquired		-37,316	-64,283
Proceeds from sale of subsidiaries and holdings		4,986	10,210
Proceeds from sale of property, plant and equipment, intangible assets and other financial assets		4,852	12,002
Dividends and similar revenues received		18,018	32,071
Cash flow from investing activities	**35)**	**-565,104**	**-631,785**
Free cash flow		**153,757**	**322,198**
Capital contributions		232	751
Dividends paid to B. Braun SE shareholders		-32,000	-32,000
Dividends paid to non-controlling interests		-12,267	-11,178
Deposits and repayments for profit-sharing rights		1,008	-1,633
Additions to loans		281,577	157,157
Loan repayments		-351,244	-456,554
Cash flow from financing activities	**36)**	**-112,694**	**-343,457**
Change in cash and cash equivalents		**41,063**	**-21,259**
Cash and cash equivalents at the start of the year		94,667	149,138
Exchange gains (losses) on cash and cash equivalents		-22,236	-33,211
Cash and cash equivalents at year end	**37)**	**113,494**	**94,667**

Notes

General Information

The consolidated financial statements of B. Braun SE—hereinafter also referred to as the B. Braun Group—as of December 31, 2022, have been prepared in compliance with section 315e (3) of the German Commercial Code (HGB) according to the International Financial Reporting Standards (IFRS) applicable as of the reporting date published by the International Accounting Standards Board (IASB), London, as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as stipulated by the EU, and have been published in the online edition of the German Federal Gazette (Bundesanzeiger).

B. Braun SE is an international family-owned company headquartered at Carl-Braun-Str. 1, 34212 Melsungen in the Federal Republic of Germany. B. Braun SE is registered in the commercial register of the Fritzlar District Court (HR B 12403).

B. Braun Holding GmbH & Co. KG in Melsungen is the parent company of B. Braun SE as defined in Section 290 (1) of the HGB and is required to produce consolidated financial statements that include the consolidated financial statements of B. Braun SE. The consolidated financial statements are submitted to the online edition of the German Federal Gazette.

B. Braun SE and its subsidiaries manufacture, market, and sell products and services for basic medical care, intensive care units, anesthesia and emergency care, extracorporeal blood treatment and core surgical procedures. The major manufacturing facilities are located in the EU, Switzerland, the US, Malaysia, Vietnam and Brazil. The company distributes its products via a worldwide network of subsidiaries and associated companies.

The Executive Board of B. Braun SE approved the consolidated financial statements for submission to the company's Supervisory Board on March 3, 2023. The Audit Committee of the Supervisory Board plans to discuss the consolidated financial statements at its meeting on March 8, 2023 and the Supervisory Board shall approve the consolidated financial statements at its meeting on March 21, 2023.

The consolidated financial statements have been prepared based on historical costs, except for financial assets/liabilities including derivative financial instruments measured at fair value through profit and loss. Unless otherwise indicated, the accounting policies were used consistently for all periods referred to in this report.

In the statement of financial position, a distinction is made between current and non-current assets and liabilities. The statement of income is presented using the cost-of-goods-sold method. Using this format, net sales are compared to expenses incurred to generate these sales, classified by the expense categories cost of goods sold, selling, general and administrative, and research and development. To improve the informational content of the consolidated statement of financial position and consolidated statement of income, further details on individual entries have been provided in the notes to the consolidated financial statements. The consolidated financial statements are in euros. Unless otherwise stated, all figures are in millions of euros (€ million). The figures in the consolidated financial statements have been rounded, which may result in rounding differences.

The financial statements of B. Braun SE and its subsidiaries included in the consolidated financial statements have been prepared using standardized Group accounting policies.

New and amended International Financial Reporting Standards and Interpretations whose application is mandatory for the first time for fiscal years beginning on or after January 01, 2022 (IAS 8.28)

Affected standards		Background	Adopted into EU law (endorsement)	Expected effects on the B. Braun Group
Time of application as of Jan. 01, 2022				
IFRS 3	Corporate merger	Addition of reference to updated conceptual framework and an explicit prohibition on recognizing contingent assets	Yes, on Jun. 28, 2021	No material effect
IAS 16	Property, plant and equipment: proceeds before intended use	Proceeds and costs must be reported separately if the produced item is not a result of ordinary business activity	Yes, on Jun. 28, 2021	No material effect
IAS 37	Onerous contracts: cost of fulfilling a contract	Clarification that all attributable costs should be included in the cost of fulfilling a contract (over the incremental cost)	Yes, on Jun. 28, 2021	No material effect
	Improvement to IFRS (2018–2020 cycle)	Minor amendments to IFRS standards or illustrative examples	Yes, on Jun. 28, 2021	No material effect
IAS 32 IFRS 16 IFRS 9 + IAS20 IS 7 IFRS 15	IFRS IC agenda decisions	Accounting for warrants Economic benefits from the use of a wind farm Accounting for the European Central Bank's TLTRO II program Demand deposits with contractual use restrictions IFRS 15: Is a software reseller a principal or an agent?	-	No material effect

New and amended International Financial Reporting Standards and Interpretations that have already been published, but whose application is not yet mandatory for companies whose fiscal year ends on December 31, 2022 (IAS 8.30) and whose adoption is still pending in some EU countries

Affected standards		Background	Adopted into EU law (endorsement)	Expected effects on the B. Braun Group
Time of application as of Jan. 01, 2023				
IAS 1 IFRS Practice Statement 2	Disclosure of accounting policies	Clarification that all material accounting policies must be disclosed. IFRS Practice Statement 2 offers guidance on applying the concept of materiality to disclosures	Mar. 02, 2022	No material effect expected
IAS 8	Changes in accounting estimates	Clarification on how to differentiate between chang-es in accounting policies and accounting estimates	Mar. 02, 2022	No material effect expected
IAS 12	Deferred tax on transactions	Requirement that companies recognize deferred tax on transactions resulting in taxable temporary differences on initial recognition	Aug. 11, 2022	No material effect expected
IFRS 10 IAS 28	Sales or contributions of assets of an investor	Clarification that the gain or loss from the transfer of assets to an associated company or joint venture must be recognized when a business operation is transferred	Pending	No material effect expected
IFRS 17	Insurance contracts	This standard supersedes IFRS 4 and contains three core principles for reporting insurance contracts and reinsurance contracts	Nov. 19, 2021	No material effect expected

Affected standards		Background	Adopted into EU law (endorsement)	Expected effects on the B. Braun Group
Time of application as of Jan. 01, 2024				
IAS 1	Classification of liabilities	Clarification that the classification of liabilities as current or non-current should be based on laws in force at the end of the reporting period	Pending	Effects still under examination
IFRS 16	Amendment: Lease liabilities in a sale and leaseback transaction	The amendment requires that lease liabilities be subsequently measured in a way that does not recognize any amount of the gain or loss that relates to the right of use it retains.	Pending	Effects still under examination

Critical assumptions and estimates for accounting policies

The preparation of financial statements in accordance with IFRS requires management to make assumptions and estimates that have an effect on the reported amounts and their related statements. While management makes these estimates to the best of its knowledge and abilities based on current events and measures, there is a possibility that actual results may differ. Estimates are necessary in particular when:

- assessing the need for and the amount of write-downs and other value adjustments
- measuring pension obligations
- recognizing and measuring provisions
- establishing inventory provisions
- evaluating the probability of realizing deferred tax assets
- calculating the value in use of cash-generating units (CGU) for impairment testing

The Group's management determines the expected useful life of intangible assets and property, plant and equipment as well as their depreciation or amortization based on estimates. These assumptions can change materially, e.g., as a result of technological innovations or changes in the competitive environment. Should their actual useful life be shorter than the estimate, management adjusts the amount of depreciation or amortization. Assets that are technologically outdated or no longer usable under the current business strategy are fully or partially written off.

The present value of pension obligations depends on a number of factors, which are based on actuarial assumptions. The assumptions used for the calculation of net pension expenses (and income) include the applicable discount rate for pension obligations. Any change in such assumptions will have an effect on the carrying amount of the pension provisions. Obligations from defined benefit pension plans, as well as pension expenses for the following year, are determined based on the parameters outlined under note 25.

The method of determining interest rates is unchanged from the year before. An interest yield curve is derived from the analysis of corporate bonds. The discount rate is calculated by measuring a sample cash flow comparable to the circumstances of B. Braun using the interest yield curve and deriving an equivalent standard discount rate.

The recognition and measurement of other provisions is based on estimates regarding the probability of a future outflow of resources, as well as experience and known circumstances as of the reporting date. The actual liability may differ from the amounts of the provisions established.

The estimate of inventory provisions is based on the projected net realizable value (i.e., the estimated selling price, less the estimated cost of completion and the estimated selling expenses). Actual sales and actual costs incurred may differ from these estimates.

Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available in the future. The actual taxable profits in future periods may differ from the estimates made on the date such deferred tax assets are capitalized.

Goodwill is tested for impairment annually based on a five year forecast using projections of specific annual growth rates for the subsequent period. An increase or decrease in the projected annual growth rates would alter the estimated fair value of a given cashgenerating unit.

Scope of consolidation

In addition to B. Braun SE, the consolidated financial statements include 72 domestic and 218 foreign subsidiaries for which B. Braun SE is exposed to variable returns and has the ability to influence them.

Subsidiaries are included in the consolidated financial statements effective on the day control is assumed by the Group. Consolidation is discontinued as of the day on which such control ends.

The change in the number of Group companies as of December 31, 2022 compared to 2021 is shown below:

	2022	2021
Included as of Dec, 31 of previous year	299	290
Companies included for the first time	0	16
Company consolidations discontinued	-5	-4
Corporate mergers	-4	-3
Included as of Dec, 31 of reporting year	290	299

With the exception of the sale of the provider business in Colombia on March 15, 2022, company deconsolidations had no material impact on the statement of financial position or the statement of income in FY 2022. The deconsolidation of B. Braun AVITUM S.A.S in Colombia resulted in a loss of € 5.8 million, which was reported under other operating expenses. Restructuring within the B. Braun Group also reduced non-controlling interests by € 24.4 million.

Initial consolidations had no impact on the statement of income or statement of financial position in FY 2022 as no new companies were added.

Holdings in 1 joint venture and 19 associated companies are recognized in the consolidated financial statements as of the reporting date. Two associated companies were not measured using the equity method on materiality grounds.

REVIUM Rückversicherung AG is included in the consolidated financial statements of B. Braun SE as a wholly-owned subsidiary. The only business purpose of REVIUM Rückversicherung AG is to arrange reinsurance with companies (direct insurers) with which B. Braun SE has taken out insurance contracts. It does not arrange any insurance contracts with third parties that extend beyond this and does not cover risks outside of the B. Braun Group. Due to its narrowly defined business purpose, REVIUM Rückversicherung AG has no material impact on the net assets, financial position, and earnings situation of the B. Braun Group as a whole.

As part of an asset-backed securities program, trade receivables for individual Group companies are assigned to a structured unit. This structured unit is not consolidated in the B. Braun SE consolidated financial statements. Please see note 18 for further information.

The complete list of shareholdings belonging to the Group and to B. Braun SE is provided in the notes to the consolidated financial statements and will be published in the online edition of the German Federal Gazette (Bundesanzeiger).

The following companies included in the B. Braun SE consolidated financial statements exercise facilitations set forth in sections 264 (b) and/or 264 (3) HGB and are thus exempted from having to compile notes and a management report or publish financial statements:

Aesculap AG, Tuttlingen
Aesculap Akademie GmbH, Tuttlingen
AESCULAP INTERNATIONAL GMBH, Tuttlingen
AESCULAP SUHL GmbH, Suhl
ALMO-Erzeugnisse Erwin Busch GmbH, Bad Arolsen
B. Braun Ambulantes Herzzentrum Kassel MVZ GmbH, Kassel
B. Braun Avitum AG, Melsungen
B. Braun Avitum Saxonia GmbH, Radeberg
B. Braun Deutschland GmbH & Co. KG, Melsungen
B. Braun Facility Services GmbH & Co. KG, Melsungen
B. Braun Gesundheitsservice GmbH, Hürth
B. Braun Medical AG, Melsungen
B. Braun Medizinisches Versorgungszentrum Baunatal GmbH, Baunatal
B. Braun Melsungen AG, Melsungen
B. Braun Miethke GmbH & Co. KG, Potsdam
B. Braun New Ventures GmbH, Freiburg im Breisgau

B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen
B. Braun Surgical GmbH, Melsungen
B. Braun Vet Care GmbH, Tuttlingen
B. Braun via medis GmbH, Melsungen
BBM Group Insurance Broker GmbH, Melsungen
Bibliomed Medizinische Verlagsgesellschaft mbH, Melsungen
CeCaVa GmbH & Co. KG, Tübingen
DTZ Dialyse Trainings-Zentren GmbH, Nuremberg
DTZ Oldenburg i.H. MVZ GmbH, Oldenburg in Holstein
DTZ Sigmaringen MVZ GmbH, Sigmaringen
DTZ Waldshut MVZ GmbH, Waldshut-Tiengen
INKO Internationale Handelskontor GmbH, Roth
Invitec GmbH & Co. KG, Essen
ISYMED Gesellschaft für innovative Systeme in der Medizin mbH, Butzbach
Medizinisches Versorgungszentrum ViaMedis Remscheid GmbH, Remscheid
MVZ Hagenow GmbH, Hagenow
MVZ Ludwigslust GmbH, Ludwigslust
MVZ Medizinisches Versorgungszentrum Saarbrücken GmbH, Saarbrücken
MVZ Parchim GmbH, Parchim
MVZ Schwerin Ost GmbH, Schwerin
MVZ Schwerin West GmbH, Schwerin
Nierenzentrum Bad Kissingen MVZ GmbH, Bad Kissingen
NUTRICHEM DIÄT + PHARMA GMBH, Roth
Paul Müller Technische Produkte GmbH, Melsungen
PPC Projekt-Planung & Consulting GmbH, Melsungen
SteriLog GmbH, Tuttlingen
via medis Medizinisches Versorgungszentrum Südharz GmbH, Herzberg am Harz
via medis Nierenzentrum Bad Neustadt MVZ GmbH, Bad Neustadt an der Saale
via medis Nierenzentrum Braunschweig MVZ GmbH, Braunschweig
via medis Nierenzentrum Braunschweig-Mitte MVZ GmbH, Braunschweig
via medis Nierenzentrum Bremerhaven MVZ GmbH, Bremerhaven
via medis Nierenzentrum Bremerhaven-Speckenbüttel MVZ GmbH, Bremerhaven-Speckenbüttel
via medis Nierenzentrum Dresden MVZ GmbH, Dresden
via medis Nierenzentrum Dudweiler MVZ GmbH, Saarbrücken-Dudweiler
via medis Nierenzentrum Neu-Ulm MVZ GmbH, Neu-Ulm
via medis Nierenzentrum Oldenburg MVZ GmbH, Oldenburg
via medis Nierenzentrum Riesa MVZ GmbH, Riesa
via medis Nierenzentrum Südpfalz MVZ GmbH, Landau in der Pfalz
via medis Nierenzentrum Suhl MVZ GmbH, Suhl
via medis Nierenzentrum Wolfenbüttel MVZ GmbH, Wolfenbüttel
ViaMedis Nierenzentrum Gifhorn MVZ GmbH, Gifhorn

The companies listed above exercise their right to the exemptions.

Principles of consolidation

a) Subsidiaries
Subsidiaries, i.e., corporations that are controlled by B. Braun SE, are included in the scope of consolidation. B. Braun SE controls an entity when it is exposed to variable returns from its involvement with the investee, has entitlements to said returns and has the ability to affect those returns through its power over the investee.

Subsidiaries are initially consolidated on the first day on which B. Braun SE assumes the right of disposal of the acquired company; they are excluded from consolidation once B. Braun SE forfeits such control. Right of disposal occurs when B. Braun SE has the ability to direct the relevant activities of the investee because it possesses the majority of the voting rights or other contractual rights. The acquisition of subsidiaries is recognized using the purchase method. The cost of acquiring a subsidiary is calculated based on payments of cash and cash equivalents, together with the fair value of assets transferred, shares issued, and/or liabilities acquired when initial control is gained. Acquisition-related costs for a business combination are expensed. Conditional purchase price components are recognized at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent purchase price liability are recognized in profit or loss or in other comprehensive income. Acquisition costs that exceed the proportionate acquired share of the fair value of the subsidiary's net assets are recognized as goodwill.

Assets, debts and contingent liabilities identifiable upon a merger of companies are valued on initial consolidation at the fair values attributable to them, regardless of the size of any non-controlling interests. For each company acquisition, whether the non-controlling interests in the company acquired are recognized at fair value or using the proportionate share of net assets of the acquired company is determined on an individual basis. The option to recognize non-controlling interests at fair value is currently not exercised. Therefore, non-controlling interests are recognized at their proportionate share of net assets and no goodwill is recognized for non-controlling interests.

Goodwill generated by the acquisition of non-controlling interests in fully consolidated companies is offset against retained earnings. Where assets and liabilities are measured at fair value for the gradual acquisition of companies fully consolidated for the first time, the revaluation of the "old" tranches is recognized through profit or loss.

Intercompany receivables and payables as well as expenditures and income are offset against each other. Unrealized gains on transactions between companies within the Group are eliminated in full. Unrealized losses are eliminated insofar as the resulting costs of acquisition or manufacture do not exceed the recoverable amount of the underlying asset. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

Subsidiary companies' accounting policies are, where necessary, adapted to those used to produce the consolidated financial statements.

b) Associated companies
Associated companies are companies over which the Group has significant influence but no control, generally accompanied by a holding of 20 to 50 percent of the voting rights. Investments in associated companies are accounted for using the equity method and are initially recognized at cost. The Group's investment in associated companies includes goodwill identified on acquisition (net of any accumulated impairments).

The Group's share of associated companies' post acquisition profits or losses is recognized in the statement of income, and its share of post acquisition changes in retained earnings is recognized in the Group's retained earnings. The cumulative post acquisition changes are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associated company.

Unrealized gains from transactions between the Group and its associated companies are, where material, eliminated to the extent of the Group's share in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of associated companies were adjusted, where necessary, to align them with the policies of the Group.

c) Joint agreements
Investments in joint agreements are classified as either a joint operation or a joint venture. B. Braun SE's joint agreements constitute joint ventures. These are included in the consolidated financial statements using the equity method. The shares are initially recognized at cost and are subsequently updated in order to reflect the Group's share in the profits and losses in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in this company, including any other unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the joint venture. Unrealized gains arising from transactions with joint ventures are eliminated in the amount equal to the Group's share. Unrealized losses are also eliminated unless the transferred assets are impaired.

d) Owners of non-controlling interests
Transactions with owners of non-controlling interests are treated in the same way as transactions with parties within the Group. Sales of shares to owners of non-controlling interests result in gains or losses being recognized in the consolidated financial statements. Conversely, purchases of shares from owners of non-controlling interests result in the recognition of goodwill equivalent to the difference between the purchase price and the proportional carrying amount of the subsidiary's net assets.

Consolidated financial statements
Notes

Foreign Currency Translation

a) Functional and reporting currency
Items included in the financial statements of each of the Group's subsidiaries are stated using the currency of the primary economic environment in which the company operates (functional currency).

The consolidated financial statements are stated in euros as this is the Group's functional and reporting currency.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the prevailing exchange rate on the date of the transaction. Foreign exchange expenses and income resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate are recognized in the statement of income.

Translation differences on monetary items where fair value changes are directly recognized in equity are reported as part of the gain or loss from fair value measurement. On the other hand, translation differences on non-monetary items where fair value changes are directly recognized in equity are included in the revaluation reserve in equity.

c) Subsidiaries
All items in the statements of income and statements of financial position of all Group subsidiaries that are in a currency other than the Group's reporting currency are translated into the reporting currency as follows:

– Assets and liabilities are translated at the closing rate on the reporting date
– Gains and losses are translated at average exchange rates
– All resulting exchange differences are recognized as a separate component of equity (effects of foreign currency translation)

Goodwill and fair value adjustments arising from the acquisition of foreign companies are treated as assets and liabilities of the foreign company and translated at the closing rate.

Upon the sale of a foreign business, currency differences formerly recognized in equity are recorded in the statement of income as gains or losses on disposal.

d) Hyperinflation
Due to the current inflation trends in Argentina and Turkey, the subsidiaries of the B. Braun Group located there with the Argentine peso/Turkish lira as their functional currency must apply the accounting standard IAS 29 – Financial Reporting in Hyperinflationary Economies. As part of an initial application, the carrying value of non-monetary assets and liabilities must be recognized in equity using a general price index. The application is retroactive, as though the economies have always been hyperinflationary. The debtor's gain or creditor's loss resulting from the adjustment of non-monetary assets and liabilities as well as equity to reflect the price index is reported in the statement of income as other operating income or expenses. After the statement of financial position and statement of income are adjusted for hyperinflation, they are converted to the reporting currency as of the reporting date.

In Argentina, a general consumer price index from the National Institute of Statistics and Census of Argentina (indec, Instituto Nacional de Estadística y Censos) was applied, which was 1,134.32 on December 31, 2022 (previous year: 582.46). For Turkey, a general consumer price index was also applied from the Turkish Statistical Institute, which was 1,128.45 on December 31, 2022 (previous year: 686.95).

The following chart shows the previous year's adjustments of the Argentine subsidiary in property, plant and equipment:

Cost of acquisition or manufacture Adjustment of FY 2021 to hyperinflation	Land and buildings '000	Technical plants and machinery '000	Other plants, operating and office equipment '000	Total '000
Increase in property, plant and equipment	10,230	8,261	1,156	19,647
Depreciation as per IAS 29	3,366	2,719	380	6,465
Adjusted amount as of Dec. 31, 2021	**6,864**	**5,542**	**776**	**13,182**

Equity also increased € 13.2 million, with creditor's loss included in retained earnings because the amount is not material.

Comparison of select currencies

	Closing mid-rate on reporting date			Average annual rate		
ISO code	Dec. 31, 2022	Dec. 31, 2021	+ – in percent	2022	2021	+ – in percent
1 EUR = USD	1.068	1.132	-5.7	1.054	1.184	-10.9
1 EUR = GBP	0.887	0.840	5.6	0.853	0.860	-0.9
1 EUR = CHF	0.985	1.033	-4.7	1.005	1.081	-7.0
1 EUR = MYR	4.703	4.716	-0.3	4.630	4.902	-5.6
1 EUR = JPY	140.680	130.320	7.9	138.058	129.856	6.3

Accounting Policies

Sales

Sales from customer contracts are recognized based on a five-stage framework model in which consideration is expected for the performance obligations assumed, i.e., the transfer of goods/rendering of services. This comprises the following:

- Identification of the contract with a customer
- Identification of the discrete performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of sales upon fulfillment of the performance obligations by the Group

The application of this model depends on the individual circumstances in the contract with a customer and requires discretionary decisions. The transaction price is the consideration the Group expects to receive from the customer for the transfer of goods or the rendering of services. In cases where a contract contains elements with a variable consideration (e.g., from deductions, rebates, discounts, bonuses, reimbursements), the amount of the variable consideration the Group expects to receive under the contract is estimated. Variable amounts are only included in the transaction price to the extent it is considered very likely that the subsequent loss of uncertainty with regard to the amount of these variable amounts does not lead to a substantial change in sales. If a contract comprises multiple performance obligations, the transaction price is allocated to the contractual performance obligations based on the individual sale prices. Deductions in price are also allocated based on

the relative individual sale prices. If the contract includes a significant financial agreement, the transaction price is adjusted by the fair value of the money unless the period between the rendering of the service and payment by the customer is likely to be less than 12 months. Sales are recognized when control, i.e., the ability to benefit from the rendered service and to determine further use, is transferred. This can occur either at a specific point in time or over a period of time. Sales are recognized over a period of time when one of the following criteria is met:

- The company provides a good or service and the customer obtains and benefits from the rendered good or service
- With its good or service, the company produces or enhances an asset over which the customer has control while it is being produced or enhanced
- With its good or service, the company produces an asset that cannot otherwise be used by the company; in the process, the company has a monetary claim for the services rendered and can also expect the remainder of the contract to be performed as stipulated

If the performance obligation is not fulfilled over a period of time, it is fulfilled at a specific point in time. The following factors are used to determine the point at which control is transferred:

- The Group presently owns the right to payment for the asset
- The customer has legal ownership of the asset
- The company has physically transferred (i.e., possession of) the asset
- The principal risks and opportunities arising from possession of the asset lie with the customer
- The customer has accepted the asset

Intangible assets

a) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets and liabilities of the acquired company on the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in the carrying amount for investments in affiliates. Goodwill is tested for impairment at least once a year and is carried at cost less accumulated impairment losses. Write-downs of goodwill are reported under other operating expenses. Write-ups in value are not permitted. Gains and losses on the sale of companies include the carrying amount of the goodwill relating to the company sold.

b) Development costs
The B. Braun Group invests a significant portion of its financial assets in research and development. In addition to internal research and development activities, the Group maintains numerous cooperative relationships with third parties.

Development expenses are defined as costs related to applying research findings or specialized knowledge for production planning and the manufacturing process before production or use has commenced. Development expenses are capitalized as intangible assets where it is regarded as likely that the project will be commercially successful, technically feasible and the costs can be reliably measured. Other development costs that do not meet these criteria are expensed as they occur. Development costs that have previously been expensed are not capitalized in subsequent years. Capitalized development costs are shown as internally created intangible assets. Please see c) below regarding the useful life, amortization method, and review of residual carrying amounts.

c) Other intangible assets
Acquired intangible assets are recognized at acquisition cost. Internally developed intangible assets where future economic benefit is likely to flow to the Group and the costs of the asset can be reliably measured are recognized at the cost incurred during the development phase. This includes all costs directly related to the development process, as well as appropriate portions of relevant overhead costs. Intangible assets with finite useful lives are amortized on a straightline method over a period of four to eight years. The defined benefit amortization method is used for reasonable exceptions.

Residual carrying amounts and expected useful lives are reviewed at each reporting date and adjusted if necessary.

A write-down is taken at the reporting date if the recoverable amount of an intangible asset falls below its carrying amount.

The write-downs of other intangible assets are recognized in the functional areas that are using the respective asset. Write-ups to a maximum of the amortized acquisition or manufacturing cost are shown under other operating income.

Intangible assets with indefinite useful lives, if present, are tested for impairment at least once a year. Besides goodwill, the Group did not own any material intangible assets with indefinite useful lives in the reporting periods presented.

Impairment of non-financial assets

At each reporting date, the carrying amounts of intangible assets as well as property, plant and equipment are evaluated for indications of impairment. Where there is such an indication, an impairment test is conducted by comparing the carrying amount of the asset in question with its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use (net present value of expected free cash flows). The test can be conducted for a cash-generating unit (CGU) where the recoverable amount cannot be determined because the asset does not generate cash inflows that are largely independent of those from other assets. If an asset's recoverable amount is less than its carrying amount, an impairment is recognized through profit and loss. This impairment can be reversed through profit and loss at a later point in time if the recoverable amount of the asset is later found to be higher. However, the increased carrying amount due to reversal may not be higher than what it would have been if the impairment had not been recognized.

Property, plant and equipment

Tangible assets that are utilized during the ordinary course of business for more than one year are recognized at their acquisition or manufacturing cost less depreciation using the straight line method. The manufacturing costs include all costs directly related to the manufacturing process and appropriate portions of relevant overhead costs. Scheduled depreciation of property, plant and equipment is based on the straightline method, in which the cost will be recognized over the estimated useful life until the residual value is reached. The useful lives applied correspond to the expected useful lives within the Group.

The following useful lives are the basis for depreciation of property, plant and equipment:

Buildings	25 - 50 years
Technical plants and machinery*	5 - 20 years
Vehicles	6 years
Operating and office equipment	4 - 20 years

*1-shift operation

Land is not depreciated. Property rights are amortized over the useful life of that property.

Acquisition and manufacturing costs that are incurred at a later point are recognized as part of the asset or as a separate asset only when it is likely that the future economic benefits associated with the asset will flow to the Group and that the cost of the asset can be reliably measured. All repairs and maintenance are reported as expenses in the statement of income of the fiscal year in which they occur.

Residual carrying amounts and expected useful lives are reviewed at each reporting date and adjusted if necessary.

A write-down is taken at the reporting date if the recoverable amount of a piece of property, plant or equipment falls below its carrying amount.

Depreciation of property, plant and equipment is recognized in the functional areas using the asset. Write-ups to a maximum of the amortized acquisition or manufacturing cost are shown under other operating income. Gains and losses from disposals are recognized in the statement of income.

Government grants are recognized at fair value if receipt of the grant and the Group compliance with any conditions associated with the grant are highly likely.

Outside borrowing costs directly attributable to the acquisition, construction or development of a qualifying asset are capitalized as part of the asset's acquisition or manufacturing cost.

Investment real estate is held for the purpose of long-term rental income and is not used by the Group itself. It is measured at amortized acquisition or manufacturing cost less depreciation using the straight line method. Useful life is 25–50 years. Fair value is calculated based on several comparable properties.

Leases

Assets and liabilities from leases are measured at present value when first recognized. Leasing liabilities include the present value of the following lease payments:

- Fixed payments, including fixed payments less any leasing incentives
- Variable lease payments linked to an index or (interest) rate, initially valued with the index or (interest) rate on the provision date
- Expected payments from the utilization of residual value guarantees
- The strike price buying option whose exercising is deemed reasonably certain
- Penalties related to the termination of a lease provided the exercising of the termination option is deemed reasonably certain
- Lease payments based on utilization of extension options that is deemed reasonably certain

Lease payments are discounted at the lessee's incremental borrowing rate since the implicit interest rate on which the lease is based is typically not readily identifiable. The incremental borrowing rate is determined based on currency-specific and term-specific swap rates and contains margin and risk surcharges. Potential future increases in variable lease payments that may arise from a change in an index or (interest) rate are not factored into the leasing liability until they become effective. Once appropriate changes take effect on the lease payments, the leasing liability and lease asset are adjusted. Lease payments are divided into principal and interest payments. The interest portion is recognized in the statement of income over the term of the lease, producing a constant periodic interest rate for the remaining amount of the liability for each period. Lease assets are valued at cost of acquisition, which is calculated as follows:

- The initially valued amount of the leasing liability
- All lease payments already made less any leasing incentives received
- All initial direct costs incurred by the lessee
- Estimated costs incurred by the lessee for removal of the underlying asset, restoration of the site where the asset is located or back-transfer of the underlying asset in the condition stipulated with the lessor

Write-downs are taken on lease assets using the straight-line method over the shorter of two periods: the useful life of the lease asset or the term of the underlying lease agreement. If the exercising of a buying option is deemed reasonably certain, the lease asset is depreciated over its useful life.

The agreements can contain both leasing and non-leasing components. For agreements for property and vehicles, the Group allocates the transaction price to these components based on their relative individual sale prices. In all other instances, the Group exercises its option not to divide the agreement into leasing and non-leasing components, rather treating the entire agreement as a lease agreement. Payments for short-term leases of up to 12 months and leases for low-value assets up to US$ 5,000 are recorded in the statement of income. This also applies to variable lease payments not linked to an index or (interest) rate.

The Group distinguishes leases in which it is the lessor between:

- Finance leases when all risks and opportunities associated with the underlying asset are transferred in all material respects
- Operating leases when not all risks and opportunities associated with the underlying asset are transferred in all material respects

For a finance lease, the Group initially reports a receivable in the amount of the net investment in the lease agreement that corresponds to the cash value of the lease payments as well as the guaranteed residual value. The net investment is discounted at the interest rate on which the lease agreement is based. Financial income is reported according to a model of constant, periodic interest charged for the net investment in the lease agreement over the duration of the lease.

In an operating lease agreement, the asset on which the lease is based is depreciated over its usual economic lifetime. The lease payments are reported as linear income or on some other systematic basis when they are better suited to the model under which the benefit from using the underlying asset is reduced.

Financial investments recognized using the equity method of accounting and other financial investments

For a finance lease, the Group initially reports a receivable in the amount of the net investment in the lease agreement that corresponds to the cash value of the lease payments as well as the guaranteed residual value. The net investment is discounted at the interest rate on which the lease agreement is based. Financial income is reported according to a model of constant, periodic interest charged for the net investment in the lease agreement over the duration of the lease.

In an operating lease agreement, the asset on which the lease is based is depreciated over its usual economic lifetime. The lease payments are reported as linear income or on some other systematic basis when they are better suited to the model under which the benefit from using the underlying asset is reduced.

Categories of financial assets

Financial assets are divided into the following two categories:

– financial assets and liabilities at amortized cost and
– financial assets measured at fair value.

When financial assets are measured at fair value, losses and gains are recognized either completely in the balance sheet result (at fair value through profit and loss) or in other income (at fair value through other comprehensive income) with or without subsequent reclassification in the statement of income. However, financial investments in equity instruments, were classified at fair value through other comprehensive income, since as strategic, long-term investments, they are not held with the intention of realizing a short-term gain.

The classification is determined when the financial asset is first recognized, i.e., when the B. Braun Group becomes counterparty to the contractual agreements of the instrument.

A debt instrument meeting the following two conditions is measured at amortized cost:

– Business model condition: The goal of the B. Braun Group business model is to hold financial assets in order to collect the contractual cash flows
– Cash flow condition: The contractual conditions of the financial asset result at fixed times in cash flows that are only repayments of parts of the par value and the interest on the yet unpaid parts of the par value

A debt instrument meeting the following two conditions is measured at fair value with changes in value recognized in other income and subsequent reclassification in the statement of income:

– Business model condition: The goal of the B. Braun Group business model is accomplished both by collecting the contractual cash flows from financial assets and selling financial assets
– Cash flow condition: The contractual conditions of the financial asset result at fixed times in cash flows that are only repayments of parts of the par value and the interest on the yet unpaid parts of the par value

All other debt instruments are measured at fair value with changes in value recognized in the balance sheet result (at fair value through profit or loss).

All held equity instruments are recognized at fair value. Changes in value are recognized in the balance sheet result. When an equity instrument is not held for trading, the B. Braun Group can make the irrevocable decision to recognize it at fair value with changes in value recognized in other income. In this case, it cannot be subsequently reclassified in the income statement.

A regular-way purchase or sale of financial assets is recognized using trade date accounting. Financial assets are derecognized when claims to the receipt of cash flows from the financial assets have been transferred or have expired and the Group has transferred all risks and opportunities of ownership in all material respects.

Impairment of financial assets

Impairments of held debt instruments that are not measured at fair value through profit or loss are based on the premise of portraying expected losses. These are recognized with one of the following amounts:

– The "expected 12-month loss" (present value of the expected payment defaults resulting from potential default events within the next 12 months after the reporting date)
– The total loss expected over the residual term of the instrument (present value of the expected payment defaults as a consequence of all potential default events over the residual term of the financial instrument)

For trade receivables with and without significant financial components, contractual assets and leasing receivables, impairment is always determined based on the loss expected over the entire term. For all other instruments, impairment is only determined based on the loss expected over the entire term if the credit risk has increased substantially since initial recognition. Whether the risk of default has increased significantly or not is evaluated based on an increase in the probability of default since addition.

Otherwise, impairment is determined based solely on the expected losses that would result from a default event within 12 months after the reporting date. In this case, therefore, loss events that could occur later than 12 months after the reporting date are not included.

A financial asset objectively indicates impairment if one or more events have occurred that show a significant impact on the expected future cash flows of the financial asset. This includes observable data obtained about the following events:

– The issuer or debtor facing significant financial difficulties
– A breach of contract, such as default or delinquency on interest or principal payments
– The creditor making concessions to the borrower for economic or contractual reasons in relation to the borrower's financial difficulties that the creditor would not otherwise make
– An increased probability that the borrower will enter bankruptcy or financial reorganization
– Disappearance of an active market for this financial asset due to financial difficulties
– The acquisition or issuance of a financial asset at a high discount that reflects the incurred credit losses

For trade receivables, a write-down chart has been established to determine the expected losses over the residual term as a fixed percentage depending on the length of delinquency. Forward-looking macroeconomic information is not included, since the Group considers it not to have any substantial impact on the losses expected over the residual term.

Uncollectible receivables are written off when the Group becomes aware the receivable cannot be collected.

Assets and debts held for sale

Assets held for sale are assets that can be sold in their current condition that are very likely to be sold. Sale is expected within one year of classification. Debts intended to be sold along with assets in a transaction are also reported separately. Assets held for sale are no longer depreciated, rather they are recognized at fair value less costs to sell if lower than the carrying amount. Results from valuing assets held for sale and sale groups are reported as results from continuing operations until finally sold. Results from valuing segments intended for sale are reported as results from discontinued operations.

Inventory

Under IAS 2, inventories include assets that are held for sale in the ordinary course of business (finished products and merchandise), assets that are in the production process for sale in the ordinary course of business (work in progress), and assets that are consumed in the production process or performance of services (raw materials and supplies). Inventories are measured at the lower of cost and net realizable value, which is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses, applying the weighted average cost formula. Related to this, the risks, in particular those arising from the storage period, reduced usability, etc., are taken into account by means of devaluations.

In addition to direct expenses, manufacturing costs include allocated raw material and production overheads as well as depreciation related to production plant and equipment. Allocated costs related to pensions and voluntary social contributions made by the company are also included. Administrative expenses are included in the costs if they relate to manufacturing.

Provisions for pensions and similar obligations

Our actuary calculates provisions for pensions and similar obligations using the projected unit credit method in accordance with IAS 19, taking into account future pay and pension increases and staffing fluctuations. Revaluations of net financial debt are recognized in equity in the period in which they occur.

Net interest on net financial debt is reported under financial income.

Any excess of plan assets over the pension obligations is recognized as an asset only if it represents the net present value of the economic benefits.

Other provisions

Provisions are recognized when a current legal or constructive commitment has arisen for the Group as a result of a past event, an outflow of resources to settle the commitment is likely and the amount can be estimated reliably. If a number of commitments of a similar type exist, the outflow is recognized as a liability at the most probable value for the Group.

Provisions are recognized for onerous contracts if the expected benefit from the contractual claim is less than the expected costs to settle the obligation. Any associated assets are tested for impairment before such a provision is created.

Provisions due after more than one year are measured at discounted present value.

Provisions are released against the expense items for which they were created. If additions to provisions were recognized under other operating expenses, the release of these amounts is shown under the corresponding other operating income item.

Financial liabilities

Financial liabilities are initially recognized at fair value less transaction costs. In subsequent periods, they are measured at amortized cost. Any difference between the amount disbursed (less transaction costs) and the repayment amount is spread across the term of the loan using the effective interest method and recognized in the statement of income.

Liabilities from loans are recognized as current liabilities unless the Group has the unconditional right to defer repayment of the liability to at least 12 months after the reporting date.

Liabilities

Financial liabilities comprise trade accounts payable and other liabilities. Financial liabilities are initially recognized at fair value less transaction costs.

Current liabilities have a residual maturity of up to one year and are stated at their repayment or settlement amount. Non-current liabilities that are not the underlying transaction in permissible hedge accounting are recognized at the cost of acquisition.

Accruals and deferrals are recognized under other liabilities.

Derivative financial instruments

Derivative financial instruments are recognized using trade date accounting. They are initially measured at their fair value on the date the contract is concluded. They are subsequently measured at their fair value as of each reporting date. The method of recording gains and losses depends on whether the derivative financial instruments in question have been designated as hedging instruments and, if so, on the nature of the hedged item. The fair values of the various derivative financial instruments used for hedging purposes are recognized under other assets/liabilities. Changes in the valuation reserve for cash flow hedges are shown in the consolidated statement of changes in equity. Derivative financial instruments and derivative financial instruments designated as hedging instruments that are measured at fair value through profit or loss are reported as current assets/liabilities provided the residual term does not exceed 12 months. Otherwise, they are recognized as non-current assets/liabilities.

When a hedging transaction designated as a cash flow hedge expires or is sold, or the designation is deliberately reversed or no longer meets the criteria to be accounted for as a hedging transaction, gains or losses accumulated in equity up to that point remain in equity and are only recognized in the statement of income when the future transaction originally hedged occurs and is recognized in the statement of income. If the future transaction is no longer expected to occur, gains or losses accumulated in equity must be immediately reclassified to the statement of income.

Note 32 provides additional explanatory information about the use of derivative financial instruments as part of risk management.

Deferred taxes

Deferred taxes are recognized using the liability method for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements unless deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the balance sheet result nor the taxable period result. Deferred taxes are measured using tax rates and laws that have been enacted or substantially enacted as of the reporting date and are expected to apply when the related deferred tax assets are realized, or the deferred tax liabilities are settled.

Deferred tax assets result primarily from temporary differences between the financial statements compiled in accordance with IFRS and the tax bases of individual companies as well as from consolidation. Deferred tax assets stemming from losses carried forward and tax credits are recognized to the extent that it is likely that future taxable income will be available against which the losses carried forward can be offset.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associates are recognized except where the timing of the reversal of the temporary differences can be controlled by the Group and it is likely that the temporary differences will not be reversed in the foreseeable future. Please also see note 10 "Income taxes."

Notes on the consolidated statement of income

1 Sales

The following chart shows sales trends by division, region and type:

Sales by division	2022 '000	Percent	2021 '000	Percent	+ - in percent
Hospital Care	4,541,613	53.4	4,125,121	52.5	10.1
Aesculap	2,056,405	24.2	1,869,123	23.8	10.0
Avitum	1,861,929	21.9	1,830,443	23.3	1.7
Other sales	39,899	0.5	35,088	0.4	13.7
	8,499,846	**100.0**	**7,859,775**	**100.0**	**8.1**

Sales by region	2022 '000	Percent	2021 '000	Percent	+ - in percent
Germany	1,289,039	15.2	1,362,901	17.3	-5.4
Europe (without Germany)	2,783,582	32.7	2,563,551	32.6	8.6
North America	2,267,979	26.7	1,952,200	24.8	16.2
Asia-Pacific	1,407,374	16.6	1,345,514	17.2	4.6
Latin America	478,082	5.6	409,694	5.2	16.7
Africa and the Middle East	273,790	3.2	225,915	2.9	21.2
	8,499,846	**100.0**	**7,859,775**	**100.0**	**8.1**

Sales by type	2022 '000	Percent	2021 '000	Percent	+ - in percent
Sales of products	7,342,461	86.4	6,808,819	86.6	7.8
Sales from services	1,157,385	13.6	1,050,956	13.4	10.1
	8,499,846	**100.0**	**7,859,775**	**100.0**	**8.1**

Outstanding contractual obligations total € 280.3 million (previous year: € 284.2 million). It is expected that this amount will be able to be recognized as sales within five years.

2 Cost of goods sold

Cost of goods sold includes the manufacturing costs of goods sold and the acquisition costs of merchandise sold. In addition to direct costs such as material, personnel and energy costs, manufacturing costs contain production-related overhead expenses including depreciation of property, plant, and equipment. Cost of goods sold also includes inventory write-downs.

3 Selling and administrative expenses

Selling expenses include expenditures for marketing, sales organization, and distribution. This category also contains the expenses related to customer training and consulting on technical product use. General administrative expenses comprise administrative expenses unrelated to production or sales.

4 Research and development expenses

Research and development expenses include costs for research, product and process development including expenditures for external services, and the depreciation of capitalized development costs. All research costs are expensed at the time they are incurred.

Development costs are capitalized where all the conditions for capitalization under IAS 38 are met.

5 Other operating income

	2022 '000	2021 '000
Currency gains	462,132	236,054
Additional income	36,637	26,670
Derivative financial instruments	20,351	6,938
Income from other periods	5,702	9,598
Proceeds from appreciation of current financial assets	3,179	3,165
Proceeds from the disposal of assets	2,564	6,879
Proceeds from the release of provisions	10,655	6,620
Other	32,881	52,040
	574,101	**347,964**

Currency gains primarily include gains from currency fluctuations between transaction and payment days from receivables and payables denominated in foreign currencies as well as gains resulting from translation at the periodend exchange rate.

Additional income includes, in particular, cost reimbursements from third parties and income from cafeteria sales.

Changes in the fair value of forward foreign exchange contracts that are not designated for hedge accounting are reported under derivative financial instruments.

Other operating income includes primarily payments of damages as well as government grants related to income and other factors. Income-related grants are recognized in the period in which the corresponding expenses occur. They amount to € 0.9 million (previous year: € 3.1 million). During the fiscal year, grants of € 0.9 million (previous year: € 2.9 million) were recognized through profit and loss. Compared to last year, no grants were granted as compensation related to the coronavirus pandemic.

Other income includes numerous types of income, however, their individual valuations are not materially significant.

6 Other operating expenses

	2022 '000	2021 '000
Currency losses	504,814	239,730
Losses from impairment of current financial assets	17,037	7,787
Additions to provisions	15,292	9,134
Losses on the disposal of assets	7,190	10,101
Expenses from other periods	4,684	6,127
Derivative financial instruments	6,484	15,503
Other	113,840	70,599
	669,341	**358,981**

Currency losses primarily include losses from currency fluctuations between transaction and payment days from receivables and payables denominated in foreign currencies as well as losses resulting from translation at the exchange rate prevailing on the reporting date.

Losses from impairment of current financial assets refer to value adjustments to trade receivables.

"Additions to provisions" primarily include the creation of a provision for a windfall tax on medical device sales in Italy totaling € 5.0 million.

Changes in the fair value of forward foreign exchange contracts that are not designated for hedge accounting are reported under derivative financial instruments.

"Other" primarily includes expenses for profit participation rights, measured creditor's loss from the application of accounting principles for hyperinflation in Turkey and Argentina totaling € 7.4 million and the loss from the deconsolidation of Avitum in Colombia totaling € 5.8 million. Additionally, other expenses include a variety of expenses, however, their individual valuations are not materially significant.

7 Financial investments recognized using the equity method of accounting

Net income from investments recognized using the equity method of accounting breaks down as follows:

	2022 '000	2021 '000
Income from financial investments using the equity method	7,686	9,542
Expenses from financial investments using the equity method	-2,420	-1,455
	5,266	**8,087**

8 Net financial income

	2022 '000	2021 '000
Interest and similar income	8,033	6,181
Interest and similar expenses	-52,454	-48,151
thereof to affiliated companies	(338)	(255)
Interest expenses for pension provisions less expected income from plan assets	-24,801	-21,126
	-69,222	**-63,096**
thereof recognized in other income from financial assets and liabilities measured at fair value:		
Interest income from discounting	(1,212)	(1,139)
Accrued interest expense	(210)	(160)

Interest and similar expenses are primarily comprised of interest expense on financial liabilities. Expenses resulting from accruing interest from non-current other provisions are also recognized here.

9 Other net financial income

	2022 '000	2021 '000
Income from joint ventures (excluding income from financial investments recognized using the equity method)	14,140	13,979
Other net financial income	-5,671	-938
	8,469	**13,041**

10 Income taxes

Income taxes include corporation tax and trade income taxes for German companies as well as comparable income-related taxes for companies in other countries. They are calculated on the basis of the tax regulations applicable to the individual company.

Deferred taxes stem from temporary differences between the tax base of the individual companies and the consolidated statement of financial position. They are measured using the liability method based on the application of anticipated future tax rates for the individual countries as of the realization date. Generally, these are based on the regulations in effect as of the reporting date. Deferred tax assets are offset only if the company has the legal right to settle current tax assets and current tax liabilities on a net basis and they are levied by the same tax authority. Income tax expenses and deferred taxes are as follows:

	2022 '000	2021 '000
Actual income taxes	84,131	128,391
Deferred taxes resulting from temporary differences	-13,317	-24,234
Deferred taxes resulting from losses carried forward and tax credits	-36,021	4,272
	34,793	**108,429**

Deferred tax assets and deferred tax liabilities apply to differences stemming from recognition and measurement in the following items in the statement of financial position:

	Dec. 31, 2022		Dec. 31, 2021	
	Assets '000	Liabilities '000	Assets '000	Liabilities '000
Intangible assets	18,239	40,823	7,603	54,501
Property, plant, and equipment	17,889	286,861	6,703	227,837
Financial investments	4,416	7,627	2,353	5,403
Inventory	122,679	13,949	91,589	9,797
Receivables	18,617	9,448	16,122	8,123
Pension provisions	107,033	657	284,757	893
Other provisions	26,222	3,671	30,882	2,366
Liabilities	61,012	5,135	54,564	1,668
Other items	521	1,520	658	1,396
	376,628	**369,691**	**495,231**	**311,984**
thereof non-current	(170,047)	(342,464)	(326,008)	(293,943)
Net balance	-193,479	-193,479	-195,830	-195,830
	183,149	**176,212**	**299,401**	**116,154**
Valuation allowance on deferred tax assets from temporary differences	132	-	599	-
Deferred taxes on tax credits	60,810	-	44,461	-
Losses carried forward (net, after valuation allowances)	28,878	-	17,519	-
	272,969	**176,212**	**361,980**	**116,154**

There are no temporary differences related to holdings in subsidiaries and associates as well as interests in joint ventures for which, according to IAS 12.39, no deferred tax liabilities were recognized.
Existing but unrecognized tax losses carried forward can be used as follows:

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Within one year	1,701	2,463
Within two years	3,165	1,290
Within three years	269	2,654
Within four years	269	323
Within five years or longer	75,001	61,523
	80,405	**68,253**
Can be carried forward indefinitely	176,664	159,801
	257,069	**228,054**

Unrecognized tax credits total € 15.4 million (previous year: € 19.9 million). Realization of deferred tax assets totaling € 20.7 million (previous year: € 18.0 million) depends on future taxable income greater than the effect on income from the reversal of taxable temporary differences. Recognition of these assets is justified despite the recent losses incurred, since corresponding forecasts show that they will be realized.

Deferred taxes of € 23.7 million (previous year: € 209.3 million) were recognized directly in equity. Of that amount, € 22.7 million (previous year: € 190.0 million) is attributable to actuarial gains and losses from the accounting of pension obligations, € -4.6 million (previous year: € -4.0 million) to changes in the fair value of securities and € 0.2 million (previous year: € 0.1 million) to changes in the fair value of derivative financial instruments designated as cash flow hedges.

The tax rate for B. Braun SE is 29.6 percent (previous year: 29.3 percent). The tax expense calculated using B. Braun SE's tax rate can be reconciled into the actual tax expense as follows:

	2022 '000	2021 '000
B. Braun SE tax rate	29.6%	29.3%
Profit before income tax	178,692	408,556
Expected income tax at parent company's tax rate	-52,893	-119,707
Differences due to different tax rates	24,286	23,785
Due to changes in tax rates	1,977	-682
Tax reductions due to tax-exempt income	27,100	23,622
Tax increases due to non-deductible expenses	-41,248	-22,301
Addition/deduction of trade tax and similar foreign tax items	275	1,876
Final withholding tax on profit distributions	-3,621	-2,731
Tax credits	-5,231	-1,470
Tax income (expense) relating to previous periods	2,099	-2,201
Change to valuation allowances on deferred tax assets	12,804	-4,476
Profit (loss) from financial investments recognized using the equity method	941	2,005
Other tax effects	-1,282	-6,150
Actual tax expense	**-34,793**	**-108,430**
Effective tax rate	19.5%	26.5%

11 Earnings per share

Earnings per share is calculated according to IAS 33 by dividing consolidated net income less non-controlling interests by the number of shares in issue. The number of shares entitled to receive dividends remained unchanged at 800,000,000 during the fiscal year. There were no outstanding shares as of December 31, 2022 or December 31, 2021 that could have diluted the earnings per share. Earnings per share totals € 0.15 (previous year: € 0.31).

Dividends paid in 2022 for the previous fiscal year totaled € 32 million (previous year: € 32 million). Dividends paid per share in 2022 totaled € 0.04 (previous year: € 0.04). The Executive Board and Supervisory Board are proposing a dividend of € 0.04 per share for FY 2022. The proposed dividend must be ratified by the Annual Shareholders' Meeting on March 21, 2023. This dividend liability is not included in the consolidated financial statements.

12 Other notes to the consolidated statement of income

Material costs

The following material costs are included in the cost of goods sold:

	2022 '000	2021 '000
Expenses for raw materials, supplies and goods purchased	3,847,864	3,511,237

In the reporting period, expenses in the cost of goods sold that are related to inventory write-downs to factor in risks arising in particular from storage period and reduced usability total € 64.9 million (previous year: € 57.5 million). The amount of reversals of write-downs during the fiscal year (increase in net realizable value) due to the elimination of these risks totals € 35.2 million (previous year: € 28.6 million).

Personnel expenditures/employees

The following personnel expenditures are recognized in the statement of income:

Personnel expenditures	2022 '000	2021 '000
Wages and salaries	2,658,341	2,465,321
Social security payments	397,859	375,126
Welfare and pension expenses	145,217	131,658
	3,201,417	**2,972,105**
Employees by function (annual average, including temporary employees)		
Production	43,930	43,590
Marketing and sales	13,227	13,516
Research and development	2,858	2,653
Technical and administration	5,984	6,073
	65,999	**65,832**
thereof part-time	(6,390)	(6,219)

Personnel expenditures do not include interest accruing on pension provisions, which is recognized under net interest income.

The annual average number of employees is prorated based on the date of first consolidation or deconsolidation, as applicable. Employees of joint ventures are included in the total according to the percentage of interest.

In regard to first-time consolidated companies, no employees were reported for 2022, compared to 493 for 2021.

13 Total audit fee

The following fees were recognized as an expense for services provided worldwide by the auditors of PricewaterhouseCoopers in 2022:

	2022 '000	2021 '000
Audit fees	5,351	5,354
thereof PricewaterhouseCoopers GmbH, Germany	(1,299)	(1,242)
Other certification services	24	51
thereof PricewaterhouseCoopers GmbH, Germany	–	–
Tax advisory services	1,280	1,531
thereof PricewaterhouseCoopers GmbH, Germany	(47)	(150)
Other services	2,570	2,588
thereof PricewaterhouseCoopers GmbH, Germany	(1,893)	(1,966)
	9,225	**9,524**
thereof PricewaterhouseCoopers GmbH, Germany	(3,239)	(3,358)

The audit fees include all fees paid and owed to PricewaterhouseCoopers plus reimbursable expenses for the audit of the Group's consolidated financial statements and the audit of the financial statements of B. Braun SE and its subsidiaries. Fees for certification services mainly relate to certifications performed as part of acquisitions and divestitures, the examination of internal control systems, particularly IT systems, and expenses related to statutory or judicial requirements. Tax advisory services mainly relate to fees for advice on completing tax returns, checking tax assessments, support for company audits or other inquiries conducted by the tax authorities as well as tax advice related to transfer pricing.

Notes on the consolidated statement of financial position

14 Intangible assets

Cost of acquisition or manufacture	Acquired goodwill '000	Licenses, trademarks and other similar rights '000	Internally created intangible assets '000	Advance payments '000	Total '000
Jan. 01, 2021	**380,632**	**729,909**	**138,281**	**135,743**	**1,384,565**
Foreign currency translation	1,387	18,394	11,554	178	31,513
Adjustment as per IAS 29	0	0	0	0	0
Additions to scope of consolidation	25,371	1,982	0	148	27,501
Disposals from scope of consolidation	0	0	0	0	0
Additions	161	15,750	683	19,920	36,514
Transfers	0	107,389	0	-103,903	3,486
Disposals of assets held for sale	0	0	0	0	0
Disposals	-258	-25,822	0	-724	-26,804
Dec. 31, 2021	**407,293**	**847,602**	**150,518**	**51,362**	**1,456,775**
Jan. 01, 2022	**407,293**	**847,602**	**150,518**	**51,362**	**1,456,775**
Foreign currency translation	-2,258	11,865	8,940	35	18,582
Adjustment as per IAS 29	0	1,077	0	-36	1,041
Additions to scope of consolidation	0	0	0	0	0
Disposals from scope of consolidation	0	-5	0	0	-5
Additions	0	13,438	845	12,054	26,337
Transfers	0	13,636	0	-14,719	-1,083
Disposals of assets held for sale	0	0	0	0	0
Disposals	-1,505	-7,707	0	-96	-9,308
Dec. 31, 2022	**403,530**	**879,906**	**160,303**	**48,600**	**1,492,339**
Accumulated amortization 2022	344	617,771	126,230	18,888	763,233
Accumulated amortization 2021	341	552,964	71,235	695	625,235
Carrying amounts Dec. 31, 2022	**403,186**	**262,135**	**34,073**	**29,712**	**729,106**
Carrying amounts Dec. 31, 2021	**406,952**	**294,638**	**79,283**	**50,667**	**831,540**
Amortization in the fiscal year	0	62,949	51,489	18,193	132,631
thereof unscheduled	0	422	44,459	18,193	63,074

In the fiscal year, amortization of intangible assets totaling € 132.6 million (previous year: € 81.7 million) was recognized in the statement of income as cost of goods sold, selling expenses, administrative expenses or research and development expenses depending on use. Unscheduled amortization in the fiscal year primarily pertains to the amortization of internally created intangible assets relating to cartilage therapy in the US due to further registration delays. Amortization of advance payments for various development projects in Germany was recognized, largely due to failed clinical trials. The entire impairment loss was included in research and development expenses.

The B. Braun Group capitalized € 0.8 million (previous year: € 6.8 million) in development costs for the fiscal year. All the prerequisites for capitalization were met.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of these CGUs represents the Group's investment by the primary reporting segment.

A summary of the distribution of goodwill by CGU and the assumptions for their impairment testing are listed below:

	Hospital Care '000	Aesculap '000	Avitum '000	Total '000
Dec. 31, 2021				
Carrying amount of goodwill	90,378	19,466	297,108	406,952
Annual growth rate	2.4%	2.1%	2.2%	
Discount rate	6.8%	6.8%	6.9%	
Dec. 31, 2022				
Carrying amount of goodwill	89,055	19,467	294,664	403,186
Annual growth rate	2.4%	2.2%	2.3%	
Discount rate	9.1%	8.7%	8.7%	

The recoverable amount of a CGU is determined by calculating its value in use. These calculations are based on projected cash flows derived from the five year forecast approved by management. Aside from growing expectations of inflation and a considerably higher interest rate, planning took into account potential effects of rising gas, energy and raw materials costs as well as specific country risks, since the course of geopolitical conflicts can affect the growth of the B. Braun Group. It was also assumed that the structural optimization measures initiated in FY 2022 will offset the likely cost increase in the following years and improve profitability, which is why continued growth is expected in the approved five year forecast.

Management has determined the budgeted gross margin based on past trends and expectations about future market trends. The weighted average growth rates largely correspond to the predictions from industry reports. The discount rates used are pretax rates and reflect the specific risks of the relevant CGUs.

If the actual future gross margin had been 10 percent less than the gross margin estimated by management on December 31, 2022, no impairment of goodwill would have occurred. The same holds true if the discount amount that was used to calculate the discounted cash flow had been 10 percent higher than management's estimates.

15 Property, plant and equipment

Cost of acquisition or manufacture	Land and buildings '000	Technical plants and machinery '000	Other plants, operating and office equipment '000	Leased plants '000	Advance payments and assets under construction '000	Total '000
Jan. 01, 2021	**2,928,464**	**4,000,060**	**981,482**	**434,684**	**1,070,815**	**9,415,505**
Foreign currency translation	73,041	104,294	21,584	5,066	54,894	258,879
Adjustment as per IAS 29	10,230	8,261	1,156	0	0	19,647
Additions to scope of consolidation	24,834	2,246	4,689	-	0	31,769
Disposals from scope of consolidation	0	0	0	-	0	0
Additions	97,544	81,741	109,354	9,682	384,090	682,411
Transfers	96,118	194,430	30,988	8,879	-333,901	-3,486
Disposals of assets held for sale	0	0	0	-	0	0
Disposals	-40,182	-67,188	-58,027	-9,481	-5,592	-180,470
Dec. 31, 2021	**3,190,049**	**4,323,844**	**1,091,226**	**448,830**	**1,170,306**	**10,224,255**
Jan. 01, 2022	**3,190,049**	**4,323,844**	**1,091,226**	**448,830**	**1,170,306**	**10,224,255**
Foreign currency translation	36,596	55,660	11,376	7,539	48,110	159,281
Adjustment as per IAS 29	11,441	11,784	16,073	0	75	39,373
Additions to scope of consolidation	0	0	0	0	0	0
Disposals from scope of consolidation	-3,257	0	-6,029	0	0	-9,286
Additions	63,474	59,578	94,012	10,770	351,798	579,632
Transfers	156,169	260,703	22,451	9,034	-455,475	-7,118
Disposals of assets held for sale	0	0	0	0	0	0
Disposals	-38,261	-46,131	-58,097	-14,115	2,251	-154,353
Dec. 31, 2022	**3,416,211**	**4,665,438**	**1,171,012**	**462,058**	**1,117,065**	**10,831,784**
Accumulated amortization 2022	1,189,705	2,959,611	830,758	314,425	16,689	5,311,188
Accumulated amortization 2021	1,055,999	2,669,599	739,983	300,618	6,780	4,772,979
Carrying amounts Dec. 31, 2022	**2,226,506**	**1,705,827**	**340,254**	**147,633**	**1,100,376**	**5,520,596**
Carrying amounts Dec. 31, 2021	**2,134,050**	**1,654,245**	**351,243**	**148,212**	**1,163,526**	**5,451,276**
Amortization in the fiscal year	153,711	295,041	132,810	20,999	12,138	614,699
thereof unscheduled	2,099	17,084	565	0	11,513	31,261

In the fiscal year, amortization of property, plant and equipment totaling € 614.7 million (previous year: € 547.8 million) was recognized in the statement of income as cost of goods sold, selling expenses, administrative expenses or research and development expenses depending on how the asset was used. Unscheduled amortization primarily refers to amortization of production plants in Indonesia totaling € 10.9 million, which was recognized in cost of goods sold. Unscheduled amortization also included € 9.2 million from the discontinuation of an investment project for a pharmaceutical plant in Romania, which primarily entails amortization of a building and plants under construction, and was also recognized in cost of goods sold. Property, plant and equipment also includes unscheduled amortization related to the cancellation of various development projects in Germany, the individual valuations of which are not materially significant.

The capitalized borrowing costs in the fiscal year total € 15.1 million (previous year: € 6.4 million). This calculation assumed an interest rate of 2.3 percent (previous year: 1.4 percent).

The current carrying amount of property, plant, and equipment acquired with government grants is € 63.4 million (previous year: € 67.8 million). As of the reporting date, there were no unfulfilled conditions or uncertainties with regard to market success that would have required a modification of recognition in the statement of financial position.

The carrying amount of property, plant and equipment with restricted title is € 23.9 million (previous year: € 26.0 million).

Investment real estate, mainly office buildings, is held for the purpose of long-term rental income and is not used by the B. Braun Group itself. The rental income from investment real estate amounts to € 0.7 million. The direct operating expenses for the real estate amount to € 0.1 million. The fair value is € 12.2 million.

Investment real estate	2022 '000	2021 '000
As of Jan. 01	**0**	**0**
Foreign currency translation	0	0
Additions to scope of consolidation	0	0
Disposals from scope of consolidation	0	0
Additions	0	0
Transfers	8,201	0
Disposals of assets held for sale	0	0
Disposals	0	0
As of Dec. 31	**8,201**	**0**
Accumulated amortization	1,248	0
Carrying amounts	**6,953**	**0**
Amortization in the fiscal year	144	0
thereof unscheduled	0	0

16 Finance leasing

This section contains information on leases in which the Group is the lessee. For information on leases in which the Group is the lessor, refer to Section 18 "Trade receivables".

The Group leases various property, production plants, vehicles and other operating and office equipment. Leasing terms are negotiated individually and contain a variety of different terms. The lease agreements are typically concluded for a fixed term but may contain extension options.

The following items are reported on the statement of financial position in relation to leases:

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Licenses, trademarks and similar rights	517	507
Buildings	384,451	403,684
Technical plants and machinery	15,698	33,383
Other plants, operating and office equipment	37,950	39,727
Net carrying amount	**438,616**	**477,301**

Additions to rights of use during FY 2022 totaled € 66.3 million (previous year: € 117.4 million).

The statement of income contains the following figures in relation to leases:

	2022 '000	2021 '000
Amortization of rights of use		
Licenses, trademarks and similar rights	-24	-13
Buildings	-73,241	-69,901
Technical plants and machinery	-10,009	-11,383
Other plants, operating and office equipment	-24,611	-25,686
	-107,885	**-106,983**
Interest expenses	-13,331	-13,136
Expenses relating to short-term leases	-7,920	-7,621
Expenses relating to leases for low-value assets not contained in the above short-term leases	-4,658	-5,991
Expenses relating to variable lease payments not contained in the leasing liabilities	-6,896	-5,373
Income from subleasing rights of use	188	416

Total lease payments in the fiscal year total € 140.1 million (previous year: € 136.5 million).

17 Financial investments and joint ventures recognized using the equity method of accounting and other financial investments

The Group's holdings in its associated companies and joint ventures are as follows:

	2022 '000	2021 '000
Associated companies		
Carrying value of shares	74,678	75,375
Share of profit/loss	2,609	5,898
Share of net income	2,609	5,898
Joint ventures		
Carrying value of shares	892	816
Share of profit/loss	31	93
Share of net income	31	93

As of December 31, 2022, the carrying value of holdings in associated companies included goodwill totaling € 25.7 million (previous year: € 26.7 million). Liabilities to associated companies totaled € 15.6 million (previous year: € 6.5 million) and to joint ventures € 14.8 million (previous year: € 5.0 million).

Cost of acquisition	Financial investments recognized the equity of accounting '000	Other holdings '000	Loans to companies in which the Group holds an interest '000	Securities '000	Other Loans '000	Total '000
Jan. 01, 2021	**109,886**	**52,589**	**4,734**	**4,875**	**5,783**	**177,867**
Foreign currency translation	1,248	0	27	-1	72	1,346
Additions to Scope of Consolidation	114	0	0	0	0	114
Disposals from Scope of Consolidation	0	-70,965	0	0	0	-70,965
Additions	5,655	68,670	1,856	503	601	77,285
Transfers	-11,675	13,434	-1,759	0	0	0
Appreciation	0	0	0	0	0	0
Disposals	-28,264	-2,995	-276	-503	-431	-32,469
Fair value adjustments	0	13,958	128	346	0	14,432
Dec. 31, 2021	**76,964**	**74,691**	**4,710**	**5,220**	**6,025**	**167,610**
Jan. 01, 2022	**76,964**	**74,691**	**4,710**	**5,220**	**6,025**	**167,610**
Foreign currency translation	297	0	21	-1	12	329
Additions to Scope of Consolidation	0	0	0	0	0	0
Disposals from Scope of Consolidation	0	-17,562	0	0	0	-17,562
Additions	2,177	26,126	100	65	12,581	41,049
Transfers	-1,353	1,603	-250	0	0	0
Appreciation	0	0	0	0	0	0
Disposals	0	-4,934	-606	-1	-1,030	-6,571
Fair value adjustments	0	2,312	56	-76	0	2,292
Dec. 31, 2022	**78,085**	**82,236**	**4,031**	**5,207**	**17,588**	**187,147**
Accumulated amortization 2022	2,516	94	0	2,744	138	5,492
Accumulated amortization 2021	773	94	0	2,626	137	3,630
Carrying amounts Dec. 31, 2022	**75,569**	**82,142**	**4,031**	**2,463**	**17,450**	**181,655**
Carrying amounts Dec. 31, 2021	**76,191**	**74,597**	**4,710**	**2,594**	**5,888**	**163,980**
Amortization in the fiscal year	1,743	0	0	118	2	1,863

18 Trade receivables

Age Analysis of Trade Receivables

a) Non-impaired trade receivables

'000	Total	Not yet due	Overdue up to 30 days	Overdue of 31 – 60 days	Overdue of 61 – 90 days	Overdue of 91 – 180 days	Overdue more than 180 days
Dec. 31, 2021							
Trade receivables	960,219	789,821	61,896	30,465	17,133	22,781	38,122
thereof leasing	24,476	24,476	-	-	-	-	-
Lifetime ECL	-1,789	-1,608	-13	-33	-46	-36	-53
Carrying amount	**958,430**	**788,213**	**61,883**	**30,432**	**17,087**	**22,745**	**38,069**
Dec. 31, 2022							
Trade receivables	1,017,660	826,729	60,119	36,520	21,553	29,943	42,795
thereof leasing	27,105	27,105	-	-	-	-	-
Lifetime ECL	-2,970	-2,764	-25	-24	-37	-39	-81
Carrying amount	**1,014,690**	**823,965**	**60,094**	**36,496**	**21,516**	**29,904**	**42,714**

Lifetime expected credit losses (ECL) were calculated using gross receivables less receivables for sale through the ABS program as well as credit loss rates in a range of 0.04 to 0.34 percent (previous year: 0.02 to 0.27 percent). A significant proportion of the non-impaired and overdue trade receivables are attributable to receivables from social security providers, government or government-sponsored companies.

With regard to trade receivables that are neither impaired nor in arrears, there were no indications as of the reporting date that the debtors in question are not able to meet their payment obligations.

b) Impaired trade receivables

'000	Total	Not yet due	Overdue up to 30 days	Overdue of 31 – 60 days	Overdue of 61 – 90 days	Overdue of 91 – 180 days	Overdue more than 180 days
Dec. 31, 2021							
Trade receivables	306,018	196,967	23,435	13,902	8,484	13,394	49,836
Impairment provisions	-43,798	-7,471	-1,340	-981	-723	-1,290	-31,993
Carrying amount	**262,220**	**189,497**	**22,095**	**12,921**	**7,761**	**12,104**	**17,843**
Dec. 31, 2022							
Trade receivables	345,581	220,537	31,456	10,969	7,995	17,362	57,262
Impairment provisions	-45,090	-10,082	-1,654	-721	-504	-1,795	-30,334
Carrying amount	**300,491**	**210,455**	**29,802**	**10,248**	**7,491**	**15,567**	**26,928**

Impairments on trade receivables have changed as follows:

	2022 '000	2021 '000
Amount of impairment provisions as of Jan, 1	45,587	48,737
Foreign currency translation	179	399
Additions	11,175	4,488
Utilization	-4,592	-3,398
Releases	-4,289	-4,639
Amount of impairment provisions as of Dec, 31	**48,060**	**45,587**
thereof for specific impairments	(45,090)	(43,798)
thereof lifetime ECL	(2,970)	(1,789)

The total amount of additions consists of specific impairments and lifetime ECL.

The following table shows expenses for the complete derecognition of trade receivables due to being uncollectible and income from previously derecognized trade receivables:

	2022 '000	2021 '000
Expenses for complete derecognition of trade receivables	2,779	4,538
Income from trade receivables previously derecognized	195	296

Fair value of collateral received totals € 10.6 million (previous year: € 10.5 million). This collateral consists primarily of payment guarantees.

With regard to trade receivables, there is no concentration with respect to individual customers, currencies or geographic attributes. The largest receivable from a single customer is equivalent to approximately 1 percent of all trade receivables reported.

As of December 31, 2022, B. Braun Group companies had sold receivables worth up to € 76.2 million (previous year: € 41.9 million) under an asset-backed securities (ABS) program with a maximum volume of € 100 million. The basis for the transaction is the assignment of trade receivables of individual B. Braun companies to a structured entity as part of an undisclosed assignment. A structured entity should be consolidated under IFRS 10 if the criteria for control of this company have been met (IFRS 10.B2). The existence of a controlling relationship requires decision-making power and variable returns as well as a link between the two. Since B. Braun does not participate in the variability of the structured entity, this company is not consolidated in the consolidated financial statements.

The requirements for a receivables transfer according to IFRS 9.3.2.1 are met, since the receivables are transferred according to IFRS 9.3.2.4(a). In the previous fiscal year, verification in accordance with IFRS 9.3.2.6 showed that virtually all risks and rewards were neither transferred nor retained. The control of receivables remains with B. Braun, as a further sale of the receivables is economically detrimental to the structured entity. Consequently, B. Braun's continuing involvement must be recognized. Firstly, this includes the maximum amount that B. Braun could conceivably have to pay back under the senior and third-ranking default guarantee assumed (€ 0.9 million; previous year: € 1.4 million). Secondly, the maximum expected interest payments as made until payment is received for the carrying amount of the receivables transferred are recognized in the statement of financial position (€ 0.6 million; previous year: € 20,000). The fair value of the guarantee/interest payments due totaling € 0.6 million (previous year: € 0.9 million) was recognized in the statement of income under other liabilities.

Trade receivables include the following amounts in which the Group is a lessor in a finance lease. These are primarily leased dialysis machines, infusion pumps and instrument sets:

Min. lease payments for receivables from finance lease agreements	2022 '000	2021 '000
Less than 1 year	8,997	8,927
In Year 2	6,572	5,861
In Year 3	5,473	4,302
In Year 4	4,263	3,364
In Year 5	1,681	2,322
After 5 years	1,216	1,280
Gross investment	**28,202**	**26,056**
Interest amount	1,433	1,864
Total discounted, non-guaranteed residual value	337	283
Net investment	**27,106**	**24,475**

Gains realized by sale in the fiscal year totaled € 1.6 million.

The Group leases dialysis machines, IV pumps and instrument sets under different operating leases, which are summarized as other plants, operating and office equipment and recognized in leased plants. Total future lease payments under interminable operating leases are as follows:

Term structure of financial liabilities	2022 '000	2021 '000
Less than 1 year	41,488	40,725
In Year 2	28,787	28,398
In Year 3	22,550	20,962
In Year 4	15,665	13,153
In Year 5	10,412	7,400
Over 5 years	17,714	9,437
Total	**136,616**	**120,075**

The rental income from operating leases in the fiscal year amounts to € 50.4 million.

19 Other assets

	Dec. 31, 2022		Dec. 31, 2021	
	Residual term < 1 year '000	Residual term > 1 year '000	Residual term < 1 year '000	Residual term > 1 year '000
Other tax receivables	109,662	0	91,396	0
Receivables from social security providers	5,330	0	5,057	0
Receivables from employees	3,019	259	2,770	450
Advance payments	30,631	43,108	26,071	36,630
Accruals and deferrals	59,708	3,058	53,204	3,414
	208,350	**46,425**	**178,498**	**40,494**
Receivables from derivative financial instruments	25,699	0	6,643	0
Securities at amortized cost	13,917	0	14,628	0
Securities held for trading	35,578	0	40,983	0
Assets held for sale	0	0	0	0
Other receivables and assets	72,440	8,199	85,661	8,712
	147,634	**8,199**	**147,915**	**8,712**
	355,984	**54,624**	**326,413**	**49,206**

Other receivables and assets primarily comprises obtained loans.

With regard to other receivables, as of the reporting date there were no indications that the debtors in question will not be able to meet their payment obligations. No material amounts of receivables were overdue or impaired as of the reporting date.

20 Inventories

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Raw materials and supplies	569,484	444,329
Impairment provisions	-40,085	-33,080
Net raw materials and supplies	**529,399**	**411,249**
Works in progress	262,855	241,698
Impairment provisions	-12,319	-11,612
Net works in progress	**250,536**	**230,086**
Finished products, merchandise	1,236,680	1,108,274
Impairment provisions	-107,979	-109,885
Net finished products, merchandise	**1,128,701**	**998,389**
	1,908,636	**1,639,724**

As in the previous year, no inventories were pledged as collateral for liabilities.

21 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, other short-term highly liquid financial assets with residual maturities of three months or less that are subject to no more than insignificant fluctuations in value, and bank overdraft facilities. In the statement of financial position, utilized bank over-draft facilities are shown under current financial liabilities as liabilities to banks.

Of cash and cash equivalents, € 17.7 million is subject to availability restrictions due to sanctions against Russia (including Russian banks being excluded from the international SWIFT Agreement), meaning this amount is not available for immediate use by other Group companies.

Changes in cash and cash equivalents are shown in the consolidated statement of cash flows.

22 Subscribed capital

B. Braun SE's share capital of € 800 million is divided into 800,000,000 no-par value registered shares that are fully paid up. Each no-par value registered share equals a calculated share of € 1.00 of subscribed capital.

23 Capital reserves and retained earnings

The capital reserves include the premium from the capital increase relating to the contribution of shares in B. Braun Melsungen AG as well as payments from shareholders.

Retained earnings comprise past earnings by the companies in the consolidated financial statements that were not distributed. The retained earnings also include consolidated net income less non-controlling interests.

Changes in other provisions	Reserve for cash flow hedges '000	Fair value of available-for-sale financial assets '000	Reserve for currency translation differences '000	Total '000
Jan. 01, 2021	**1,065**	**-192**	**-360,582**	**-359,709**
Changes recognized directly in equity (after taxes)				
Changes in fair value of securities	0	9,283	0	9,283
Cash flow hedging instruments	-1,241	0	0	-1,241
Changes due to currency translation	0	0	133,689	133,689
Total	**-1,241**	**9,283**	**133,689**	**141,731**
Dec. 31, 2021	**-176**	**9,091**	**-226,893**	**-217,978**
Jan. 01, 2022	**-176**	**9,091**	**-226,893**	**-217,978**
Changes recognized directly in equity (after taxes)				
Changes in fair value of securities	0	715	0	715
Cash flow hedging instruments	4,744	0	0	4,744
Changes due to currency translation	0	0	89,102	89,102
Total	**4,568**	**9,806**	**-137,791**	**94,561**
Comprehensive income over the period	**4,392**	**18,897**	**-364,684**	**-123,417**

Changes in the other equity capital components are shown in the consolidated statement of changes in equity.

Claims of shareholders to dividend payments are reported as liabilities in the period in which the corresponding resolution is passed.

24 Non-controlling interests

Non-controlling interests comprise third-party interests in the equity of consolidated subsidiaries. They exist in particular in Almo-Erzeugnisse E. Busch GmbH in Bad Arolsen, Germany, B. Braun Medical AG in Sempach, Switzerland, and B. Braun Austria Ges.m.b.H. in Maria Enzersdorf, Austria. The summarized financial information of these subsidiaries before consolidation is as follows:

									Attributable to	
	Assets '000	Liabilities '000	Sales '000	Profit/loss '000	Other earnings (OCI) '000	Total earnings '000	Cash flow '000	Non-controlling interests in percent	Profit/loss '000	Dividend '000
2021										
Almo-Erzeugnisse E. Busch GmbH, Germany	72,944	47,351	71,097	2,833	-2,622	211	-3	40	1,133	584
B. Braun Austria Ges.m.b.H., Austria	114,022	25,869	74,323	16,746	-1,767	14,979	14	40	6,698	4,000
B. Braun Medical AG, Switzerland	513,665	192,169	383,557	45,113	-36,246	8,867	-8,843	49	22,105	5,344
	700,631	**265,389**	**528,977**	**64,692**	**-40,635**	**24,057**	**-8,832**		**29,937**	**9,928**
2022										
Almo-Erzeugnisse E. Busch GmbH, Germany	84,869	42,251	73,165	1,352	-408	944	0	27	369	616*
B. Braun Austria Ges.m.b.H., Austria	142,937	25,407	75,625	38,763	-1,157	37,606	-36	40	15,505	4,000
B. Braun Medical AG, Switzerland	566,026	152,035	421,636	45,067	6,443	51,511	-9,679	49	22,083	5,741
	793,832	**219,693**	**570,426**	**85,182**	**4,878**	**90,061**	**-9,715**		**37,957**	**10,357**

*Dividends were still calculated with the previous share of capital.

25 Provisions for pensions and similar commitments

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Provisions for pension commitments	1,052,818	1,645,501

Payments totaling € 48.3 million (previous year: € 45.8 million) are expected for FY 2023. Of those, € 10.7 million (previous year: € 9.6 million) will be in contributions to external plan assets and € 37.6 million (previous year: € 36.2 million) in benefits paid directly by the employer to beneficiaries.

The Group's pension commitments are commitments under defined contribution and defined benefit plans.

For defined contribution plans, the Group has no further payment obligations once the contributions have been paid. They are recognized as an operating expense in the amount of the contributions paid. In the previous fiscal year, this amount was € 44.6 million (previous year: € 37.4 million). In addition, the Group makes contributions to statutory basic provision plans for employees in many countries (including Germany). However, since this covers various forms of social security benefits, no precise statement can be made with regard to the part that solely relates to retirement payments. These expenses are shown under social security payments, under Note 12 "Personnel expenditures/employees."

Employees' claims under defined benefit plans are based on legal or contractual provisions.

Defined benefit plans based on legal regulations consist primarily of benefit obligations outside Germany at the time of employment termination and are fulfilled in the form of a capital sum. The benefit amount depends mainly on employees' length of service and final salary.

Pension commitments for employees in Germany account for approximately 72 percent of Group pension commitments. These primarily consist of annuity payments made in the event of disability, death, or an employee reaching the retirement age. The main pension plans for employees in Germany who joined the company in 1992 or later are age-dependent defined contribution plans with a modular form. Employees who joined the company before 1992, with a small number of exceptions, received commitments linked to their final salaries.

Retirement benefits in Germany are predominantly financed by pension provisions.

Pension commitments for employees in Switzerland account for approximately 12 percent of Group pension obligations. The benefits consist of annuity payments made in the event of disability, death, or an employee reaching the retirement age. The pension commitments are defined contribution plans with legally prescribed annuity rates based on implicit interest rate guarantees.

Pension commitments for employees in the US account for approximately 9 percent of Group pension commitments. In this case, the pensions have a lumpsum payment option. Payments are made in the event of disability, death, or an employee reaching the retirement age. The pension amount is calculated largely on the basis of the employee's average salary up to 1998. A cash balance scheme applies to any earnings increase after this time.

Retirement benefits in Switzerland and the US are financed by external pension funds, as is customary for both regions, which are managed by various bodies (e.g., a board of trustees, etc.) under local legislation. Both countries generally have minimum financing requirements, which have a material impact on how future financing payments are determined.

In addition to the longevity risk and the risk of future pension and salary increases, risks faced by the B. Braun Group associated with the benefits payable also include capital market risks, which could impact both income from plan assets and the discount rate.

The liability recognized in the statement of financial position for defined benefit pension plans is the net present value of the defined benefit obligation (DBO) at the reporting date, allowing for future trend assumptions, less the fair value of external plan assets at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. The interest rate used to determine the net present value is usually the yield on prime corporate bonds of similar maturity.

The amount of pension provisions in the statement of financial position is derived as follows:

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Present value of pension commitments	1,367,361	2,009,048
Fair value of external plan assets	-314,543	-363,547
Excess cover/shortfall	**1,052,818**	**1,645,501**
Net pension provisions	**1,052,818**	**1,645,501**
thereof assets	(540)	(3,470)
thereof liabilities	(1,053,358)	(1,648,971)

Pension expenses included in the statement of income consist of the following:

	2022 '000	2021 '000
Current service costs	74,318	80,712
Plan amendments/past service costs	-2,001	-6,965
(Profit)/losses from plan settlements/lapsing	1,079	0
Service costs	**73,396**	**73,747**
Interest expense on pension commitments	30,744	24,765
Interest income from external plan assets	-5,943	-3,639
Net interest expenses on pension commitments	**24,801**	**21,126**
Administrative expenses and taxes	1,358	1,226
Pension expenses on defined benefit plans	**99,555**	**96,099**
thereof operating profit	(74,754)	(74,973)
thereof financial income	(24,801)	(21,126)
Pension expenses on defined contribution plans	44,597	37,417
Pension expenses	**144,152**	**133,516**

One-off events in 2022 led to a past service credit of € 2.0 million, which is primarily comprised of amendments to plan benefits in Switzerland (€ 2.3 million).

Pension commitments and external plan assets are reconciled as follows:

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Present value of the commitment at the beginning of the year	2,009,048	2,056,103
Current service costs	74,318	80,712
Plan amendments (past service costs)	-2,001	-6,965
Effects of plan settlements/lapsing	1,079	0
Interest expenses on pension commitments	30,744	24,765
Benefits paid	-81,159	-55,412
Settlement payments	-3,351	0
Employee contributions	5,577	5,120
Effects of changes in financial assumptions	-663,741	-114,720
Effects of changes in demographic assumptions	666	-2,654
Effects of experience adjustments	-15,059	-2,446
Effects of transfers	-3,578	473
Effects of changes in the scope of consolidation	0	745
Effects of foreign currency translation	14,818	23,327
Present value of the commitment at end of year	**1,367,361**	**2,009,048**

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Fair value of plan assets at start of year	363,546	327,909
Interest income from external plan assets	5,943	3,639
Revaluation of external plan assets	-37,556	15,146
Employer contributions	13,554	14,323
Employee contributions	5,577	5,120
Benefits paid and fund capital payments made	-46,053	-22,175
Settlement payments	-3,351	0
Effects of changes in scope of consolidation and transfers	0	736
Effects of foreign currency translation	12,883	18,849
Fair value of plan assets at end of year	**314,543**	**363,547**

The plan assets consist of the following:

	Dec. 31, 2022 in percent	Dec. 31, 2021 in percent
Equities and similar securities	17	23
Bonds and other fixed-income securities	19	15
Insurance contracts	58	51
Liquid assets	2	1
Investment funds	4	10
	100	**100**

Plan assets for which traded market prices exist make up the following percentages of all plan assets:

	Dec. 31, 2022 in percent	Dec. 31, 2021 in percent
Equities and similar securities	17	23
Bonds and other fixed-income securities	19	15
Liquid assets	2	1
Investment funds	4	10
	41	**49**

Plan assets are not invested in the Group's own financial instruments.

88 percent (previous year: 86 percent) of equities and similar securities are attributable to plan assets in the United States. The pension committee oversees plan assets in the United States and ensures adequate investment diversification.

Pension provisions have trended as follows:

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Net pension provisions as of Jan. 01	1,645,501	1,728,194
Transfers	-3,577	473
Payments	-50,257	-48,787
Pension expenses	99,555	96,099
Revaluations recognized in equity (OCI)	-640,577	-134,966
thereof effects from changes to financial assumptions of the pension commitment	(-663,741)	(-114,720)
thereof effects from changes to demographic assumptions of the pension commitment	(666)	(-2,654)
thereof effects from experience adjustments of the pension commitment	(-15,059)	(-2,446)
thereof revaluation of external plan assets	(37,556)	(-15,146)
thereof other effects	(1)	-
Effects of changes in the scope of consolidation	0	9
Effects of foreign currency translation	2,173	4,479
Net pension provisions as of Dec. 31	**1,052,818**	**1,645,501**

Pension commitments were calculated based on the following assumptions:

	Dec. 31, 2022 in percent	Dec. 31, 2021 in percent
Discount rate	4.1	1.5
Future salary increases	2.9	2.8
Future pension increases	1.9	1.6

Pension expenses were calculated using the following assumptions:

	Dec. 31, 2022 in percent	Dec. 31, 2021 in percent
Discount rate used to calculate interest expenses	4.1	1.2
Discount rate used to calculate current service costs	4.1	1.3
Future salary increases	2.8	2.7
Future pension increases	1.6	1.6

The percentages shown are weighted average assumptions. A discount rate of 4.11 percent was applied for Germany (previous year: 1.54 percent) and 4.13 percent for the rest of the eurozone (previous year: 1.58 percent).

The Heubeck Mortality Tables 2018 G served as the biometric calculation basis for measuring German defined-benefit pension obligations.

The results of the sensitivity analysis were obtained as in the previous year, with one assumption being changed and all other assumptions being retained. Possible correlations between the individual assumptions or effects on plan assets from the changes in assumptions were not factored into the analysis.

The results of the sensitivity analysis are as follows:

Increasing effects on pension obligations	Dec. 31, 2022 in percent	Dec. 31, 2021 in percent
Discount rate reduced by 100 basis points	16	20
Future salary increases increased by 25 basis points	1	1
Future pension increases increased by 25 basis points	2	2
Life expectancy increased by 1 year	3	4

Sensitivities related to decreasing effects on pension obligations are comparable.

The weighted-average duration of the obligation is 16 years (previous year: 20 years).

26 Other provisions

The major provision categories changed as follows:

Other non-current provisions	Personnel expenditures '000	Uncertain liabilities '000	Other '000	Total '000
Jan. 01, 2021	**119,431**	**3,385**	**10,901**	**133,717**
Foreign currency translation	2,678	-105	20	2,592
Changes in scope of consolidation	7	0	0	7
Utilization	-5,567	-380	-39	-5,986
Reversals	-1,165	-16	-4,734	-5,915
Additions	8,546	1,878	2,034	12,458
Dec. 31, 2021	**123,930**	**4,763**	**8,182**	**136,874**
Jan. 01, 2022	**123,930**	**4,763**	**8,182**	**136,874**
Foreign currency translation	1,963	-371	59	1,653
Utilization	-7,270	-60	-490	-7,820
Reversals	-4,201	-834	-342	-5,377
Additions	-2,572	5,862	2,442	5,732
Dec. 31, 2022	**111,850**	**9,360**	**9,851**	**131,062**

Other current provisions	Personnel expenditures '000	Warranties '000	Uncertain liabilities '000	Other '000	Total '000
Jan. 01, 2021	**6,330**	**18,029**	**11,853**	**24,331**	**60,541**
Foreign currency translation	271	1,177	67	969	2,483
Changes in scope of consolidation	0	736	0	875	1,611
Utilization	-1,471	-4,721	-956	-4,713	-11,861
Reversals	-336	-2,817	-3,723	-1,390	-8,266
Additions	2,749	6,319	6,659	12,014	27,741
Dec. 31, 2021	**7,544**	**18,723**	**13,900**	**32,086**	**72,249**
Jan. 01, 2022	**7,544**	**18,723**	**13,900**	**32,086**	**72,249**
Foreign currency translation	192	-287	313	-751	-532
Changes in scope of consolidation	-144	0	220	-262	-186
Utilization	-1,621	-1,140	-1,054	-11,080	-14,895
Reversals	-1,263	-5,132	-3,284	-2,950	-12,629
Additions	4,017	7,768	5,082	20,248	37,115
Dec. 31, 2022	**8,725**	**19,932**	**15,177**	**37,291**	**81,122**

Non-current provisions for personnel expenditures primarily consist of provisions for partial retirement plans and anniversary bonuses. The increase in the provision amount discounted over the fiscal year due to the passage of time totals € 0.7 million (previous year: € 0.6 million). The effect of changes in the discount rate totals € -11.1 million (previous year: € -1.9 million).

Other provisions mainly consist of provisions for other obligations in the area of human resources and social services, guarantees, possible losses from contracts, legal and consulting fees, and a number of identifiable individual risks. The remaining other provisions refer predominantly to outstanding invoices, bonuses, actuarial provisions and provisions for open insurance claims of REVIUM Rückversicherung AG, Melsungen.

The majority of non-current provisions will result in payments due within five years.

27 Financial liabilities

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Non-current liabilities		
Profit participation rights	125,848	115,354
Liabilities to banks	1,193,866	923,557
Liabilities from lease agreements	280,469	305,293
Liabilities from lease agreements with affiliated companies	7,911	26,089
Liabilities from borrowings from non-banks	36,211	52,497
	1,644,305	**1,422,790**
Current liabilities		
Profit participation rights	17,263	10,444
Liabilities to banks	582,862	820,456
Liabilities from lease agreements	93,153	86,948
Liabilities from lease agreements with affiliated companies	9,960	10,795
Liabilities from borrowings from non-banks	86,158	81,906
Liabilities from borrowings from affiliated companies	80,295	76,557
Liabilities from bills of exchange	12,945	12,958
Other financial liabilities	16,629	19,538
	899,265	**1,119,602**
Total financial liabilities	**2,543,570**	**2,542,392**

Term structure of financial liabilities:

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Due within 1 year	899,265	1,119,603
Due in 1-5 years	1,213,323	1,015,165
Due in over 5 years	430,982	407,624
	2,543,570	**2,542,392**

Under the B. Braun Long Term Incentive Plan, the Group issues a series of profit participation rights that may be acquired by eligible managers on a voluntary basis. With the issuance of profit participation rights, the company grants employees profit-sharing rights in the form of participation in the Group's profits and losses of in return for their investment of capital.

Each profit participation right has a 10 year term. Payouts from profit participation rights are linked to the dividends paid to shareholders in the Group and the repayment amount is linked to the Group's equity.

As an incentive for the investment made by employees, an entitlement bonus of 25 percent is offered in the form of additional assigned participation rights. The entitlement bonus is paid to employees two years after their investment. The additional profit participation rights are recognized as expenses in the corresponding periods.

In August 2022, Braun SE and a subsidiary in the US extended early the term of an agreement with 12 banks for a syndicated loan of € 700 million until August 2027. The loan may be used by the borrowers as revolving credit in euros, or alternatively in partial sums in US dollars and British pounds, and bears a variable interest rate based on EURIBOR, Term SOFR/SONIA. In addition, the agreement allows for an adjustment to the interest margin depending on the B. Braun SE Group's net financial debt (leverage ratio). B. Braun was also granted the right to extend the contract by one year on two separate occasions upon consent of the banks. Under the syndicated loan agreement, one of B. Braun's obligations requires the company not to exceed a maximum leverage ratio between net financial liabilities and EBITDA. This ratio is calculated based on consolidated figures for the B. Braun SE Group, subject to adjustments as agreed under the syndicated loan. As of the reporting date, the company has stayed well below this ratio.

In June 2022, B. Braun SE took out promissory notes for € 350 million in a single transaction. These have a term of 5 years (€ 155.5 million), 7 years (€ 158.5 million) and 10 years (€ 36 million), and have a fixed/variable interest rate. They were underwritten predominantly by banks/savings banks in Germany. B. Braun SE and a US subsidiary also took out fixed rate loans amounting to US$ 100 million in February 2022. Each loan has a term of 5 years. The borrowed funds were used to refinance expiring loans/current financial liabilities.

As of December 31, 2022, the Group had unused credit lines in different currencies totaling € 1.3 billion (previous year: € 1.5 billion).

Interest rates on euro loans were up to 3.89 percent per annum for non-current loans, depending on the length of the interest rate lock-in period.

The carrying amounts of the financial liabilities are as follows for the currencies below:

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Euro	1,792,698	1,928,833
US dollar	330,440	110,046
Other	420,432	503,513
	2,543,570	**2,542,392**

Of the other financial liabilities, € 25.2 million (previous year: € 25.2 million) is secured through mortgages. The borrowings from non-banks are unsecured loans.

The following table shows the contractually stipulated (undiscounted) interest and principal payments for financial liabilities, other financial liabilities, and derivative financial instruments with negative fair value:

	Carrying amount '000	Cash outflow within 1 year '000	Cash outflow within 1–2 years '000	Cash outflow within 2–5 years '000	Cash outflow within 5–10 years '000	Cash outflow after 10 years '000
Dec. 31, 2021						
Profit participation rights	125,798	10,574	14,831	44,513	56,549	0
Liabilities to banks	1,744,013	835,580	271,723	494,543	199,861	0
Liabilities from lease agreements	392,241	96,687	86,916	127,299	89,940	45,809
Liabilities from lease agreements with affiliated companies	36,884	13,857	12,377	19,687	11,357	0
Liabilities from borrowings from non-banks	134,403	82,407	3,795	38,836	11,290	313
Liabilities from ABS transactions and other financial liabilities	32,179	32,179	0	0	0	0
Trade accounts payable	520,149	520,191	9	29	0	0
Liabilities from derivative financial instruments	5,554	3,303	1,398	853	0	0
Dec. 31, 2022						
Profit participation rights	143,111	17,388	16,674	56,670	52,984	0
Liabilities to banks	1,776,730	603,537	134,206	870,926	267,767	0
Liabilities from lease agreements	373,622	103,928	71,696	121,929	88,477	38,589
Liabilities from lease agreements with affiliated companies	17,871	12,765	7,205	690	42	0
Liabilities from borrowings from non-banks	122,369	88,436	2,451	32,708	2,579	0
Liabilities from ABS transactions and other financial liabilities	36,959	36,959	0	0	0	0
Trade accounts payable	642,240	642,218	29	0	0	0
Liabilities from derivative financial instruments	11,936	10,742	58	1,136	0	0

All instruments held as of December 31, 2022 for which payments had already been contractually agreed upon are included. Amounts in foreign currency were each translated at the closing rate on the reporting date. The variable interest payments arising from the financial instruments were calculated using the last interest rates fixed before December 31, 2022. Financial liabilities that can be repaid at any time are always assigned to the earliest possible period.

28 Additional disclosures on financial instruments

Carrying amounts and fair value by measurement category/classification:

	Measurement category per IFRS 9	Carrying amount Dec. 31, 2022 '000	Fair value Dec. 31, 2022 '000	Carrying amount Dec. 31, 2022 '000	Fair value Dec. 31, 2022 '000
Assets					
Trade receivables	AmC	1,275,786	-	1,181,623	-
	FVPL	39,394	39,394	39,027	39,027
Other receivables	AmC	100,857	-	104,771	-
Other financial assets	FVOCIw/o	70,901	70,901	70,427	70,427
	AmC	13,704	13,704	14,628	14,628
	FVPL	13,866	7,326	6,688	27,360
Financial assets held for trading	FVPL	35,578	35,578	40,983	40,983
Derivatives not in a hedge	FVPL	25,309	25,309	6,387	6,387
Derivatives in a hedge	N/A	390	390	256	256
Cash and cash equivalents	AmC	113,494	-	94,667	-
Liabilities					
Profit participation rights	AmC	143,111	-*	125,798	-*
Liabilities to banks	AmC	1,776,728	1,699,389	1,744,014	1,769,195
Liabilities from lease agreements	N/A	391,493	-	429,125	-
Liabilities from borrowings from non-banks	AmC	122,369	121,660	134,402	134,616
Other financial liabilities	AmC	12,945	-	12,958	-
Trade accounts payable	AmC	642,240	-	520,149	-
Other liabilities	AmC	349,743	-	302,334	-
Purchase price liabilities from corporate mergers	FVPL	12,544	12,544	13,319	13,319
Derivatives not in a hedge	FVPL	10,693	10,693	4,862	4,862
Derivatives in a hedge	N/A	1,243	1,243	689	692
Summary by measurement category:					
Assets					
Amortized cost	AmC	1,503,841	13,704	1,395,689	14,628
Fair value through profit or loss	FVPL	114,147	107,607	93,085	113,757
Fair value through other comprehensive income without recycling	FVOCIw/o	70,901	70,901	70,427	70,427
Liabilities					
Amortized cost	AmC	3,047,136	1,821,049	2,839,655	1,903,811
Fair value through profit or loss	FVPL	23,237	23,237	18,181	18,181

AmC Financial assets or liabilities measured at amortized cost | **FVPL** Financial assets or liabilities measured at fair value through profit & loss | **FVOCIw/o** Financial assets measured at fair value through other comprehensive income without recycling

*Interest on the rights is linked to the dividends paid to shareholders in the Group and the repayment amount is linked to the Group's equity. A fair value for this instrument cannot be reliably determined.

Net gains or losses by measurement category are as follows:

Net gains or losses from financial assets and liabilities	2022 '000	2021 '000
- Measured at amortized cost	-5,066	-921
- Equity instruments measured in other comprehensive income as FVCOI	-201	-17
- Measured at FVPL by regulation	371	2,416
	-4,896	**1,478**

Trade receivables totaling € 39.4 million were designated at fair value through profit and loss since they are held for sale as part of an asset-backed securities program, meaning they do not meet the business model condition for classification as financial assets measured at amortized cost.

Financial investments in foreign currency instruments totaling € 13.7 million were classified as financial assets measured at amortized cost since both the relevant business model condition and the cash flow condition are met. These investments are in covered bonds and loans.

Financial investments in equity instruments totaling € 70.9 million were classified at fair value through other comprehensive income since, as strategic, long-term investments, they are not held with the intention of realizing a short-term gain. These are primarily fundbased corporate financing investments. Dividends in the amount of € 14.7 million were recognized from these financial investments in 2022.

Other assets comprise other receivables and other financial assets in the amount of € 154.4 million (previous year: € 157.1 million) as well as other loans in the amount of € 21.5 million (previous year: € 10.6 million).

Cash and cash equivalents, trade receivables and other receivables predominantly have short residual maturities, which is why their carrying amounts as of the reporting date roughly correspond to fair value.

Trade accounts payable, other financial liabilities and financial debts typically have short residual maturities; the recognized figures constitute approximate fair value.

Fair value for liabilities to banks and other creditors are calculated as the cash value of the payment associated with the debt based on the currently applicable interest yield curve. In determining the fair value, the credit risk has been taken into account.

The table below shows financial instruments where subsequent measurement and accounting is at fair value. These are categorized into levels 1 to 3, depending on the extent to which fair value can be measured:

- Level 1: Measurement at fair value based on (unadjusted) quoted prices on active markets for identical financial assets or liabilities
- Level 2: Measurement at fair value based on parameters, which are not quoted prices for assets or liabilities as in level 1, but which are either directly derived from them (i.e., as prices) or indirectly derived from them (i.e., derived from prices)
- Level 3: Measurement at fair value using models that include parameters not based on observable market data to value assets and liabilities

	Level 1 '000	Level 2 '000	Level 3 '000	Total '000
Dec. 31, 2021				
Financial assets in category: FVPL				
Derivative financial assets not in a hedge	0	6,387	0	6,387
Derivative financial assets in a hedge	0	256	0	256
Other financial assets	6,688	0	0	6,688
Financial assets held for trading	40,983	0	0	40,983
Trade receivables	0	39,027	0	39,027
Financial assets in category: FVOCIw/o				
Financial assets	0	70,427	0	70,427
Financial liabilities of category: FVPL				
Purchase price liabilities from corporate mergers	0	0	-13,319	-13,319
Derivative financial assets not in a hedge	0	-4,862	0	-4,862
Derivative financial assets in a hedge	0	-692	0	-692
	47,671	**110,543**	**-13,319**	**144,895**
Dec. 31, 2022				
Financial assets in category: FVPL				
Derivative financial assets not in a hedge	0	25,309	0	25,309
Derivative financial assets in a hedge	0	390	0	390
Other financial assets	13,866	0	0	13,866
Financial assets held for trading	35,578	0	0	35,578
Trade receivables	0	39,394	0	39,394
Financial assets in category: FVOCIw/o				
Financial assets	0	70,901	0	70,901
Financial liabilities of category: FVPL				
Purchase price liabilities from corporate mergers	0	0	-12,544	-12,544
Derivative financial assets not in a hedge	0	-10,693	0	-10,693
Derivative financial assets in a hedge	0	-1,243	0	-1,243
	49,444	**124,058**	**-12,544**	**160,958**

Purchase price liabilities from corporate mergers categorized as Level 3 are conditional purchase price liabilities recorded at net present value, the final amount is partially performance-dependent. The amount stated represents the fair value that was calculated for the actual purchase price liability on the basis of the agreed adjustment parameters. The amount of € 12.5 million is performance-dependent based on the number of patients treated. If these parameters develop 10 percent more favorably (less favorably) than expected, then the liability would increase by € 0 (decrease by € 1.0 million).

The decrease in liability of € 0.8 million compared to the previous year is the result of a re-evaluation of liabilities through profit and loss (€ -0.8 million). The re-evaluation of liabilities was recognized through profit and loss since the agreed adjustment parameters calculated based on sales and EBITDA development in the years following acquisition developed unfavorably.

The table below shows financial instruments not measured at fair value whose fair value is still specified.

	Level 1 '000	Level 2 '000	Level 3 '000	Total '000
Dec. 31, 2021				
Other financial assets	14,628	0	0	14,628
Liabilities to banks	0	1,769,195	0	1,769,195
Liabilities from borrowings from non-banks	0	134,616	0	134,616
	0	**1,903,811**	**0**	**1,903,811**
Dec. 31, 2022				
Other financial assets	13,704	0	0	13,704
Liabilities to banks	0	1,699,389	0	1,699,389
Liabilities from borrowings from non-banks	0	121,660	0	121,660
	0	**1,821,049**	**0**	**1,821,049**

The following financial assets and liabilities are subject to offsetting arrangements:

				Corresponding amounts that were not offset		
	Gross carrying amount '000	Offset amount '000	Net carrying amount '000	Financial instruments '000	Financial collateral held '000	Net amount '000
Dec. 31, 2021						
Assets measured at cost		0	1,395,689	-3,860	54	1,391,883
Assets measured at fair value	163,512	0	163,512	-5,126	0	158,386
thereof FVPL	93,085	0	93,085	-5,126	0	87,959
thereof FVOCIw/o	70,427	0	70,427	0	0	70,427
Financial liabilities at amortized cost	2,839,655	0	2,839,655	-7,049	0	2,832,606
Liabilities measured at fairvalue (FVPL)	18,181	0	18,181	-1,937	0	16,244
Dec. 31, 2022						
Assets measured at cost	1,503,841	0	1,503,841	-2,524	47	1,501,364
Assets measured at fair value	185,048	0	185,048	-24,054	0	160,994
thereof FVPL	114,147	0	114,147	-24,054	0	90,093
thereof FVOCIw/o	70,901	0	70,901	0	0	70,901
Financial liabilities at amortized cost	3,047,136	0	3,047,136	-21,123	0	3,026,013
Liabilities measured at fairvalue (FVPL)	23,237	0	23,237	-5,485	0	17,752

Offsetting of amounts that were not offset is permitted in the event of bankruptcy or default of one of the contractual parties.

29 Trade accounts payable and other liabilities

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Non-current liabilities		
Trade accounts payable	29	38
Liabilities to social security providers	9,667	6,967
Liabilities from derivative financial instruments	1,194	2,250
Liabilities to employees, management and shareholders	66,718	54,565
Accruals and deferrals	0	80
	77,579	**63,862**
Other liabilities	4,906	5,051
Subtotal other liabilities	**82,485**	**68,913**
thereof from financial liabilities	(4,584)	(4,872)
Current liabilities		
Trade accounts payable	642,211	520,111
Liabilities to social security providers	41,027	44,235
Liabilities to employees, management and shareholders	350,771	362,044
Accruals and deferrals	29,985	29,755
Other tax liabilities	129,907	104,998
	551,690	**541,032**
Liabilities from derivative financial instruments	10,742	3,301
Liabilities held for sale	0	0
Other liabilities	394,298	342,197
	405,040	**345,498**
Subtotal other liabilities	**956,730**	**886,530**
thereof financial liabilities	(368,357)	(314,008)
Total liabilities	**1,681,455**	**1,475,592**

Other liabilities mainly include remaining payments related to company acquisitions, liabilities from ABS transactions, bonus commitments and liabilities related to outstanding invoices.

30 Contingent liabilities

Liabilities result exclusively from obligations to third parties and consist of:

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Uncertain liabilities	2,973	1,953
Guarantees	23,299	19,839
Contractual performance guarantees	41,383	33,229
	67,655	**55,021**

All cases relate to potential future obligations, which may arise upon the occurrence of corresponding events and are entirely uncertain as of the reporting date. During the normal course of business, the B. Braun Group is subject to potential obligations stemming from lawsuits and asserted claims. Estimates of possible future liabilities of this kind are uncertain. No material negative consequences for the economic or financial situation of the B. Braun Group are anticipated.

31 Other financial liabilities

As of the reporting date, obligations to acquire intangible assets total € 0.6 million (previous year: € 0.7 million) and obligations to acquire property, plant and equipment total € 254.9 million (previous year: € 295.9 million).

32 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks. These include currency, interest rate, credit and liquidity risks. The B. Braun Group's policy is to minimize these risks via systematic risk management, which includes the use of derivative financial instruments.

The Group Treasury department manages risk according to guidelines issued by the management. Group Treasury also identifies, measures and hedges financial risks in close cooperation with the Group's operating units. Management provides written principles for Group-wide risk management together with written policies covering specific areas such as foreign exchange, interest rate and credit risk as well as the use of derivative and non-derivative financial instruments.

a) Market/currency risk
The Group operates internationally and is therefore exposed to currency risk arising from fluctuations in the exchange rates between various foreign currencies, primarily the US dollar. Risks arise when future transactions or assets or liabilities recognized in the statement of financial position are denominated in a currency that is not the functional currency of the company. To hedge such risks, the Group uses forward foreign exchange contracts.

The Group's risk management policy is to hedge assets and liabilities recognized in the statement of financial position. The Group, therefore, performs a scenario analysis to ascertain the impact of changes in exchange rate on the Group's earnings and shareholders' equity (before taxes in each case). This analysis takes into account balance sheet items (particularly accounts receivable and payable from operations as well as loans and borrowings) along with foreign exchange transactions executed in order to hedge balance sheet items and future cash flows denominated in foreign currencies (cash flow hedges).

If the exchange rate of the US dollar compared to other currencies on December 31, 2022 had been 10 percent stronger (weaker), profit before taxes—with all other variables remaining constant—would have been € 0.5 million lower (higher; previous year: € 0.1 million). If the euro rises (falls) in value by 10 percent against all other currencies, the changes in the value of the cash flow hedges would have the effect of increasing (decreasing) shareholders' equity by about € 2.4 million (previous year: € 2.1 million).

b) Interest rate risk
As the Group has no significant interest-bearing assets, changes in market interest rates affect its income and operating cash flow primarily via their impact on its interest-bearing liabilities. The liabilities with variable interest rates expose the Group to cash flow interest rate risk. Fair value interest rate risk arises from fixed-interest liabilities. Group policy is to maintain approximately 50 percent of its borrowings in fixed-rate instruments.

In the fiscal year, the Group also partially hedged its cash flow interest rate risk from planned fixed-rate financing with interest rate swaps. For these interest rate swaps, the Group reached an agreement with other parties to swap an agreed fixed interest rate for a variable reference interest rate, each in reference to the agreed nominal volume, at certain intervals. The interest rate swaps agreed for this purpose were terminated ahead of schedule when the underlying transaction occurred. The termination amount will be spread out through profit and loss over the term of the agreed financing.

If market interest rates had been 100 basis points higher as of December 31, 2022, profit before taxes—with all other variables remaining constant—would have been approximately € 5.6 million lower for the full year (previous year: € 3.3 million). If market interest rates had been 50 basis points lower as of December 31, 2022, profit before taxes—with all other variables remaining constant—would have been approximately € 2.8 million higher for the full year (previous year: € 1.2 million). This would have been mainly attributable to higher or lower interest expenses for variable-rate interest-bearing financial liabilities. The other components of equity would have changed only slightly.

c) Credit risk
The Group has no significant concentrations of credit risk related to trade receivables. It has organizational guidelines that ensure that products are sold only to customers with a good payment history. Contracts on derivative financial instruments and financial transactions are solely concluded with financial institutions with a good credit rating and, as a rule, contain a provision that allows mutually offsetting positive and negative fair market values in the event of the insolvency of a party.

The maximum credit risk for each measurement category of financial assets corresponds to its carrying amount. Trade receivables are partly secured with reservation of title, which reduces the maximum default risk in this assessment category by € 28.3 million (previous year: € 31.3 million).

The gross carrying amounts for financial assets in each default risk class are as follows:

'000	Level 1 12-month ECL	Level 2 Lifetime ECL (non-impaired)	Level 3 Lifetime ECL (impaired)	Simplified approach Lifetime ECL
Dec. 31, 2021				
Not at risk	214,066	0	0	960,219
At risk	0	0	0	306,018
Total	**214,066**	**0**	**0**	**1,266,238**
Dec. 31, 2022				
Not at risk	228,056	0	0	1,017,660
At risk	0	0	0	345,582
Total	**228,056**	**0**	**0**	**1,363,242**

d) Liquidity risk
Prudent liquidity risk management includes maintaining sufficient reserves of cash as well as ensuring the availability of funding through an adequate amount of committed lines of credit. Due to the dynamic nature of the environment in which the Group operates, Group Treasury aims to maintain the necessary flexibility in funding by ensuring sufficient unused credit lines are available.

Capital risk management

The Group's capital management seeks to ensure continuation as a thriving, independent, family-run company in order to guarantee that shareholders continue to receive dividends and other interested parties receive the amounts owed them as well as maintaining an optimal equity structure to reduce the cost of capital. The B. Braun Group is primarily financed by borrowings by B. Braun SE, the majority of these take the form of bonded loans.

Derivative financial instruments

The fair value of derivative financial instruments is calculated using directly observable market input factors. The fair value of interest rate swaps is calculated from the net present value of estimated future cash flows using the relevant yield curve on the reporting date. The fair value of forward foreign exchange contracts is calculated based on forward exchange rates on the reporting date.

Changes in the fair value of derivative financial instruments that represent economically effective hedges under the Group's strategy are recognized through profit and loss unless they are used in hedge accounting. When applying hedge accounting for cash flow hedges, the fair market value changes from the effective portion are recognized in equity. The fair value changes in hedging instruments more or less match the fair value changes in the hedged underlying transactions.

	Nominal volume		Nominal volume Residual term > 1 year		Fair value	
	Dec. 31, 2022 '000	Dec. 31, 2021 '000	Dec. 31, 2022 '000	Dec. 31, 2021 '000	Dec. 31, 2021 '000	Dec. 31, 2021 '000
Forward foreign exchange contracts	1,371,939	1,277,811	22,907	14,770	14,341	1,340
Embedded derivatives	9,500	10,500	0	0	-954	-283
	1,381,439	**1,288,311**	**22,907**	**14,770**	**13,387**	**1,057**

Depending on the fair value on the reporting date, derivative financial instruments are included under other assets (if fair value is positive) or other liabilities (if fair value is negative).

The Group's risk management policy was to hedge up to 60 percent of the net cash flow expected over the following 12 months on a continuous basis in key currencies from the B. Braun Group's ordinary business operations. In December 2019, it was decided not to continue to pursue this hedging strategy. The layered hedging of expected and not yet recognized receivables and payables in the Group's key currencies that it had previously implemented routinely is now only used in isolated instances. This is why the Group has yet to designate forward foreign exchange contracts to hedge highly probable future foreign currency receipts and payments not in the functional currency, which are expected in the future:

	Nominal volume		Average hedging rate	
ISO code	Dec. 31, 2022 '000	Dec. 31, 2021 '000	Dec. 31, 2022 '000	Dec. 31, 2021 '000
EUR/BRL	23,800	21,400	5,9113	6,8293

The purpose of the hedges is to reduce the volatility of foreign exchange receipts and payments (and their measurement) with respect to foreign exchange risk. The effectiveness of hedges is measured prospectively using the critical terms match method and retroactively using the dollar offset method. As of the reporting date, the hedges had no ineffective portions.

As of December 31, 2022, the Group had designated hedging instruments with a fair value of € 0.4 million (previous year: € 0.3 million) as other assets and of € 1.2 million (previous year: € 0.7 million) as other liabilities as part of its cash flow hedges.

All hedges were effective. The reserve for cash flow hedges for these forward foreign exchange contracts reported in equity under other reserves developed over the fiscal year as follows:

	2022 '000	2021 '000
As of Jan. 1	-436	1,548
Profit or loss from effective hedges	-5,256	-664
Reclassifications due to altered expectations regarding occurrence of underlying transaction	N/A	N/A
Reclassifications due to realization of underlying transaction	4,877	-1,314
Reclassification due to a basis adjustment	N/A	N/A
As of Dec. 31	**-854**	**-436**

Occurrence of the underlying transaction resulted in a reclassification from other reserves to cost of goods sold.

B. Braun expects gains of € 0.4 million and losses of € 1.2 million recognized in equity to be transferred to the statement of income within the next 12 months.

The ineffective portion of changes in value is recognized directly in the statement of income under financial income. As in the previous year, there were no reclassifications from other reserves due to a hedge that was terminated or became ineffective, or a cash flow hedge that was terminated early.

In addition, the Group allocates currency hedges to certain intercompany loans that are not contracted in the functional currency of each Group company. The earnings from the hedges from internal commercial lending is shown in net interest income.

As in the previous year, there were no ineffective portions of the change in value recognized in the statement of income under net financial income.

33 Related party transactions

Related party transactions are disclosed for persons or businesses not already included as consolidated companies in the consolidated financial statements. A person or a close member of that person's family is related to a reporting party if that person has control or joint control over the reporting party, has significant influence over the reporting party or is a member of key management personnel of the reporting party. A party is related to a reporting party if the party and the reporting party are members of the same group or one party is an associate or joint venture of the other party.

The B. Braun Group purchases materials, inventories and services from numerous suppliers around the world in the ordinary course of its business. These suppliers include a small number of companies in which the Group holds a controlling interest and companies that have ties to members of B. Braun SE's Supervisory Board. Business transactions with such companies are conducted under normal market terms. From the perspective of the B. Braun Group, these are not materially significant. The B. Braun Group did not engage in any material transactions with related parties that were in any way irregular and does not intend to do so in the future.

The following transactions were completed with related parties:

	2022 '000	2021 '000
Sale of goods and services		
Related parties	1,459	1,404
thereof B. Braun Holding GmbH & Co. KG	(13)	(11)
thereof associates	(1,446)	(1,393)
Goods and services purchased		
Related parties	70,165	70,316
thereof B. Braun Holding GmbH & Co.KG	(61,648)	(58,592)
thereof associates	(7,904)	(11,474)
Key management personnel	614	250
	70,166	**70,316**

Outstanding items from the purchase/sale of goods and services and from borrowings at the end of the fiscal year:

	Dec. 31, 2022 '000	Dec. 31, 2021 '000
Outstanding items from the sale of goods and services		
Related parties	8,210	3,951
thereof B. Braun Holding GmbH & Co. KG	(2,335)	(2,892)
thereof unconsolidated subsidiaries of B. Braun Holding	(0)	(0)
thereof joint ventures	(77)	(62)
thereof associates	(5,798)	(997)
Procurement obligations	71	69
Outstanding items from goods and services purchased and from borrowings		
Related parties	132,274	148,815
thereof B. Braun Holding GmbH & Co. KG	(103,145)	(119,215)
thereof unconsolidated subsidiaries of B. Braun Holding	(0)	(0)
thereof joint ventures	(14,786)	(13,224)
thereof associates	(14,343)	(16,376)
Key management personnel	54,479	54,667
	186,753	**203,482**

Real estate lease agreements with B. Braun Holding GmbH & Co. KG were terminated in the fiscal year, resulting in a decrease in leasing liability of € 5.1 million, which is reflected in "Outstanding items from goods and services purchased and from borrowings".

Key management personnel are members of the Executive Board and members of the Supervisory Board of B. Braun SE. In addition to B. Braun Holding GmbH & Co. KG, the affiliated Group includes joint ventures and companies controlled by key management personnel or their close family members. The names of associated companies and joint ventures are listed under Major shareholdings.

The following items in the statement of financial position contain outstanding balances with related parties:

- Other assets
- Financial liabilities
- Other liabilities

The loans granted by related parties are short-term. Their interest rates are based on covered bond yields. There are no provisions for doubtful accounts associated with outstanding balances and no expenditures are recognized for impaired receivables from related parties.

Please see note 27 for details of leasing liabilities to related parties.

Remuneration for members of the Executive Board consists of a fixed and a variable, performance-related component. They also receive pension commitments and benefits in kind. Benefits in kind consist mainly of the value assigned for the use of company cars under German tax laws.

In addition to the duties and performance of Executive Board members, the criteria for remuneration include the Group's financial position, results and future projections.

The total remuneration of Executive Board members consists of the following:

	2022 '000	2021 '000
Fixed remuneration	2,427	3,144
Variable renumeration	1,698	3,779
Pension expense	855	1,011
Bonuses	395	206
Other	194	124
	5,569	**8,264**

Of the total, € 0.4 million was attributable to the Chief Executive Officer as fixed remuneration and € 0.4 million as variable remuneration from profit-sharing.

Pension commitments totaling € 8.0 million exist to active board members. Profit-sharing bonus commitments to board members reported under liabilities to employees, board members and shareholders total € 2.0 million. A total of € 15.6 million has been allocated for pension commitments to former board members and their surviving dependents. Total remuneration amounted to € 0.9 million. Supervisory Board remuneration totaled € 1.0 million.

The remuneration of Supervisory Board members is governed by the articles of incorporation and is approved at the Annual Shareholders' Meeting. Remuneration made to employee representatives on the Supervisory Board for work outside their supervisory activities are in line with the market standards.

The Group has not made any loans to current or former members of the Executive Board or Supervisory Board. Liabilities stemming from profit participation rights for board members totaled € 15.2 million (previous year: € 14.5 million). See note 27 for detailed information about bonuses. € 1.7 million in variable Executive Board compensation is still outstanding (previous year: € 3.8 million). This will not accrue until the consolidated financial statements are adopted in the following year.

The members of the Executive Board and Supervisory Board are listed on pages 4–5 and 133.

Notes to the consolidated statement of cash flows

The consolidated statement of cash flows details changes in the B. Braun Group's cash and cash equivalents during the course of the fiscal year. In accordance with IAS 7, cash flows are categorized as those from operating, investing and financing activities. Cash flow from operating activities is calculated using the indirect method.

34 Gross cash flow from operating activities

Gross cash flow totaling € 909.3 million illustrates the operating revenue surplus prior to funds commitment and is € 36.3 million lower than the previous year. The change results mainly from the lower operating profit.

Cash flow from operating activities totaling € 718.9 million represents changes in current assets, current provisions and liabilities (excluding financial liabilities).

The increase in liabilities and short-term provisions less the increase in inventories, receivables and other assets have led to a cash outflow of € 190.4 million. Net cash from operating activities is, therefore, € 235.1 million below the previous year's level.

35 Cash flow from investing activities

A total of € 593.0 million was spent in 2022 on the purchase of property, plant and equipment, intangible assets, financial assets, and business acquisitions. This was offset by proceeds from the sale of property, plant and equipment, and the disposal of holdings (€ 9.8 million), as well as dividends and similar income received (€ 18.0 million), resulting in a net cash outflow from investing activities of € 565.1 million. Compared to the previous year, this resulted in a € 66.7 million decrease in cash outflow.

Investments made during the year were fully covered by cash flow from operating activities. The remaining free cash flow was € 153.8 million (previous year: € 322.2 million).

Additions to property, plant and equipment as well as intangible assets from leases do not result in cash outflows and are therefore not included under investing activities. Additions in the fiscal year totaled € 66.3 million (previous year: € 117.4 million).

36 Cash flow from financing activities

In FY 2022, cash outflows from financing activities were € 112.7 million (previous year: € 343.5 million outflow). The net balance of cash flowing in and out for borrowing and repayment of debt was € -69.7 million (previous year: € -299.4 million). Dividend payments and capital contributions by minority shareholders result in a total cash outflow of € 44.0 million (previous year: € 42.4 million). At € 230.8 million, cash outflows are below the previous year's level. This can be attributed to higher borrowing.

The liability items in the consolidated statement of financial position in which associated payments were recognized in cash flows from financing activities changed during the fiscal year as follows:

	Jan. 01, 2022	Cash changes	Non-cash changes			Dec. 31, 2022
			Acquisitions	Exchange gains (losses)	Change in the fair value	
	'000	'000	'000	'000	'000	'000
Non-current financial liabilities	976,054	253,920	0	103	0	1,230,077
Current financial liabilities	1,011,415	-213,679	0	-18,847	0	778,889
Non-current leasing liabilities	331,382	-116,896	69,465	4,429	0	288,380
Current leasing liabilities	97,743	6,351	0	-981	0	103,113
Non-current profit participation rights	115,354	4,799	0	0	5,695	125,848
Current profit participation rights	10,444	-3,792	0	0	10,611	17,263
Total liabilities from financing activities	**2,542,392**	**-69,297**	**69,465**	**-15,296**	**16,306**	**2,543,570**

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37 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid financial assets with residual maturities of three months or less that are subject to no more than insignificant fluctuations in value.

As of December 31, 2022, restrictions on cash availability totaled € 0.2 million (previous year: € 1.7 million). These restrictions are primarily related to security deposits and collateral for tender business.

Subsequent events

No facts came to light after completion of the fiscal year through to the date of preparation of the consolidated financial statements that have a material effect on net assets, financial position and earnings situation for FY 2022.

Independent auditor's report

To B. Braun SE, Melsungen

Audit opinion

We have audited the consolidated financial statements of B. Braun SE, Melsungen, and its subsidiaries (the Group) – comprising the consolidated statement of financial position as of December 31, 2022, the consolidated statement of income (loss), the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity from January 1 to December 31, 2022 and the notes to the consolidated financial statements, including a summary of important accounting policies. In addition, we have audited the Group management report of B. Braun SE for the fiscal year from January 1 to December 31, 2022.

In our judgment, based on the information obtained during the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, provide a true and fair view of the net assets, and financial position of the Group as of December 31, 2022, and of its results of operations for the financial year from January 1 to December 31, 2022, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, is compliant with German legal requirements and accurately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report" section of our auditor's report. We are independent of the Group entities in accordance with the

requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group management report.

Other information

The legal representatives are responsible for the documents referred to as other information. This includes the Annual Report—without further cross-references to external information—with the exception of the audited consolidated financial statements, the audited Group management report and our auditor's report.

The opinions on the consolidated financial statements that appear in our auditor's report do not apply to this other information and, therefore, we offer neither an opinion nor any other type of audit conclusion in this regard.

As part of our audit, it was our responsibility to read through the other information and assess whether it

- contains material discrepancies with the consolidated financial statements, the Group management report or the facts determined during our audit, or
- otherwise appears to be materially misrepresented.

Responsibility of the executive directors and the supervisory board for the consolidated financial statements and the Group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial position, and results of operations of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for a financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The supervisory board is responsible for overseeing the Group's financial reporting processes for the preparation of the consolidated financial statements and of the Group management report.

Auditor's responsibility for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 consolidated financial statements and this Group management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, 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 audit opinions. The risk of failing to discover material misstatement resulting from fraud is greater than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the Group management report. Based on sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a significant unavoidable risk that future events will fundamentally differ from the prospective information.

We communicate with those in charge of oversight such matters as the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal controls that we identify during our audit.

Kassel, Germany, March 3, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels	Michael Conrad
German Public Auditor	German Public Auditor

Report of the Supervisory Board of B. Braun SE

The Supervisory Board of B. Braun SE has performed its statutory duties and obligations in accordance with the applicable laws, articles of incorporation, and bylaws, and to advise and monitor management.

In four ordinary sessions, the Executive Board reported to the Supervisory Board on the recent performance of the company, its financial status, and major investment projects.

One particular topic the Supervisory Board focused on in relation to corporate strategy was the conception and discussion of the Group Profit Boost program, designed to improve results. The Supervisory Board also received a report on performance in the US and came to a resolution on the continued implementation of the Act on Equal Participation of Women and Men in Management Positions in the Private Sector and in Public Service. The Supervisory Board received the 2021 human resources report, the earnings expectations for 2022 and the forecast for 2023, and discussed and ruled on transactions requiring approval in accordance with the articles of incorporation.

The Chairman of the Supervisory Board also routinely exchanged information and thoughts with the Chief Executive Officer with regard to major developments in the business performance of the company and the Group, as well as upcoming decisions.

The Supervisory Board performed a voluntary efficiency audit. This self-evaluation revealed that the Supervisory Board is efficiently organized and that the Executive Board and Supervisory Board work together very well.

The subjects of the two sessions of the audit committee were, in particular, the individual and consolidated 2021 financial statements of B. Braun SE prepared by the Executive Board and the current course of business development. Furthermore, the annual report from the internal audit department along with the auditing plan and its priorities, were addressed. In addition, the audit committee received the compliance report of the B. Braun Group and the Executive Board's risk report. The planning for the annual audit was also presented. The audit committee reported on these topics during the Supervisory Board sessions and put forward its proposals.

The Human Resources committee met five times in 2022. In its session on March 21, 2022, it recommended to the Supervisory Board the allocation of profit participation rights according to the B. Braun Incentive Scheme to the members of the Executive Board as well as on annual targets and the areas of focus in 2022. The Supervisory Board approved the allocation and the resolutions in its session on March 22, 2022. In its session on September 26, 2022, the Human Resources committee recommended to the Supervisory Board the reappointment of Dr. Stefan Ruppert as a full member of the Executive Board and director of labor relations until March 30, 2028. The Supervisory Board approved the recommendation accordingly and confirmed the appointment in its subsequent session. The Human Resources committee spent the rest of 2022 addressing general human resources topics as well as Executive Board compensation.

B. Braun SE's financial statements and management report for the 2022 fiscal year, the Group's consolidated financial statements, and the consolidated management report as prepared by the Executive Board were audited by the PricewaterhouseCoopers GmbH accounting firm, Kassel, Germany, which was appointed the auditor of the annual accounts at the annual meeting on March 22, 2022. The auditor raised no objections and issued unqualified audit opinions.

The statutory auditor participated in the discussions of the Supervisory Board and the audit committee

→ First row (from left):

PROF. DR. THOMAS RÖDDER
Chairman, Tax Advisor and Certified Public Accountant; Partner at Flick Gocke Schaumburg, Bonn

MARIA SCHWARZ*
Chemical Production Forewoman; Chairwoman of the Workers' Council for the Berlin Site, B. Braun Melsungen AG, Berlin

FRIEDERIKE BRAUN-LÜDICKE
Head of Culture and Diversity at B. Braun Service SE & Co. KG, Melsungen

KATHRIN DAHNKE
Former Chief Financial Officer of Ottobock SE & Co. KGaA, Duderstadt

THORSTEN NÖLL*
Senior Vice President of Logistics & Supply Chain, B. Braun Melsungen AG, Melsungen

ALEXANDRA FRIEDRICH*
Vice Chairwoman; Chairwoman of the Joint Workers' Council of B. Braun Melsungen AG; Chairwoman of the Workers' Council at the Melsungen/Spangenberg location, Melsungen

→ Second row (from left):

DR. TOBIAS POLLOCZEK
Attorney-at-law; Partner at CMS Hasche Sigle, Frankfurt

PROF. DR. OLIVER SCHNELL
Founder and Managing Director of Sciarc GmbH, Baierbrunn

MIKE SCHWARZ*
Chairman of the Workers' Council of B. Braun SE, Melsungen

→ Third row (from left):

MICHAEL GUGGEMOS*
Employee of the Hans Böckler Foundation, Düsseldorf

LARS ELMENTHALER*
Chairman of the Workers' Council of Aesculap AG, Tuttlingen

OLAF ELIXMANN*
Chairman of the Workers' Council of B. Braun Avitum AG, Glandorf Plant

→ Not pictured:

PROF. DR. KARL FRIEDRICH BRAUN
Senior Physician at Charité Hospital, Berlin

PROF. DR. DR. H. C. MARKUS W. BÜCHLER
Medical Director of the Department of General, Visceral and Transplantation Surgery at Heidelberg University Hospital

DR. FRANK HEINRICHT
Chairman of the Management Board of Schott AG, Mainz

SABINE SÜPKE*
Regional Director for Hesse-Thuringia for IGBCE (German Trade Union for Mining, Chemical Engineering), Wiesbaden

*Elected by the employees

regarding the financial statements and the consolidated financial statements, and reported on the main findings of its audit. The Chairman of the Supervisory Board was in contact with the auditors regarding the findings of the audit. The Supervisory Board's review of the financial statements, the management report and the proposal for appropriation of the net profit of B. Braun SE, as well as the consolidated financial statements and the Group management report, led to no objections in correspondence with the results of the independent auditor's report. The financial statements and consolidated financial statements as compiled by the Executive Board were approved and thereby recorded pursuant to § 172 German Stock Corporation Act (AktG).

The Supervisory Board concurs with the proposal of the Executive Board to appropriate the consolidated net income.

The Executive Board created a report on the relationships with associated companies for the 2022 fiscal year, in accordance with § 312 AktG. The Supervisory Board has reviewed this report and no objections were raised. The independent auditor has reviewed the report and issued the following audit certificate:

"On completion of our audit in accordance with professional standards, we confirm that
(1) the factual statements made in the report are correct and
(2) the company's compensation with respect to the transactions listed in the report was not inappropriately high."

The Supervisory Board is in agreement with the results of the independent auditor's report. In accordance with the results of the Supervisory Board's review, no objections are to be raised to the final declaration by the Executive Board that is included in the report.

The Supervisory Board would like to thank the Executive Board for its excellent and successful collaboration, and all employees of the B. Braun Group for the contributions they made in the reporting period.

Melsungen, March 2023
The Supervisory Board

Glossary

A

ASEAN
Association of Southeast Asian Nations, an association in Jakarta, Indonesia, that works to improve economic, political and social cooperation.

Asset-backed securities
A specific form of asset securitization in convertible securities with an asset-backed securities corporation.

C

CIW
Abbreviation for Coverage in Weeks. A key performance indicator referring to delivery capacity covered by the current available inventory as measured in weeks.

CO_2 neutrality
CO_2 neutrality means that the use of a fuel or a human activity (e.g., a flight or an event) has no impact on the concentration of carbon dioxide in the atmosphere.

CoEs
Abbreviation for Centers of Excellence. Centers in the B. Braun organization where research, development, production and marketing are bundled for specific product groups.

D

DPO
Abbreviation for Days Payable Outstanding. A key performance indicator referring to the period of time between the date an invoice is received and the date that invoice is paid.

DSO
Abbreviation for Days Sales Outstanding. A key performance indicator referring to the period of time between the invoicing date and the date payment is received.

E

EBIT
Abbreviation for Earnings Before Interest and Taxes. Key performance indicator.

EBITDA
Abbreviation for Earnings Before Interest, Taxes, Depreciation and Amortization. Key performance indicator.

EMAS
Abbreviation for Eco-Management and Audit Scheme. The Eco-Management and Audit Scheme was developed by the EU to set standards for environmental management systems.

Equity method
The equity method is an accounting practice for reporting investments in and business relationships with associated companies and joint ventures in individual and consolidated financial statements.

EU4Health program
A program for improving health care systems in the EU. EU4Health will make a substantial contribution to the recovery from the Covid crisis by improving the health of the EU's population by strengthening the capacity of health care systems and promoting innovations in the health care industry.

F

FMD
Abbreviation for Falsified Medicines Directive. This directive on falsified medicines is a legal framework introduced by the EU to improve the protection of public health in the EU.

G

GDP
Abbreviation for Gross Domestic Product.

GMP
Abbreviation for good manufacturing practice. A guideline for quality assurance in production processes and environments for the production of medicines and active ingredients.

Greenhouse Gas Protocol
A global standard for quantifying and managing greenhouse gas emissions that is used by governments, non-governmental organizations and numerous companies in various industries.

GRI
Abbreviation for Global Reporting Initiative. A provider of standards for organizations and companies for voluntarily reporting on their economic, environmental and social activities.

H

Hazardous waste
Waste that has at least one of the properties listed in Annex III of the Basel Convention or that is classified as hazardous under national law.

I

ICH guidelines
The goal of the guidelines from the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) is to harmonize the evaluation criteria of pharmaceuticals for human use as a basis for drug registrations in Europe, the US and Japan.

ILO
Abbreviation for International Labour Organization. An agency of the United Nations promoting social justice as well as human and labor rights.

IMF
Abbreviation for International Monetary Fund. A United Nations organization based in Washington, D.C. in the USA.

IPCEI Health
Abbreviation for Important Project of Common European Interest. An EU project promoting the strengthening of the health care economy.

ISMS
Abbreviation for information security management system. This includes the establishment of rules and procedures within an organization to permanently define, control, monitor, maintain and continuously improve information security.

ISO 13485
An international standard for quality management of medical devices created by the International Organization for Standardization (ISO). It addresses the requirements manufacturers and providers of medical devices must meet when developing, implementing and maintaining management systems for the medical device industry.

ISO 14001
The international environmental management standard ISO 14001 establishes globally recognized requirements for environmental management systems.

ISO 45001
ISO 45001 describes requirements for occupational health and safety management systems. ISO 45001 supersedes BS OHSAS 18001.

ISO 50001
ISO 50001 describes requirements for energy management systems.

ISO/IEC 27001
An international standard for information security in private, public or non-profit organizations. It describes the requirements for setting up, implementing, operating and optimizing a documented information security management system.

L

Layered Hedging
A risk management practice intended to increase flexibility when hedging a company's future currency risk.

M

Materiality analysis
A process for identifying sustainability aspects material to a company and its stakeholders. The results of the analysis are entered into a materiality matrix and form the basis for identifying potential sustainability activities.

MDR
Abbreviation for Medical Device Regulation. A regulation for medical devices (EU) 2017/745, that was adopted in 2017 and entered into force in May 2021.

N

Net zero strategy (NHS)
The net zero strategy is a UK government strategy to reduce climate-damaging emissions and decarbonize all sectors of the UK economy, including the National Health Service (NHS). The emissions that can be directly controlled by the NHS should reach the net zero target by 2040.

Next Generation EU
Next Generation EU is a program designed to contribute to the EU's recovery from the direct economic losses and social harm caused by the COVID pandemic. The funds will make Europe greener, more digital and more resilient so it can better adapt to the current challenges and those in the future.

P

Production value
Total value of goods and services measured by sales price.

R

Recycling
Recycling is any method of reprocessing waste into products, materials or substances either for its original purpose or for other purposes.

Renewable energy sources
Bioenergy (biomass), geothermal energy, hydroelectric power, marine energy, solar power, and wind energy are all renewable energy sources.

S

Scope 1 emissions
Direct greenhouse gas emissions originating from sources belonging to the company or that are directly controlled by the company, e.g., emissions from furnaces to produce heat or from vehicles.

Scope 2 emissions
Indirect greenhouse gas emissions produced from the external generation of power, steam and heating/cooling, whose energy is used by the company.

SDGs
Abbreviation for Sustainable Development Goals. Goals set up by the United Nations in 2015 for sustainable development to address global challenges such as poverty, food and water scarcity, and climate change.

T

Thermal energy
Energy in the form of heating and cooling. Energy in the form of heating refers to both heat energy (to heat a building) and steam energy (e.g., for sterilization).

Thermal treatment
A process for utilizing combustible waste to generate energy by incineration in which at least heat is recovered.

W

Water consumption
The sum of water withdrawn and integrated into production or consumed as part of production. This includes water generated as waste or steam, or consumed or contaminated by humans and other animals. This water can no longer be discharged into surface water, ground water or marine water.

Water recirculation
The total of wastewater, used and unused water that is discharged into surface water, groundwater, seawater or to third parties, and for which the organization has no further use during the reporting period.

Water stress
The World Resources Institute defines water stress as the ratio of total water withdrawal to the available renewable surface and ground water supply. Higher water stress indicates greater competition among water users.

Water withdrawal
The sum of the amount of water taken from all sources and used for any purpose within the property lines of the organization during the reporting period.

WBCSD
Abbreviation for World Business Council for Sustainable Development. A CEO-led organization that works exclusively on issues related to sustainable development.

Working capital
A key performance indicator referring to inventories plus current trade accounts receivable less current trade accounts payable.

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This report contains standard disclosures from the GRI Sustainability Reporting Guidelines. The table provides an overview of the GRI disclosures mentioned in the report, whose requirements we meet in part or in full.

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Thank you

to all our colleagues who collaborated in the creation of the 2022 Integrated Annual Report. This report was only published digitally.

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