B|BRAUN
SHARING EXPERTISE

Integrated Annual Report 2021

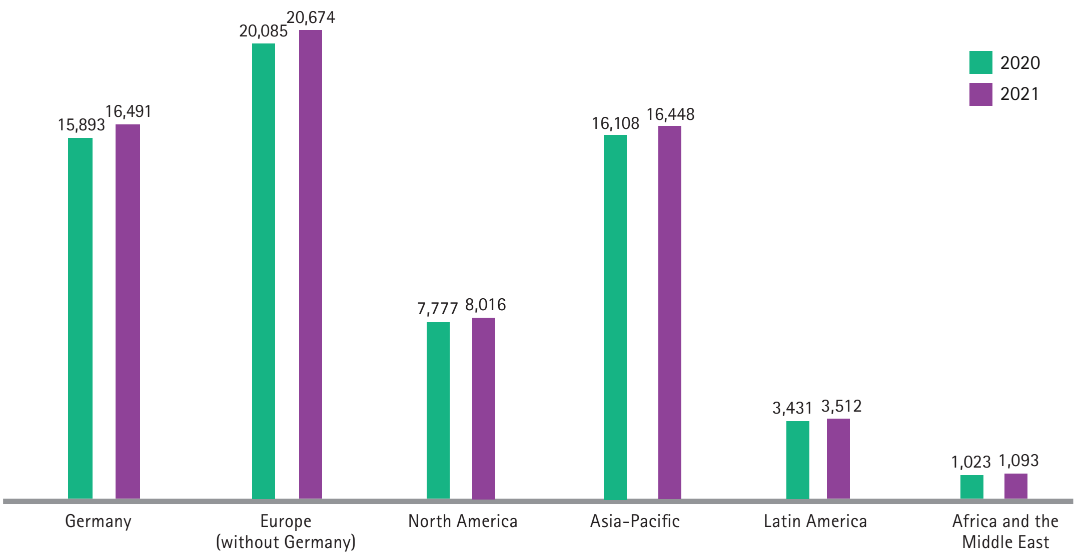
A strong partner in uncertain times

Statement of income

	2020 EUR million	2021 EUR million	Change in %
Sales	7,426.3	7,859.8	5.8
Costs of goods sold	4,503.2	4,799.0	6.6
Gross profit	2,923.1	3,060.8	4.7
Functional expenses	2,428.1	2,599.2	7.0
Selling and general administrative expenses	2,058.2	2,182.4	6.0
Research and development expenses	369.8	416.9	12.7
Interim profit	495.0	461.5	-6.8
Profit before taxes	416.1	408.6	-1.8
Consolidated net income	301.5	300.1	-0.5
EBIT	481.8	471.7	-2.1
EBITDA	1,103.2	1,101.9	-0.1

Sales by region (in EUR million)

Employees by region



Content

Executive Board

From left:

Dr. Joachim Schulz
Aesculap Division

Markus Strotmann
Avitum Division

Anna Maria Braun, LL.M.
CEO

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

Dr. Annette Beller
Finance, Taxes and Central Services

Dr. Meinrad Lugan
Hospital Care Division

Dear Readers,

Strained supply chains, new virus variants and rising commodity prices: 2021 was another very challenging year for B. Braun. Yet, despite all the uncertainty in the markets, we demonstrated flexibility and stayed by our customers' side as a strong partner. This accomplishment was especially possible thanks to our 66,000 employees around the world, whose outstanding commitment ensured the supply of the health care systems.

A strong partner in uncertain times

Our sales grew 5.8 percent, in line with our expectations and strategic goals. We were able to successfully manage considerable fluctuations in demand with our broad portfolio, international presence, and the exceptional efforts of our employees. Our operating profit, however, only just reached that of the previous year—a disappointing outcome given our sales growth. Most notably, significantly higher expenses for the reliable supply of our customers, as well as increased raw material, energy, and logistics costs, could only be passed on to the market to a limited extent, and we were unable to offset these increases despite strict cost management. This heavily impacted our results.

We expect that the high volatility in the markets will continue for the foreseeable future. This is why at B. Braun we will continue to make changes, maintain disciplined resource management and intensify our cross-divisional cooperation. This will unlock additional resources and give us flexibility to continue to invest in our future and accelerate advances in health care. In the 2021 fiscal year, we worked hard on topics that will determine the future of B. Braun, guided by our values of innovation, efficiency and sustainability.

By implementing new technologies, we create innovation in health care, with the goal of significantly improving clinical outcomes, enhancing clinician and patient experience and driving efficiencies in the health care system. In 2021, we began marketing the next generation of infusion pumps with Space^{plus}. By establishing the first link to the B. Braun Cloud, we are developing smart infusion therapy at hospitals. The first surgeries were performed with the Ennovate® Cervical and Plasmafit® Revision implant systems. We also made our Actreen® catheters more environmentally friendly. Sharing Expertise and cross-divisional development strengthen our capabilities to innovate.

> Many paths to innovation

Many customers are familiar with our efficient solutions, which combine our best features and set new standards. Our products, services and consulting offerings create added value in holistic systems. They utilize digital networking, allowing us to improve treatment processes, support clinicians and generate efficiencies. In addition, new technologies not only help our existing customer relationships become more digital, they also allow smaller hospitals to benefit from our medical solutions.

> The right solution for every customer

As a family-owned company, we always have the next generation in mind, which is why we have embedded our responsibility for sustainable growth into our business processes. In 2022, we will begin reporting our sustainability data and the sustainability goals we have established in our first integrated Annual Report. In the section "Our Responsibility", we are making B. Braun's sustainable growth transparent, showing, for example, how we are continually improving our energy footprint compared to our production performance on our path to reducing CO_2 emissions.

> Sustainability from the depths

We cannot achieve efficient management of our business and the implementation of our innovation and sustainability goals without our people. Our employees who are committed, who act responsibly and who are open to change. These are the characteristics that characterize them. We sincerely thank them for their dedication, flexibility and outstanding commitment in this challenging fiscal year.

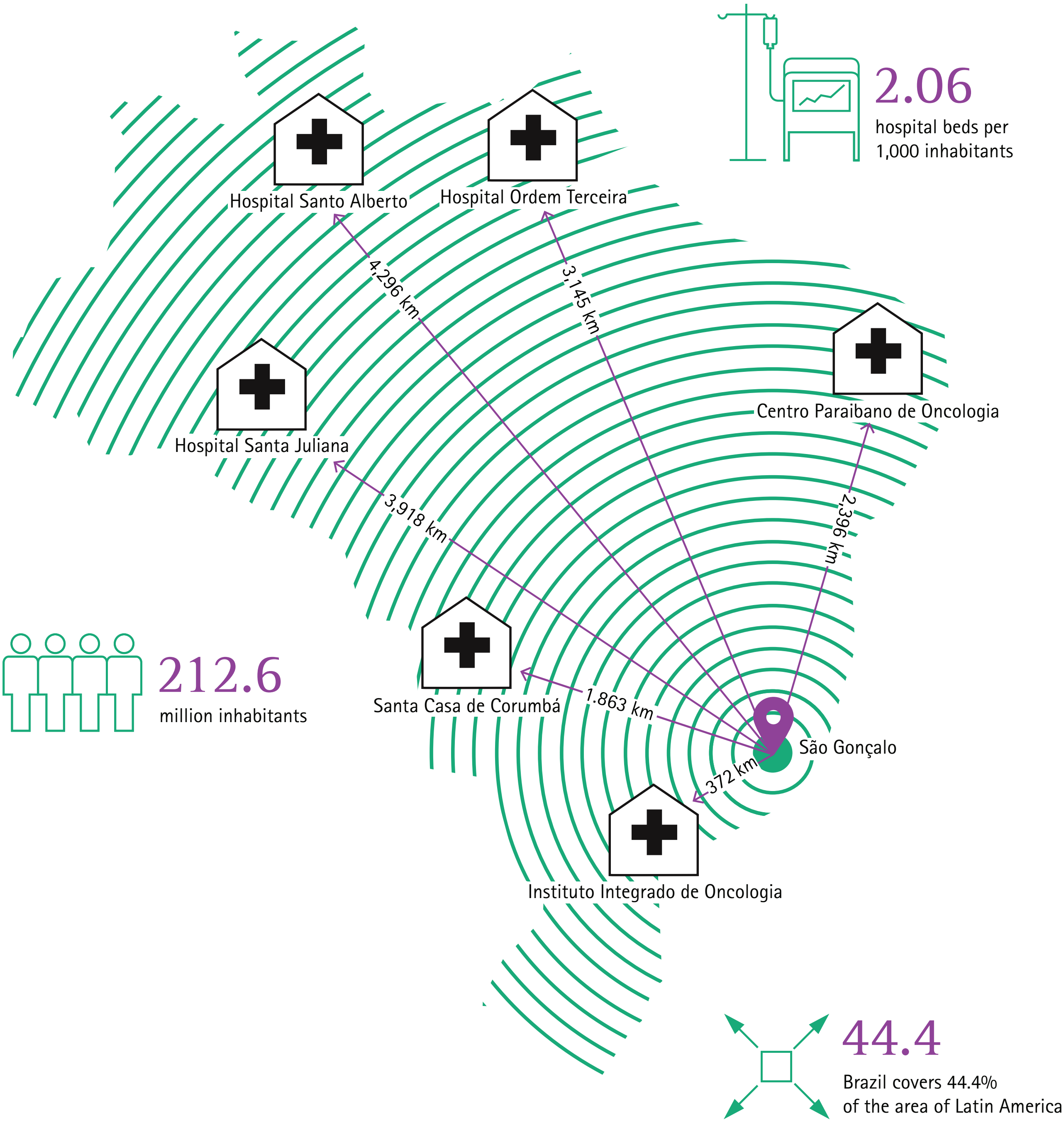
Willingness to embrace change will be critical to our success in the future. With our strategic framework B. Braun—the next decade, we have already created an important momentum: we are exploring new technologies, are prioritizing projects more consistently and fostering closer cooperation between departments. Only if we continue to change as B. Braun, we will be able to unlock additional resources and capture opportunities in constantly changing markets, and do what we are here to do: protect and improve the health of people around the world.

> The courage to change

Anna Maria Braun
Chief Executive Officer

"We will continue to make changes, maintain disciplined resource management and intensify our cross-divisional cooperation. This will unlock additional resources and give us flexibility to continue to invest in our future and accelerate advances in health care."

Brazil | Facts & figures



66 percent of the country's total 8,139 hospitals, clinics, and emergency departments are small or very small facilities. That means they have fewer than 50 beds; 70 percent of these facilities have 29 beds or fewer. However, the small hospitals are indispensable for Brazil's health care and due to their small size, the facilities face a number of problems. One of the most serious is their lack of access to modern medical technology.

The right solution
for every customer

Medicine is a time-critical business: getting relevant information and knowledge available quickly and reliably can have a decisive impact on patients' health. This is one of the reasons why B. Braun developed a new hybrid model early in the pandemic, combining the strengths of a face-to-face meeting with the speed of digital communication.

"Even though we are not a big hospital, B. Braun makes us feel like an important customer—that cannot be said about many providers."

Bruna Borges, ABC Oncology Integrated Institute, Brazil

Extensive knowledge can be passed on even more effectively this way, which is an advantage that is more impressive in Brazil than anywhere else. There are many small hospitals in remote areas of the country that, until recently, could not be served by a B. Braun sales and support team—the distances were too great and the logistics too time-consuming. The new hybrid approach has changed that. During the initial digital contact, all the customers' basic needs can be clarified in advance. And as soon as the possibilities of digital support have been exhausted, B. Braun puts together a suitable team for targeted on-site deployment. For many small hospitals, the hybrid model means they can take advantage of modern technology for the first time. We show how Hybrid Customer Relations in Brazil can find the right solution for every customer.

Click here!

Find out what added value hybrid sales models offer, especially in large countries with long distances.

Medical technology thrives on new ideas. There is probably no other economic sector where technical innovations have such a direct impact on health and on people's well-being. This is one of the reasons why B. Braun's Research & Development processes are essential.

Many paths
to innovation

We are pursuing a twofold strategy: B. Braun conducts research and development itself, at a higher level, as well as in the individual divisions—and at numerous international locations. However, development also takes place externally, in associated companies. This intertwined approach combines the best of both worlds: the experience and implementation expertise of a global corporation like B. Braun and the speed and creativity of start-ups. For example, B. Braun is working on biological meshes for surgery in Spain. At B. Braun Avitum in Italy, their research includes improved dialysis and apheresis therapies. And the start-up Neuroloop in Freiburg, Germany, is working on stimulation techniques for the vagus nerve. These three examples show how important development is at B. Braun—and how internal and external processes ensure the highest speed of innovation and the best product quality.

"The cooperation with B. Braun is something special, and it has played a decisive role in our success. By getting investment early on, we saved ourselves costly rounds of financing during the start-up phase, and we already had important expertise on board as we continued to develop the product. And now, in the production phase, we have a strong partner in B. Braun to support us in procurement. You cannot ask for more than that."

Dr. Michael Lauk, Founder and CEO of Neuroloop, and Chief Digital Officer at B. Braun

Click here!

Learn about the different approaches B. Braun uses to create a productive climate for innovation and creative ideas.

Dr. Christine Weis, Head of Strategic Research Line Meshes & Biologics at B. Braun Surgical in Rubi near Barcelona, leads a research team on surgical technology.

Dr. Michael Lauk is Chief Digital Offer at B. Braun and CEO of Neuroloop in Freiburg, Germany. Together with his team, he has been researching the topic of the vagus nerve and its stimulation for a long time.

Dr. Giuliana Gavioli, Senior Vice President Research & Development, leads a large research team at B. Braun Avitum in Mirandola, Italy.

The fact that B. Braun can change has been proven many times during its 180-year history. With progressive technologies, digital excellence, and consistent customer focus, we will continue to pursue our strategy over the next ten years to identify the challenges in the increasingly dynamic health care sector at an early stage, and drive its development. In order for us to actively shape this progress, a joint commitment to the company's values and goals is crucial. This is the only way to implement innovations more quickly, develop digital solutions, and further strengthen customer trust in B. Braun.

The courage to change

In order to successfully shape these fundamental changes, we rely on the openness, courage, and flexibility of our employees. But change is not always easy, either. That is why we asked B. Braun employees around the world:

- How has the new B. Braun strategy changed their working lives over the past year?
- In which areas is the change most noticeable?
- How do they manage change alongside their demanding day-to-day business?

Click here!

Discover how B. Braun employees around the world deal with change, as well as what comes easily and what comes less easily to them.

Japan | Training managers

"I believe it is important that all managers receive sufficient training with regard to change management—in order to adapt their own way of thinking, but also to be able to inspire employees for necessary change processes. This is where a change in our mindset matters, and for this, I believe we should value much more on altruism, compassion and empathy."

Naoko Nagashima | Division Director of Human Resources & General Affairs, B. Braun Japan

USA | Looking beyond our own horizons

"Stepping out of my comfort zone and daring to do something new has never been a problem for me. I think that we can only achieve comprehensive change if we look beyond our own horizons—and if we tackle our tasks together, exchanging ideas with colleagues from other areas of responsibility and, above all, from other subsidiaries around the world."

Nathan Snyder | Injection Molding Designer in Allentown, B. Braun USA

Finland | Developing more courage

"I believe that we need to develop more courage to pursue new approaches—in line with the motto fail fast, fail often. But even though I like to implement new strategies like B. Braun—the next decade as quickly as possible, I know that you have to give change time. That is why I try to encourage employees to be open to change."

Mia Eklund | Managing Director, B. Braun in Finland and Sweden

Geothermal probes

31 probes embedded in the earth tap the heat stored in the ground at a depth of 200 meters and transport it to the surface via heat pumps for further use.

Water tanks

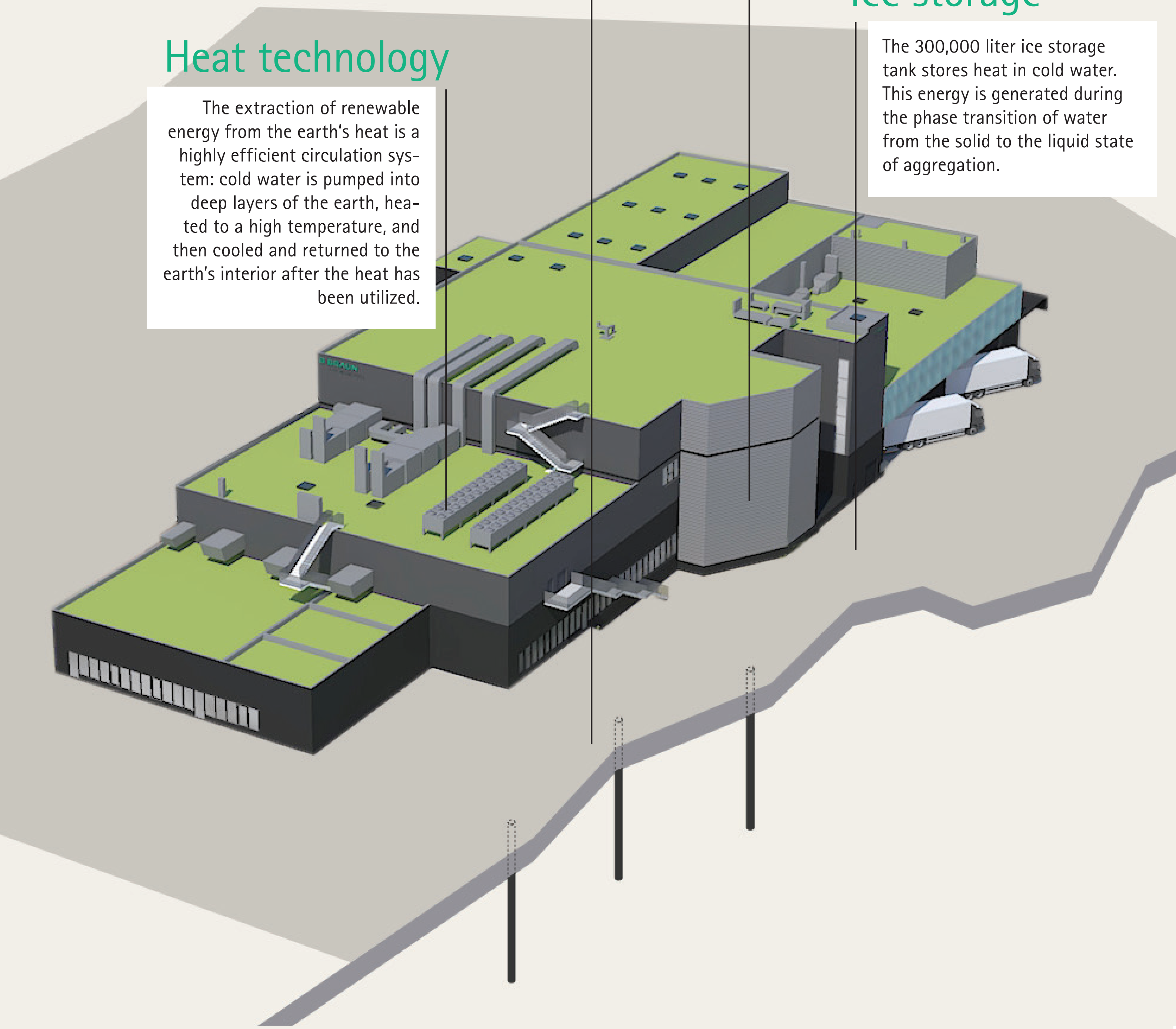
Three large water tanks with a total capacity of 270,000 liters store the water heated by geothermal energy, cooling and waste water.

Heat technology

The extraction of renewable energy from the earth's heat is a highly efficient circulation system: cold water is pumped into deep layers of the earth, heated to a high temperature, and then cooled and returned to the earth's interior after the heat has been utilized.

Ice storage

The 300,000 liter ice storage tank stores heat in cold water. This energy is generated during the phase transition of water from the solid to the liquid state of aggregation.



B. Braun operates a competence center for infection control at its Sempach site in Switzerland. Disinfectants are manufactured here in one of its largest production facilities. Since 2020, N.I.C.O. (New Infection Control Operations), a new plant to double the production capacity in disinfection, has been under construction there. On completion in 2023, the heat supply for production and the building of the new factory is expected to be CO_2-neutral thanks to a sustainable energy generation concept.

Sustainability
from the depths

According to the Health Care Climate Footprint Report, health care is responsible for 4.4 percent of global CO_2 emissions. At first glance, this is a manageable figure—but it actually represents two metric gigatons of the climate-damaging gas. It is clear that action must be taken here.

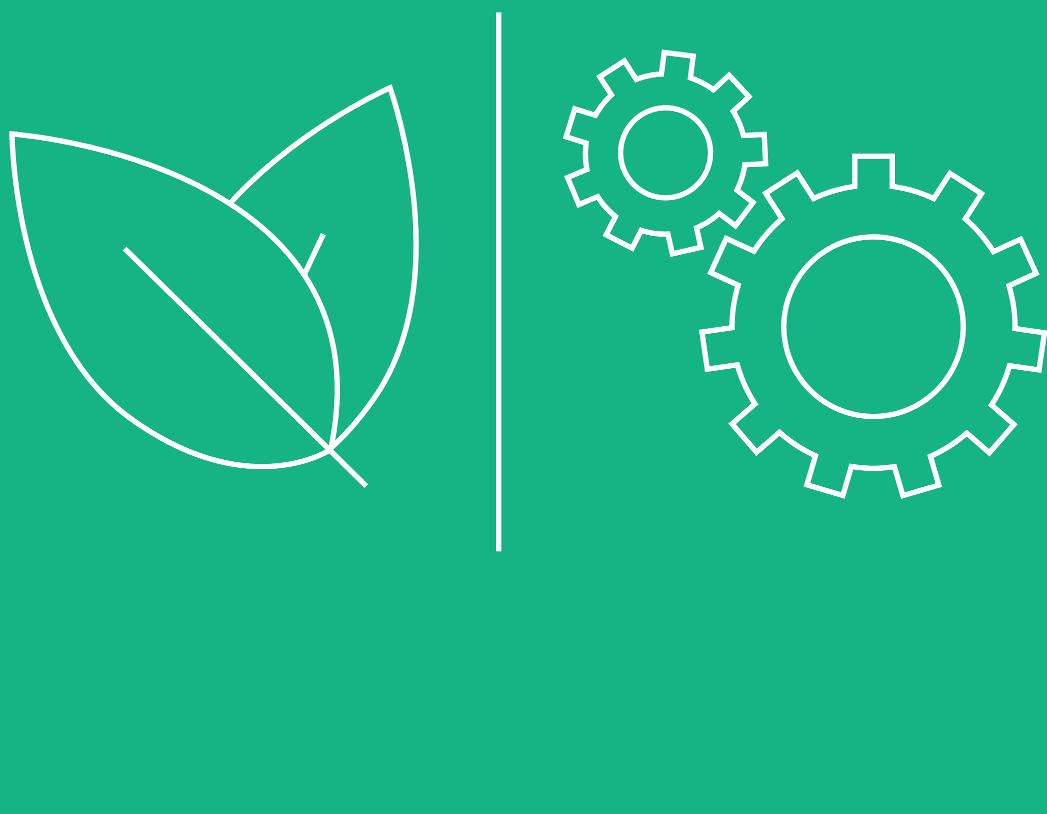
"With N.I.C.O., we are showing that B. Braun is taking responsibility for climate protection. With the energy generation concept using the heat pump, we will save around 100,000 liters of heating oil per year at the Sempach production site alone."

Silvio V. de Mesquita, Project Manager N.I.C.O.

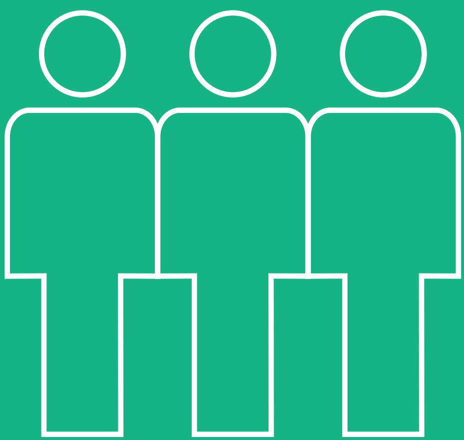
As a family-owned company, B. Braun is aware of its responsibility to society and the environment. With the expansion of its disinfectant production facility in Sempach, Switzerland, B. Braun is now seizing the opportunity to set new standards in energy management. With the new construction of N.I.C.O.. (New Infection Control Operations), production of disinfectants at the Sempach site will double in the medium term. Heat generation and cooling will be CO_2 neutral in the new plant—sustainable energy will be generated via a complex system of geothermal heat probes, smart energy storage, and optimized circulation processes.

Click here!

Read how B. Braun is approaching this forward-looking project and thinking in terms of sustainable processes at an early stage.



Our responsibility



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Value-based corporate management

Strategy and sustainability

Sustainability is one of B. Braun's corporate values and has been an essential part of our corporate strategy for decades. That is why we have embedded responsibility for sustainable growth for our employees, our society and the environment in our business processes. We utilize the resources available to us in an economically, environmentally, and socially sustainable way. As we do this, the constant exchange of knowledge and know-how contributes to future-oriented solutions throughout B. Braun's entire value creation cycle.

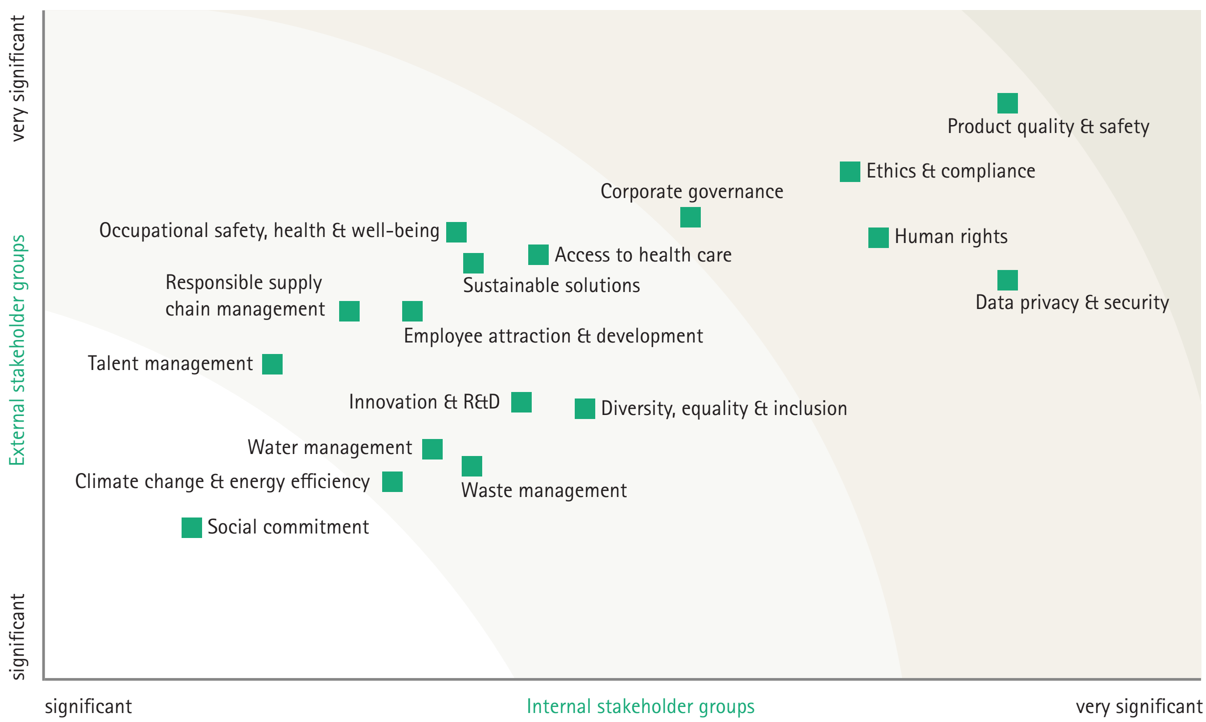
In this reporting period, we established our strategic framework, called B. Braun—the next decade, for the period up to 2030. New technology and the digital transformation will be crucial when it comes to shaping the world of medical technology and the health care industry of tomorrow. Sustainability plays a pivotal role in the structure of this change and is a strategic success factor for our business activities.

Materiality

We manage and prioritize our sustainability activities by periodically performing a materiality analysis. This indicates the aspects that are significant to us with regard to our business activities and takes the values of our most important stakeholders into account. We updated our materiality matrix at the end of 2021.

More than 500 stakeholders from 52 countries, including customers, partners, employees, the Executive Board, Supervisory Board and Workers' Council, assessed the relevance of sustainability issues. The matrix shows the fields of action that

Materiality matrix



are considered significant: our survey reflects the importance of product quality and product safety in particular. The aspects of ethical principles and human rights confirm that compliance with social standards is highly relevant, especially in the supply chain. Data security and data protection have also gained in importance as actionable topics in light of the digital transformation of business and society. These significant aspects are derived from our value-based corporate management and describe our actions as a global family-owned company.

Framework for action

In 2021, in the course of the new strategy period, we defined the strategic objectives for our sustainability commitment for the next decade and developed a three-year plan with clear milestones. The goal is to continue strengthening sustainability in the company and develop it as an integral part of our business processes. For B. Braun, the development and use of modern technologies are the key to successfully implementing sustainability in the company.

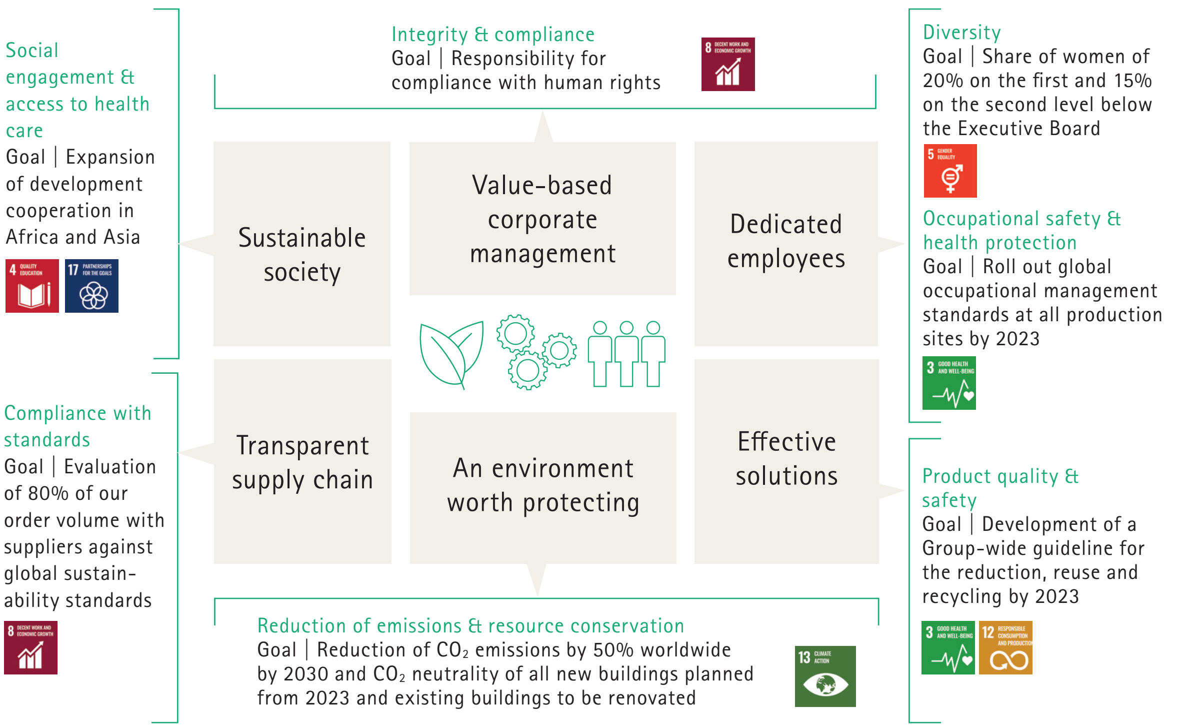
We have set the framework for our activities in the coming years, as derived from our Group strategy and materiality analysis, with six thematic areas and fleshed them out with clear medium to long-term goals. At the same time, we are working towards fulfilling 7 of the 17 United Nations Sustainable Development Goals (SDGs). You can read about the contribution we as a company are making here.

Reporting framework

We have aligned our report with the standards of the Global Reporting Initiative (GRI) and the SDGs, and report data from the countries with the largest number of employees (at least 1,000 B. Braun employees) and/or our largest production sites (at least 50 employees).

Since our previous report in 2020, we have increased the number of reporting countries from 10 to 26. Argentina, Colombia, Indonesia, Italy, Japan, Kenya, Peru, Romania, South Africa and Thailand have been added. Approximately 93 percent of all B. Braun employees worked in these 26 countries in 2021. A sus-

Overview of goals



tainability 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.

Number of employees in reporting countries
as of December 31, 2021

Country	Employees	Percentage
Germany	16,491	24.9
United States	8,016	12.1
Malaysia	7,927	12.0
Russia	3,448	5.2
Spain	2,620	4.0
Hungary	2,452	3.7
Poland	2,436	3.7
France	2,170	3.3
India	2,123	3.2
China	2,030	3.1
Vietnam	1,435	2.2
Brazil	1,396	2.1
Great Britain	1,334	2.0
Switzerland	1,109	1.7
Czech Republic & Slovakia	1,037	1.6
Romania	985	1.5
South Africa	869	1.3
Italy	762	1.2
Colombia	658	1.0
Indonesia	542	0.8
Japan	477	0.7
Peru	462	0.7
Thailand	303	0.5
Argentina	244	0.4
Kenya	185	0.3
Total	**61,511**	**92.9**
Other countries	4,723	7.1
B. Braun Group	**66,234**	**100.0**

Organizational anchoring

We see sustainability as the central task of multiple corporate divisions. We have been developing structures and processes since we started reporting on and creating content about sustainability in 2015. In addition to our global sustainability network of country coordinators and technical experts, we created a department with responsibility for sustainability management and reporting which, closely linked with the Strategy Department, reports directly to the CEO. In the future it will coordinate all activities in the company centrally. The sustainability team sets the cornerstones for sustainability at B. Braun. It initiates corresponding activities, ensures their implementation, and monitors sustainability-related requirements.

In addition, we have established a Sustainability Steering committee, a team of experts from various specialist and corporate departments, which acts as a group to offer advice about the strategic orientation of B. Braun on all sustainability issues and prepares draft Executive Board resolutions for management decision-making. 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.

Corporate governance

We have always been committed to legally compliant and socially responsible corporate management. The legal and ethical conduct of our employees is central to our value system. For the B. Braun Group, compliance means not only abiding by the rule of law, but also living ethical values such as integrity and fairness.

With the B. Braun Code of Conduct, we have also required our partners in the supply chain to respect human rights for many years, and to enforce this commitment in their own business activities. B. Braun expects its business partners to implement and comply with behavioral guidelines and to take measures that comply with the B. Braun Code of Conduct.

At B. Braun, we are committed to complying with our human rights due diligence obligations along our entire value chain. We respect applicable core labor standards of 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.

The Act on Corporate Due Diligence in Supply Chains passed by the German federal government obliges B. Braun to transparently implement human rights and environmental due diligence requirements in the supply chain as of January 1, 2023. Our goal is to use the B. Braun Group's comprehensive risk management system to help identify, record, evaluate, and minimize risks that may arise in our own business operations and in global supply chains.

We have implemented a compliance management system which ensures that our employees act in accordance with uniform standards. Our compliance officers in the national organizations report to the respective management and work together with the Group Compliance Office on further development. These compliance officers also provide advice and support to our employees. Their network extends across all continents and currently comprises 70 specialists. All B. Braun employees are obliged to adhere to our rules. We convey these contents to all employees around the world in face-to-face training and via e-learning and coaching. In addition, our employees are regularly trained and advised on special compliance topics.

Dedicated employees

Management approach

Our employees are the driving force behind B. Braun. Their know-how, passion, and skills are crucial to our business success—and are B. Braun's greatest strength. At the same time, we promote a culture characterized by trust, accountability, and diversity.

We are shaping the future with great openness, flexibility and the courage to change, in order to continue to be successful in a highly dynamic environment. We continue to develop our corporate culture and enable our employees to acquire new competencies. At the same time, we want to attract new talent to the company and our growth areas. All our employees should be able to work in a safe and healthy working environment.

For the next decade, we have set a clear path that will drive change in the company. The joint commitment of all employees to the values and goals of B. Braun is critical to success.

We promote a high-performance leadership and collaboration culture. The basis for this culture is a competence model that takes future requirements into account. We are constantly developing our leadership culture to shape change.

We value and need a diversity of perspectives. Appreciating this diversity supports a good working atmosphere. That is why we want to continue to increase the proportion of women in managerial positions. The current share worldwide was 13 percent in 2021. Our target by mid-2025 is 20 percent for the first management level below the Executive Board and 15 percent for the second management level.

B. Braun would like to attract talented young people who come from our own ranks and support employee development. With our realigned talent and succession management, we are ensuring that employees can get the competencies and skills they need now and in the future, in a structured way.

For us, change also includes modernizing human resources management processes. An important milestone in this direction was the description of a global human resources organization with clear roles and standardized processes, which both serves the large number of internal customers in the best possible way and actively supports the business units worldwide.

Attractive employer

As of December 31, 2021, the B. Braun Group employed 66,234 people, 3.0 percent more than in the previous year (63,317). Learn more about our HR figures here.

With the introduction of a major digitalization program, we laid the foundation for the digital transformation of HR during this reporting period. The first module of the new cloud-based HR management system was rolled out in 7 countries. Others will follow in Europe, the Middle East and Africa, the North and Latin American regions, then a third phase in the Asia-Pacific region.

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 already offers family-friendly working hours models in many companies in different countries.

2,922 employees took parental leave in 2021. The percentage of men taking parental leave has continued to increase in recent years. A European company agreement adopted in 2013 and renewed in 2018 created the framework for concluding agreements for part-time family leave in the individual countries. Our employees have the possibility, for example, to temporarily reduce their work hours with B. Braun's family part-time work model to take more time to care for people in their family. In the reporting period, 1,004 employees in Czech Republic and Slovakia, in France, Germany, Italy, Poland, Russia and Spain took advantage of B. Braun's family part-time work program.

B. Braun goes above and beyond legal requirements to balance employees' work lives and personal lives in other countries, as well: In India, employees receive additional vacation days on birthdays and holidays. In Switzerland, B. Braun assists its employees financially with the costs of childcare. Our programs offering a better work-life balance in various countries are diverse and continually adapted to the needs of employees at the different B. Braun locations.

Supplementary retirement pension

Our company has grown through several generations of entrepreneurial thinking. We want our employees and their families to be well taken care of—not just today, but also after their work life is over. We therefore support our employees beyond the statutory pension amounts. As of December 31, 2021, the B. Braun Group had established provisions for pensions and similar obligations in the amount of about € 1.7 billion.

In the reporting countries, around half of currently active employees are entitled to an employer-financed pension. Access to the B. Braun pension plan depends on various factors. These include duration of employment and type of employment contract. Currently, there is a company pension plan that goes beyond legal minimums in the Czech Republic and Slovakia, in Germany, Malaysia and Switzerland.

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 tradition and mutual trust. For example, around 180 employee representatives in Germany sit on several committees to promote the interests of our workforce. B. Braun secures the right of employees to freedom of association and coalition and collective bargaining, and their right to conclude joint agreements to shape our working conditions.

Protecting long-term employment is also part of our understanding of sustainability as a family-owned company. For example, we have been preserving jobs and apprenticeships in Germany since 2004, with site-specific job security contracts. Together with other

European reporting countries that have negotiated agreements, around 80 percent of employees are subject to collective agreements across Europe. Worldwide, half of all employees in reporting countries are covered by collective agreements.

Diversity

B. Braun is committed to a diverse, inclusive, respectful and equal, unbiased working environment, creating a culture in which all our employees can develop professionally. We take a holistic approach that encompasses all dimensions of diversity. These include age, social origin, sexual orientation, religion and belief, gender and gender identity, and ethnic origin and nationality. B. Braun signed the Diversity Charter together with 3,000 other companies as a symbol of our understanding of self-image.

We are aware of the advantages of a mixed-age workforce that contributes different professional experiences and expertise across generations. The constant share of employees under 30 years of age at 21 percent of the total workforce is particularly pleasing in light of demographic developments in many industrialized countries.

We offer all genders the same opportunities for employment and advancement. The proportion of women in the total workforce was 50.5 percent in 2021. In 2021, of the 6 members of the Executive Board, 2 are women, with 5 women among the 16 members of the Supervisory Board. This enabled us to meet the targets we set for ourselves in 2017, not falling below a proportion of women on the Executive Board of 28.6 percent, and increasing the proportion of female members on the Supervisory Board by 30 percent, and having at least two female Supervisory Board members each on the employer and employee side. The proportion of women serving on these Boards as a result is 33.3 percent and 31.3 percent, respectively.

We are working consistently towards our goal to continue to increase the proportion of women in management positions in the company. In 2021, B. Braun launched a new mentoring program that supports women in their personal and professional development and aims to promote women for future leadership positions. 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.

The internationality and mobility of our employees are important components of the B. Braun culture. We are committed to networking and exchange across national, international and cultural boundaries. International assignments, which are set up for a duration of six months to a maximum of five years, play an important role in these endeavors. In the reporting period, there were over 50 expat contracts worldwide, for example in Germany, Malaysia and Spain. We see foreign assignments as a key component of the personal development of our employees and not merely as being valuable for the company. Expat contracts are a central component of our development models, and are integrated in particular into our talent management programs.

We respect the skills and competencies 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 work together with representatives of the those with disabilities to form a barrier- and prejudice-free work environment. This includes, among other things, work areas and workplaces that are accessible to people with disabilities. The proportion of employees with disabilities in the reporting countries averaged 2.9 percent in 2021, 6.7 percent in Germany. In 2021, B. Braun additionally placed orders totaling € 3.5 million to various manufacturing facilities for people with disabilities.

A key element in the creation of an appreciative, inclusive and equal working environment is the involvement of our employees in internal company initiatives and networks. These include the "BIWin" women's networks and the "Women in Leadership" Working Group. The "4Diversity" initiative is organized internationally with numerous ambassadors who strengthen the understanding of diversity in the company, while setting different local priorities.

Management and collaboration

We see employees in leadership functions as role models and reliable partners who strengthen the autonomy of the individual. At B. Braun, we view managers as the supporting force that enables ideal conditions for independent work. We train them as part of our leadership program. Around 130 of our top executives have already been trained. We plan to roll out the international program to other management levels in order to establish a sustainable and uniform understanding of leadership.

We believe that mutual trust is the basis for our collaboration. We make space for personal growth, make decisions at all levels, and develop together in constructive exchanges. We promote a culture of respectful and appreciative interaction with one another through regular discussions. We see structured discussions between managers and employees as an integral part of our management culture. In the spirit of Sharing Expertise, the employees of B. Braun work together with our customers to protect and improve the lives of people around the world. During the second year of the pandemic, 2021, B. Braun was able to rely on the flexibility, personal commitment and high motivation of its employees: our employees at B. Braun sites worldwide ensured that our products and services remained available. In purchasing, warehousing and logistics, they enabled a high degree of delivery capability despite strained and restricted supply chains. Our employees have taken advantage of the new digital normal with our customers to intensify collaboration and ensure supply.

We expanded the possibilities of mobile work in virtual teams during the pandemic. Regular encounters in person are essential for us. Nevertheless, flexible working conditions in terms of time and space should be used to provide improvements in the work-life balance.

Learning and continuous development

This is why B. Braun accompanies the professional path of each individual with a wide range of training and development options. Being successful in a volatile environment also demands new ways of learning from our employees. We deliver learning content for successful transformation and strengthen learning culture with a customized and motivating "learning ecosystem" for the workforce. This includes learning units that specifically focus on the cultural change in the company, as well as digital fitness apps to expand one's own digital knowledge.

Continuing education

In the reporting period, B. Braun employees had an average of 3 training days. All training and development programs are provided under the umbrella of the B. Braun Business School and provide prospects for every employee group. More than 4,000 courses with around 15,000 participants were held as part of the B. Braun Business School. B. Braun Business School has adapted its formats and added various virtual offerings since the start of the pandemic. This enabled us to help employees to learn at any time and any place in a self-directed manner.

Talent and management of junior staff

In the B. Braun Talent and Succession Program, we have implemented a consistent approach to identify and develop internal talent at an early stage and later successfully deploy it in key positions. The integration and consideration of all employees at all levels is one of the core strategic directions for the program. We see the communication of a career model, which shows how development and learning is possible at B. Braun in the future, as an important step in this project. The process starts in the management teams with a talent review. There, critical positions in the respective organization are defined and the potential and performance of the employees are discussed. Possible successors and the required development steps constitute additional elements of the review. In the future, more emphasis will be placed on willingness to regularly take on new tasks, if necessary at other locations, within the framework of the competency model.

"Africa Kommt!" initiative

In 2021, B. Braun was again an integral partner in the "Afrika Kommt!" ("Africa is coming!") program, an initiative to promote young leaders from Africa and strengthen cooperation in the European-African business environment. The initiative was launched in 2008 by the Gesellschaft für Internationale Zusammenarbeit (German Society for international Cooperation) and leading German companies. In the 10th year of the program, 45 out of 169 aspirants from a total of 11 African countries were selected to enter Germany in November 2021 and start the program on site, as usual.

Training and education

The qualification of junior employees is a core component of our human resources strategy. B. Braun sees it as an opportunity to get young people excited about the company using modern training concepts. We make it possible for them to gain professional experience, often followed by direct placement in a long-term position. With a total of 27 positions requiring formal apprenticeships, from mechatronics engineer, IT specialist, and chemical technician to international trade specialist, industrial sales representative, and technical product designer, B. Braun offers a wide range of jobs. Here, too, we are specifically strengthening digital skills in new and established apprenticeship occupations. In 2021, a total of 1,021 people were undergoing vocational training. A total of 409 young people completed their training and 230 accepted their offers to join B. Braun.

Occupational safety

As a company in the health sector, we are not only responsible for customers and patients, but also for our own employees to an equal degree. At B. Braun, we take a preventive approach in order to keep work-related accidents and illnesses at a minimum. In all divisions of the company, occupational safety is achieved by example and through employees' willingness to accept responsibility. The total number of lost-time injuries decreased by 17.1 percent from 2019 to 2021. We analyze every accident to determine the underlying cause and derive corrective and preventative measures. We communicate the sequence of events of the accident throughout the manufacturing facilities to prevent similar accidents from happening again elsewhere in the company.

Around 73 percent of work accidents are caused by the behavior of individuals. We respond to this with safety training to raise awareness and personal accident analysis meetings. All other occupational accidents are attributed to technical or organizational causes. Here, too, we derive appropriate protective measures through analytical discussions of accidents. In the coming year we will reach agreement with the sites on uniform occupational safety KPIs. This also includes the process of a globally uniform system for recording and reporting occupational accidents. All employees receive regular instruction on occupational safety, first aid and correct behavior in the event of a fire, depending on their activities in the company. The respective production sites carry out risk assessments for their activities and workplaces, taking into account aspects such as ergonomics and noise exposure.

In particular the technical areas of our company are subject to a large number of regulatory requirements arising from statutory and administrative regulations. In the future, these will be supplemented by B. Braun's global standards for occupational safety and health, and monitored by regular audits. B. Braun relies on the globally-recognized ISO 45001 standard in order to harmonize and continue to develop our

Occupational accidents

	2019	2020	2021	Δ 2019–2021 in %
Number of occupational accidents	743	627	616	-17.1

processes and standards for occupational health and safety. More than 70 percent of 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 the production sites will be responsible for implementing them. 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.

Health Protection

Protecting the health of our employees also has high priority. This is why our corporate health management focuses not only on physical health but also on mental health. We focus on a broad range of preventive measures with a holistic approach that ranges from medical preventive care and maintaining physical performance to mental health and nutrition tips. In countries with less effective health care systems, we offer nutritional advice, dental examinations, and cancer screenings.

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, employees benefit from accident or occupational insurance that covers the financial consequences of an accident occurring at work or on the way to or from work. We also offer our employees life and income insurance in Brazil, Germany, Great Britain, India, Malaysia, Spain, the Czech Republic and Slovakia as well as the USA. In China, France, Great Britain, India, Malaysia, Russia, the USA, and Vietnam, we cover a portion of the costs of our employees' health insurance. If an employee experiences a prolonged illness, the company supports them after recovery by reintegrating them into everyday work life.

The coronavirus pandemic continued to present us in 2021 with the particular challenge of protecting our employees from possible workplace infections and, at the same time, as a system-related health care company, to maintain production and delivery capabilities. Crisis teams were established at the beginning of the pandemic. They focused on the maximum protection of our employees through forward-thinking and predictive action. With the constant availability of the coronavirus crisis team, we were able to immediately react to positive corona test results and suspected cases in order to interrupt possible infection chains as quickly as possible. Through the involvement of our internal and external occupational physicians, we have been able to offer independent vaccination programs at many of our sites worldwide, thereby increasing the vaccination rate of our employees. As a result, we have been able to achieve vaccination rates of over 90 percent at our two largest sites in Germany and Malaysia.

Effective solutions

Management approach

B. Braun protects and improves the health of people around the world—with safe, high-quality products and services. Our customer groups expect us to provide medical solutions with maximum value. This is why we see it as our responsibility to develop therapy systems that optimize processes, bring progress, increase safety and strengthen partnerships for better patient care.

We pursue the goal of achieving the greatest possible safety for our products and services through comprehensive quality management as well as integrated and comprehensive risk management throughout the product cycle. Our holistic approach also includes monitoring the ecological and social aspects along the value chain, and examining approaches with which we can contribute to sustainable development. One essential aspect is to leverage more sustainability potential in our production processes, use of materials, and the use of alternative technologies.

In our product development, we focus on reducing, reusing and recycling 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 are increasingly working 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 solutions

We see a major leverage in the development of sustainable products. For example, with its Actreen® product line, B. Braun offers a ready-to-use disposable catheter that requires less material and completely eliminates sourcing difficult-to-recycle materials such as aluminum or hard plastic. We have also changed the Actreen® bag supplied from plastic to paper with a PVC coating. This bag is still water resistant, but now it is more environmentally friendly.

In hemodialysis therapy, the design of the new Sol-Cart® B bicarbonate cartridge with tamper-proof caps, means that in the future, we will no longer need the outer plastic bag and will save 87 percent of the plastic. Sol-Cart® is a cartridge filled with bicarbonate powder, which is used together with other components to prepare rinsing solutions in dialysis machines. These solutions can remove harmful substances from the blood of patients who need dialysis, and provide them critical substances they are missing.

Together with our partners, we are working on promising solutions for specific problems at B. Braun, including pilot waste management systems projects for the separation and collection of contaminated and non-contaminated clinical waste. At Klinikum Kassel (Germany), we tested the recycling of our Ecoflac® infusion solution containers together with a partner and achieved high quality separated plastics. With another partner, we tested an intelligent shredder that converts infectious waste into recyclable household waste, saving, for example, 132 metric tons of CO_2 per year at our dialysis centers in France.

Product life cycle analyses also provide information on where the best starting points for our optimizations are, pointing the way towards the use of new technologies. Here, we are focusing on products that are used in large quantities, such as infusion devices and infusion solution containers.

Product quality

B. Braun operates an extensive and connected quality management system certified by accredited bodies. It consists of a multi-step process that covers international requirements, regulations, and laws, and integrates applicable standards for product, process and risk management. Other requirements regarding environmental protection and occupational safety have also been combined into an integrated management system. This allows us to meet the DIN EN ISO 13485 criteria in all reporting countries that manufacture medical devices. ISO 13485 describes the requirements for a comprehensive quality management system for design, manufacture, storage and distribution of medical products 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, as we do in Australia, Brazil, Canada, China, Japan and the USA. We currently include our German and Swiss locations in the Medical Device Single Audit Program (MDSAP) and are successively expanding the certification of other international locations.

With our global quality management system, we support all sites in the production network, working according to the same processes, requirements and principles, in order to be able to meet the quality standards for our products and services. Legal standards include, for example, the European Medical Device Regulation (MDR), which was adopted in May 2017 and came into force in May 2021. 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.

In addition to medical devices, there is a new European regulation for drugs: the Falsified Medicines Directive (FMD). The European Union enacted this regulation (the Track & Trace Directive) to establish traceability to prevent the production of counterfeit prescription drugs. We rebuilt 30 production lines, 30 warehouses, and 700 packages in Europe and North America to meet track and trace requirements. This allows us to register the serial numbers of every drug in a central EU database. In addition, select European B. Braun renal care centers are certified under EN ISO 9001 and IEC/TR 62653 Guideline for safe operation of medical devices used for hemodialysis treatments.

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 as a part of our safety concept on the basis of user studies. 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.

To increase safety in health care for every therapeutic area, we conduct training for medical specialists at the Aesculap Academy. As the B. Braun Group's training and development forum, the Aesculap Academy offers scientific and product-specific training and workshops, in on-site courses and digitally. In the reporting period, we reached over 220,000 health care professionals worldwide with around 2,100 courses. Events and workshops on palliative care, visceral surgery and nutrition were particularly in demand.

With the "B. Braun for Safety" project, which was launched in 2013, we have intensified 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. In 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, including on the topic of safety.

Data protection

Our data protection department establishes the B. Braun data protection strategy, defines goals and establishes standard processes. The basis for this in Europe is the General Data Protection Regulation (GDPR). The requirements in the GDPR unify the rules for processing personal data. We implement legal requirements and internal standards at all European B. Braun locations, and country-specific regulations are also applied locally. 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 routine employee training sessions, consults on the drafting of contracts or marketing activities, and offers a comprehensive data protection information center. At regular events, the Data Protection department, data protection officers and data protection coordinators meet to discuss current developments in data protection.

Data security

Digitalization and networking are always making inroads into new areas. In addition to opportunities, increasing networking also poses risks for individuals, hospitals and the production facilities of manu facturing companies. Lawmakers are responding 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 suppliers and 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.

To meet legal requirements as well as our own security interests, we're implementing a number of preventative measures. We are currently setting up a Group-wide information security management system (ISMS) in accordance with the international standard DIN EN ISO/IEC 27001. This ISMS identifies the protection requirements for information and information-processing facilities, systematically records the risks to which they are subject, and implements necessary steps. 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 improve the protection of end devices, IT security in production networks and 24x7 monitoring with regard to cyber-attacks.

An environment worth protecting

Management approach

As a company with energy-intensive processes, B. Braun is globally committed to energy efficiency and climate protection. We continued to strengthen our activities in this reporting period, using natural resources more efficiently and making a positive contribution to environmental and climate protection. In the future, we will consider the impact on the environment along the entire life cycle of our products and plan to introduce this approach for the main products in our portfolio. We rely on new technologies, and increasingly on renewable energies, developing processes to reduce 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 ourselves the goal of reducing CO_2 emissions at our B. Braun sites by a total of 50 percent by 2030. We are planning to make our new construction and buildings undergoing fundamental renovation CO_2 neutral as of 2023. In addition, we are developing a globally applicable guideline to standardize sustainability standards for future construction measures. This includes both new buildings and conversion or modernization measures.

Management systems

The B. Braun Executive Board and the European Workers' 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 2023, we will also gradually extend this to all production sites worldwide. Implementation is carried out by those responsible in the respective countries.

In 2021, our environmental management systems at six more production sites were certified in accordance with ISO 14001. This means that around 80 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 enables these sites to implement a continuous improvement process. 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.

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 particularly proud of some of our latest construction projects: With the ACTIVE expansion building at our site in Melsungen (Germany), we will be commissioning a highly automated production facility for single use infusion therapy products in 2024. By using efficient plant technology and regenerative energies, 195 metric tons of CO_2 emissions can be spared annually, compared to conventional operations. And, with the new construction of our disinfection plant N.I.C.O. (New Infection Control Organization) at the Sempach site (Switzerland), the first production facility in the Group to rely on CO_2-neutral heat generation will be launched in 2023.

Energy

At B. Braun, energy is primarily required in the form of electricity for the operation of machines and systems in production, and also as thermal energy for heating and air conditioning in buildings.

B. Braun is striving to continuously reduce its energy consumption through energy efficiency projects. During the continuous development of our infrastructures, we are led by state-of-the-art technology, and we align our processes accordingly—for example, when replacing high energy consumption equipment such as chillers or compressed air systems with open cooling, in the construction of new manufacturing facilities and in the use of heat recovery systems. In 2021, for example, we replaced an older production facility in Midrand with a modern production facility in Longlake (both in South Africa).

We are increasingly supplying our production facilities with alternative energies. Energy from geothermal, wind, solar/photovoltaic as well as from hydroelectric and biomass power plants is being used. We regularly reassess the provision of energy by our energy suppliers and look for solutions to increase the amount of renewable energy.

Total energy use by source of energy
in percent

	2019	2020	2021	Δ 2019–2021 in %
Renewable energy sources	20.5	22.4	22.3	1.8
Fossil energy sources	79.5	77.6	77.7	-1.8

With the expanded number of our reporting countries, our total absolute energy consumption (consisting of heat and electricity consumption) rose by 2.3 percent, while our production value increased by around 4 percent. This enabled us to reduce our relative energy requirements. In relation to production value, our heat consumption remained the same.

We were able to increase the share of renewable sources for thermal energy by around 3 percent. For example, our production sites obtained around 17 percent of their heat and 26 percent of their electricity from these sources. In Great Britain, we were even able to triple the share of renewable electricity sources. At our sites in in Santa Oliva (Spain), São Gonçalo (Brazil), Longlake (South Africa) and Mosquera (Colombia), we used almost 100 percent green power.

The highest total energy consumption (around one third) was at German sites. There, we already obtain 38 percent of this from renewable energy sources. We use most of this energy at our main site in Melsungen (Germany). 58 percent of the energy used there comes from renewable sources. 90 gigawatt hours of thermal energy alone are produced in a CO_2- neutral method from two wood-fired power plants in Melsungen. We also reduced our overall consumption there by around four percent through more efficient use of our buildings and increased efficiency in our production.

CO_2 emissions

B. Braun determines its emissions based on the greenhouse gas protocol of the World Business Council for Sustainable Development (WBCSD). For the first time, we calculated our emissions in the reporting period using country-specific CO_2 factors from a leading global data system.

B. Braun recorded its internally generated CO_2 emissions (Scope1) in the reporting period. These include emissions from the company's own generation of electricity and its own vehicle fleet. We have been reporting on CO_2 emissions from purchased energy (Scope 2) since 2018. In addition to emissions from electricity consumption, we also record emissions from heat generation at the B. Braun reporting sites. Due to the expansion of our reporting countries, additional B. Braun production sites were retroactively included in the calculation in the reporting period. In conjunction with the more precise calculation based on country-specific conversion factors, this led to an overall increase in absolute CO_2 emissions. Compared to the previous year, CO_2 emissions were reduced by around 1.4 percent with an increase in production value of around 4 percent.

CO_2 emissions
in metric kilotons CO_2-eq

	2019	2020	2021	Δ 2019–2021 in %
CO_2 emissions (Scope 1&2)	581.7	619.5	602.2	3.5

At our second-largest German production site in Tuttlingen, we generate around 14 gigawatt hours of electrical energy using a process from a natural gas-fired combined heat and power plant. This saves us around 40 percent in CO_2 emissions when compared to conventional gas-fired power generation. In Mirandola (Italy), we obtain electricity, heating and cooling from a combined heat, power and cooling plant. From this, around 4 gigawatt hours are recovered as heating and cooling energy. This corresponds to an equivalent saving of around 1,000 metric tons of CO_2 per year. Since 2019, B. Braun also records the emissions of its downstream logistics (Scope 3 – Category 9).

Water and wastewater

Water is one of the most important resources for the production of our products. We obtain 90 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, minimizing water use in all of our processes is a matter of course. This particularly applies to production sites in regions where water is scarce. We regularly analyze whether B. Braun locations are located in water risk areas as defined by the World Resources Institute. At these locations, we step up measures to use water more efficiently. This includes making collected effluent reusable.

At the B. Braun site in Rubí (Spain), we take water that would normally just be fed into the sewage system after production processes and we feed it back into our production cycle, using it for cooling processes. This allowed us to save around 67 million liters of water in the reporting period, or 18.6 percent of our total water volume. At our plant in Bhiwadi (India), we treat wastewater in our own systems, which saves around 64,000 million liters of water annually. We reuse the majority of this treated water directly in our production processes.

Our water consumption increased by 6.0 percent in the period from 2019 to 2021. Around 90 percent of the water required is used at sites where we manufacture products with a high volume of water, such as infusion 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 60 percent of our water consumption is tied up in our products, 40 percent is used in cooling processes and evaporates or is disposed of as waste.

The situation is similar for wastewater discharge from our sites: our production sites for products using a lot of water have specific requirements for the rinsing processes that are required. We only use water for cleaning there, to avoid the use of chemicals. These cleaning processes involve high volumes of flushing water and represent by far the largest portion of wastewater discharge.

Water use

	2019	2020	2021	Δ 2019–2021 in %
Water withdrawal (in cubic meters)	6,245.4	6,969.3	6,620.8	6.0
Wastewater discharge (in percent)	74.3	84.8	80.2	5.9
Water consumption (in percent)	25.7	15.2	19.8	-5.9

Overall, over the 2019 to 2021 period, our water use as a percentage of total water withdrawals declined by nearly 2.5 percent. The production value of water-intensive sites increased by around 5 percent over the same period.

Waste

We consider waste as valuable materials that we separate, recycle as often as possible, and return to the value creation cycle. On average, more than 60 percent of waste is recycled, meaning that separately collected materials are reused (recycled) according to their material properties. Adding waste that is incinerated using the energy to generate heat and electricity increased our recycling rate to

88 percent in 2021. Around 4 percent less waste was generated in 2020 as compared to 2019 in the 26 reporting countries, while waste volumes increased by around 12 percent in 2021.

Our total waste volume depends on the proportion of liquid waste generated during batch changes at our production sites for infusion solutions and dialysis concentrates: smaller batches and their frequent changes in product variants on the production lines generate more liquid waste in relation to the total production volume, which must be treated before being returned to the water cycle. Due to the coronavirus pandemic, smaller batches were increasingly produced in 2021 while the total quantity increased.

Proportion of the accumulated waste

	2019	2020	2021	Δ 2019–2021 in %
Hazardous waste (in metric tons)	9,245.4	9,878.1	9,389.3	6.0
Non-hazardous waste (in metric tons)	50,928.4	47,772.3	55,292.9	1.6
Total waste (in metric tons)	**60,173,8**	**57,650.4**	**64,682.2**	**8.6**
Reuse ratio (in percent)	86.5	87.7	88.3	7.5
Recycling ratio (in percent)	63.2	59.7	63.5	1.8

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. At the Bad Arolsen and Melsungen sites (both in Germany), these are currently being regranulated in pilot project testing, and separated in sorting plants to produce single-variety plastics that can then be recycled. These approaches have not yet led to a significant change in the total amount of recycled waste, but they are an important step towards recycling waste that previously had to be incinerated.

Our waste management distinguishes between hazardous and non-hazardous waste. Our proportion of hazardous waste in 2021 was slightly over 14.5 percent, with non-hazardous waste accounting for just under 85.5 percent of total waste. With the total volume of hazardous waste remaining virtually unchanged, we were able to increase the recycling share from around 15 percent to 43 percent in 2021 over 2019 by using technologically new recycling facilities. Hazardous waste that is not suitable for either material or thermal recycling is disposed of by specialized disposal companies. Due to the strict separation of waste at our production sites and the material or energy recovery that this makes possible, the volumes of waste treated thermally (without utilizing the energy potential) and landfill waste fell from 13.5 percent in 2019 to 11.7 percent in the reporting period.

Transparent supply chain

Management approach

Our supply chain continues to be characterized by our own very high level of value creation. We generate over 90 percent of our sales from goods and services from B. Braun's own production 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 has always been to continue to strengthen economic ties where we operate our business.

We understand corporate responsibility holistically. This also applies to the relationship with our business partners. When selecting our suppliers, we ensure that they meet the required quality standards and standards for sustainability, are open to innovation, and can guarantee and secure delivery. 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 expenditure volume assessed for sustainability criteria by the end of 2023. The medium-term goal is to have implemented risk management across the entire expenditure volume.

Procurement

We also turn to 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 our primary raw materials responsibly and efficiently and take care to keep the quantities of raw materials required as low as possible. In principle, the quantity of primary raw materials is closely linked to the production volume and is therefore subject to annual fluctuations. The 14.3 percent increase in the volume of metals used is mainly due to the increased demand for our reusable sterile container system in the United States and Australia.

Purchasing volume of raw materials

in metric tons

	2019	2020	2021	Δ 2019–2021 in %
Plastic granulates (PS, SB, ABS, PE, PP, PVC)	69,587,2	71,363.1	71,163.4	2.3
Minerals and nutrients (salts, amino acids, proteins, carbohydrate compounds)	56,599.6	60,582.2	56,318	-0.5
Metals (ferrous, non-ferrous)	4,502.5	4,238.4	5,146	14.3

We spend a large part of our purchasing volume in the respective countries in which we operate. The national purchasing volume in the Group averaged 77 percent in 2021. Our national purchasing volume, influenced by the size, location, and raw materials situation of the countries, varied between 36 percent and 100 percent. With this purchasing policy, we shorten transportation routes, save on costs, preserve the environment, and boost regional economic power.

Logistics

We package our deliveries in a manner that is environmentally friendly in three ways: first, we maximize use of our packaging volume for the lowest amount of extraneous packaging possible. Second, we use environmentally friendly materials wherever possible. Moreover, we recycle and reuse our cardboard packaging ourselves at the Melsungen (Germany) site. This conserves natural resources and saves on new procurement and disposal costs. In all European countries, B. Braun packaging is taken back using licensed service providers. In principle, the amount of packaging material is also closely linked to the production volume and is therefore subject to annual fluctuations, as is the amount of raw materials. Sales increases, for example, led to a 9.8 percent increase in packaging volume using corrugated cardboard cartons.

Even in our distribution logistics, we routinely examine our processes with the goal of reducing their environmental impact. In the process, we also examine which new and environmentally friendly technologies can be implemented.

For intra-European destinations, we cover the main transport distance by rail. Within Scandinavia, many last-mile transports are carried out with natural gas- and electric-powered vehicles. Within Germany, we use the railroads for around 30 percent of production distribution from Dresden to the central warehouse in Glandorf (both Germany). We are continuously working hard to expand this. We have electric vehicles in use at various locations in our plant transport operations and are also investigating whether electric trucks can be deployed in a sensible manner in yard logistics.

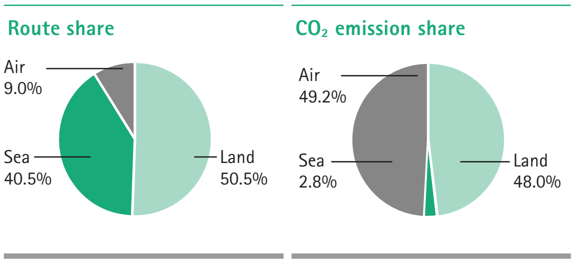
Purchasing volume of packaging materials

	2019	2020	2021	Δ 2019–2021 in %
Paper (in millions of linear meters)	83.3	85.6	85.7	2.8
Corrugated cardboard boxes (in millions of units)	136.3	132	149.7	9.8
Plastic film (in millions of linear meters)	177.0	191.9	182.2	2.9

In Brazil, we significantly reduced our emissions (minus 60 metric tons of CO_2 per year) by switching to electric vehicles and small trucks and using trucks powered by biomethane. At the same time, the use of larger vehicles reduced deliveries by 1,500 trips. By using ship transport instead of trucks between Rio de Janeiro and Recife (both in Brazil), we were able to save a total of 170 metric tons of CO_2 over the distance of 2,300 km between the two sites. In India, we ship our products directly from production to our customers instead of using transshipment points, resulting in a CO_2 reduction of 8 metric tons per year. We are increasingly using solar energy to generate electricity on the roofs of our logistics properties. In Spain, for example, we were able to generate 20 percent of the electrical energy we needed ourselves, and in Austria two-thirds.

Transport types and their CO_2 emissions

in percent



As part of the digitalization initiatives, we saved 250,000 sheets of paper, or approximately 1.3 metric tons of paper by switching to electronic invoices when distributing products to Austrian customers and switching to mobile scanners for picking orders in Brazil. For deliveries to our customers in Germany and Austria, we sometimes use cardboard boxes from our upstream suppliers as transport packaging.

Sustainability aspects are a decisive 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. We are committed to reducing the number of kilometers traveled by air and to returning to more environmentally friendly shipment by sea and land. Due to the pandemic and the international bottlenecks in ocean freight capacities, we had to switch increasingly to air freight in 2021 to secure our global supply chains. We prefer shipping by sea freight, which made up just under 91 percent of our routes in 2021 and generated much lower transportation emissions.

Sustainable society

Management approach

As a family-owned company, B. Braun supports social interests in the long term, beyond its current business activities. We focus on imparting knowledge, promoting 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.

For us, social responsibility also includes facilitating access to health care for people around the world. In particular, we are continuously expanding our involvement in cooperative ventures that promote infrastructure and health care, supporting the establishment and expansion of health care systems in developing countries.

We reevaluate our social projects periodically, paying particular attention to how our involvement benefits the individual needs of the target group. In 2021, we sponsored a total of 226 social projects in 33 countries, despite the pandemic.

Prospects for children

Since 2004, we have been creating better living conditions and prospects for children with the B. Braun for Children initiative. In 2021, we made 108 projects possible, which benefited more than 80,000 children worldwide. These projects are selected at the discretion of the national subsidiaries in the regions because they know the local situation and can manage projects in a targeted manner. We base our commitmaent in these activities on specific criteria.

Criteria
The project has a local connection and strengthens the living or educational situation in a region.
The project helps people to help themselves, and B. Braun helps the project organizers achieve their goals.
This 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.

Conveying knowledge

With Sharing Expertise, we also follow the promise of sharing knowledge and developing new ideas together as part of our social commitment. We believe that education empowers people to go through life with confidence and a sense of self-determination.

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, support of research projects and events, as well as providing advanced training grants for doctors, nurses, pharmacists and hospital managers, it promotes people within the health care industry. This contributes to improving health. The B. Braun Foundation is a modern medical foundation that has awarded a total of 16,400 grants, totaling € 19 million to date.

B. Braun has been implementing educational projects in Kenya and Senegal since 2018 as part of the develoPPP program. This initiative is led by the German Federal Ministry for Economic Cooperation and Development's (BMZ) and other medical technology companies as well as scientific partners. The project team developed a bachelor's degree program in applied biomedical technology, supplied the classrooms with medical equipment, and trained lecturers. Since starting the practical course, 50 students in Senegal and 136 in Kenya have been able to attend. The first 16 students will graduate in Senegal in 2022. Over the next few years, we will be able to work with them to deliver high-level professional medical training to sustainably improve health care in these two countries.

Our educational initiatives are also focused on Asia: in Penang (Malaysia), B. Braun has been a sponsor of the Penang International Science Fair since it was founded in 2011. This makes it one of the largest science fairs in Southeast Asia, with over 60,000 visitors. In particular, students from hundreds of schools in the region learn about phenomena in the natural sciences, technology and math. In 2021, in the wake of the pandemic, we hosted virtual genetics workshops for over 350 children and young people between the ages of 13 and 17 in 26 schools in Penang, informing them about careers in the medical field.

Regional commitment

We always pick projects that give disadvantaged people the chance to have a better life in the regions where we are active. 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, contributing donations or their personal time for societal needs, supported by B. Braun as they do so.

Especially in the crisis years of 2020 and 2021, B. Braun employees became involved in the fight against corona. They showed a very special commitment, taking on responsibilities around the world. For example, they provided support with individual actions where protective equipment was not available, or where there was a lack of intensive care beds or nursing staff, often voluntarily.

With the B. Braun Asia Pacific Virtual Charity Run, a virtual, app-based charity run took place for the first time in the company's history. More than 2,000 employees from 33 countries around the world took part in the virtual 12-week event and used their free time to run 300,000 kilometers and raise € 80,000 in Asia, Europe, the United States, Latin America, South Africa and the Maldives. We gave the donation to 17 different local children's aid organizations in the Asia-Pacific region, which they can then use to fund medical aid or educational projects.

As part of the B. Braun World Tour 2021 bike challenge, around 700 employees from around the world individually rode their bikes a total of 258,597 kilometers and collected donations totaling € 20,000 for various B. Braun for Children projects.

With the Spare Change Project, B. Braun employees at the largest German and British sites can voluntarily round up their monthly salary to donate the difference to B. Braun for Children projects. We donated around € 70,000 to various social projects in 2021, for example to set up a facility to care for young special needs people in Sheffield (Great Britain) who need specific medical care.

In the event of natural disasters such as earthquakes and floods, B. Braun not only provides immediate financial and material aid but also supports long-term development efforts in the affected regions. After the disastrous floods in Germany, B. Braun donated € 500,000 to the Action Alliance for Disaster Relief, which, in addition to the German Red Cross, also includes UNICEF, Diakonie Katastrophenhilfe and Caritas International, to repair flood damage, promote reconstruction and help the flood victims affected.

In the future, we will continue to support development cooperation and social projects to impart knowledge, promote regions and improve perspectives, which we see as the greatest added value of our social progress activities. We are coming 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

	2017 € million	2018 € million	2019 € million	2020 € million	2021 € million
Sales	**6,788.9**	**6,908.1**	**7,471.3**	**7,426.3**	**7,859.8**
Cost of goods sold	**3,833.7**	**3,971.9**	**4,444.9**	**4,503.2**	**4,799.0**
Functional expenses	**2,366.6**	**2,403.0**	**2,551.1**	**2,428.1**	**2,599.2**
Selling, general and administrative expenses	2,050.7	2,079.5	2,186.6	2,058.2	2,182.4
Research and development expenses	315.9	323.5	364.5	369.8	416.9
Interim profit	**588.5**	**533.2**	**475.4**	**495.0**	**461.5**
Operating profit	**546.4**	**495.8**	**434.8**	**461.2**	**450.5**
Profit before taxes	**513.7**	**451.6**	**309.0**	**416.1**	**408.6**
Consolidated net income	**411.5**	**328.4**	**197.3**	**301.5**	**300.1**
EBIT	**574.9**	**520.6**	**388.8**	**481.8**	**471.7**
EBITDA	**985.1**	**952.5**	**1,079.1**	**1,103.2**	**1,101.9**
Assets	**8,525.9**	**9,224.4**	**10,088.4**	**9,720.1**	**10,193.0**
Intangible assets (incl. goodwill)	757.0	818.3	854.5	831.8	831.5
Property, plant, and equipment	4,196.4	4,589.3	5,244.1	5,150.0	5,438.1
Other financial investments	62.0	63.3	68.0	65.1	87.8
Inventories	1,178.5	1,344.4	1,370.2	1,450.2	1,639.7
Trade receivables	1,150.0	1,147.6	1,240.0	1,182.9	1,220.7
Equity	**3,436.4**	**3,649.0**	**3,720.6**	**3,641.0**	**4,145.2**
Liabilities	**5,089.6**	**5,575.4**	**6,367.8**	**6,079.1**	**6,047.8**
Pension obligations	1,269.0	1,332.1	1,580.0	1,728.2	1,645.5
Financial liabilities	2,224.5	2,502.1	3,034.2	2,687.0	2,542.4
Trade accounts payable	489.4	545.3	527.0	450.3	520.1
Investments in property, plant, and equipment, intangible assets and financial investments incl. business acquisitions	**969.2**	**921.6**	**894.6**	**782.8**	**799.7**
Depreciation and amortization of property, plant, and equipment and intangible assets	**410.2**	**431.9**	**690.4**	**621.4**	**630.2**
Personnel expenditures	**2,552.8**	**2,651.8**	**2,828.9**	**2,855.4**	**2,972.1**
Employees (annual average)	**59,851**	**62,675**	**64,210**	**64,217**	**65,248**
Employees (as of December 31)	**61,583**	**63,571**	**64,585**	**64,317**	**66,234**

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 a true partner, we develop smart solutions and set standards to improve 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 medical devices and pharmaceutical products, which are supplemented with an extensive range of services. These holistic solutions, make health care processes more efficient, especially with their digital components, and help take the pressure off medical professionals. Our portfolio consists of over 5,000 products, ranging from pharmaceuticals, infusion pumps and systems, surgical instruments, suture materials, hip and knee implants, dialysis equipment and accessories, and ostomy, disinfection and wound care products.

The Aesculap Academy, as an advanced training and development forum for the B. Braun Group, offers scientific and product-specific training and workshops. In the reporting year, we reached over 220,000 medical professionals around the world with around 2,100 courses, with events and workshops on abdominal and cardiac surgery, advanced training on central sterile services at hospitals, palliative medicine, and nutrition in high demand.

Again in 2021, it was evident how relevant the B. Braun company is to the health care system: Our customers relied on us to secure the supply of our drugs and medical devices for ICUs, even during critical phases of the pandemic. With swift, precise deliveries of vaccination accessories, we assisted health care systems all over the world with pressing ahead with vaccinations against the coronavirus. Even when contact restrictions were loosened in several countries, only very limited in-person meetings with customers were possible, as in 2020. Together with our customers, we found new digital solutions to be able to advise them reliably as these exceptional circumstances continue.

We have divided our solutions, treatment systems, products and services into therapeutic areas and applications managed across three divisions that were reorganized in the reporting year: Hospital Care, Aesculap and Avitum. The former Out Patient Market division was divided up and integrated into the Hospital Care and Avitum divisions. We have adjusted all previous year's figures to this new divisional structure.

Hospital Care

The Hospital Care division sees itself as a leading supplier for infusion, nutrition and pain therapy. For infusion therapy, we offer comprehensive system solutions, from drugs and single-use products to smart medical device systems. We pay particular attention to supporting services for every aspect of our customers' processes.

In the product lines we have spent decades building, we have used innovation and new technology to set standards for quality, efficiency and safety with the Ecoflac® plus IV container, the Propofol-®Lipuro anesthetic, the Intrafix® SafeSet IV administration set, the Introcan Safety® IV indwelling venous catheter, and the Infusomat and Perfusor infusion pumps.

The Spaceplus infusion pump system launched in spring 2021 features a modern, ergonomic design for extreme ease of use. Our system won international recognition through five awards, the Red Dot Design Award, the iF Design Award, the Golden Pin, the German Design Award and the Good Design Award for idea, form and function. The OnlineSuite^plus software platform makes it possible to connect Spaceplus pumps to a hospital's IT system as well as to the B. Braun Health Cloud for forward-looking, data-based infusion management.

Good nutritional status in a patient is a prerequisite of any successful therapy in the preclinical, inpatient and at-home environment. The B. Braun portfolio contains parenteral and enteral nutrition products as well as drink solutions. Our Remune™ oral nutritional supplement has been growing in popularity thanks to its specific composition and excellent taste. Together with our Nutricomp® products, Remune™ is especially beneficial in the treatment of undernourished cancer patients.

In the area of pain therapy, our focus is on regional anesthesia, where we are a world market leader. We were able to continue to expand this position particularly with peripheral nerve blocks. Our range of intravenous drugs is the second pillar of our anesthesia and pain therapy products. In 2021, we managed to get new drugs registered in some countries, such as dexmedetomidine, B. Braun Paracetamol and B. Braun Midazolam, in a ready-to-use formula in our Ecoflac® plus container. These products reduce the risk of compounding errors and the risk of microbial contamination during handling, which also helps improve patient safety.

Aesculap

The Aesculap division is a partner for surgical and interventional treatment concepts in inpatient and ambulatory care. Here, we bundle our business into the therapeutic areas of minimally invasive surgery, orthopedic surgery and spine surgery, neurosurgery, interventional vascular therapy, sterile goods management as well as sutures and surgical specialties.

In the minimally invasive surgery therapy field, we focus on laparoscopy, where we develop treatment concepts that, when combining new OR process offers with, e.g., the EinsteinVision® 3D camera system, the Aesculap® Caiman® Seal&Cut solution and specialized staple and suture solutions, can lead to better treatment outcomes.

In the areas of orthopedic and spine surgery, the first operations have been successfully performed with our newly developed implant systems, includ-

B. Braun therapeutic areas and applications

ing the Ennovate® spinal platform system, the additively manufactured Plasmafit® hip revision cup and 3D cages.

Our subsidiary TETEC completed the pivotal clinical trial for NOVOCART® Inject, a new product for treating and healing cartilage defects in the knee using the body's own cells, with excellent results, and was able to gain a new partner in a CDMO transaction.

Our range of neurosurgery products are used in most of the neurosurgical operations in the world. To complement our classic range of instruments and implants, we are specifically adding digital and integrated solutions, such as our Aesculap® Aeos® digital surgical microscope.

Our focus in interventional vascular therapy is to treat patients with vascular diseases without the use of implants whenever possible, using innovative, drug-coated balloon catheter technologies.

We are a full-range supplier in sterile goods management, combining an extensive portfolio of surgical instruments and sterile container and surgical motor systems with consulting, planning and technical services. The integration of IT-based processes for maintaining the value of sterile goods and customized OR supply management produces comprehensive solutions for our customers. Our portfolio also includes suture materials, surgical adhesives, mechanical staple guns and endoluminal vacuum therapy. We also support hospitals in the optimization of their single-use material logistics.

Avitum

The focus of Avitum is to make it possible for people with chronic diseases to live self-determined lives. In order to bundle the expertise and experience in the Group, in January 2021, we consolidated parts of the previous Out Patient Market and B. Braun Avitum divisions into a new organization called the Avitum division.

For people with chronic and acute kidney failure, we offer products and services worldwide that focus on three areas: hemodialysis, acute dialysis and apheresis. We operate a network of more than 370 renal care centers in Europe, Asia-Pacific, Latin America and Africa, using this network to provide care for over 30,000 dialysis patients. We also operate five home health care organizations in Europe.

The products in our wound management range are designed to take care of surgical, acute and chronic wounds. In the treatment of chronic wounds, we offer our customers tailored treatment concepts to promote natural wound healing. The Prontosan® product line plays a special role in effective wound cleaning that substantially reduces the duration of treatment.

The therapy field of ostomy care comprises product lines for various types of stomas (colostomy, ileostomy, urostomy) that are tailored to the patient's specific needs.

In 2021, the second year of the pandemic, demand for infection prevention and control was once again high. We were able to consistently supply our customers with products for hand and surface disinfection as well as with surgical and examination gloves and medical-grade face masks.

For continence care and urology, we develop urostomy products and innovative catheters, such as the ready-to-use disposable catheters in the Actreen® series. The continuous development of our catheters focuses not only on ease of use and safety but also on reduction of packaging waste and the use of environmentally friendly materials.

With our products, treatment concepts and services and in combination with the full B. Braun portfolio along the entire value chain, we make it possible to provide comprehensive care to patients with chronic diseases. Supply solutions adapted to local needs help us optimally balance first-class health care with affordability, allowing us to make necessary treatments accessible to an increasing number of people around the world.

Number of employees

As of December 31, 2021, the B. Braun Group employed 66,234 personnel, 3.0 percent more than in the previous year (64,317). The main reason for this increase was the expansion of production facilities

Employees by region

in individual countries following renewed increase in demand as well as the incorporation of acquired companies into the B. Braun Group. The increase in personnel in Germany was mostly due to the majority acquisition of Schölly Fiberoptic GmbH, which develops highly specialized endoscopes with excellent visualization and high-tech products for endoscopic applications. The incorporation of Schölly as well as the acquisition of three Dutch companies in the home care sector also led to an increase in personnel in the rest of Europe.

In Malaysia, new production lines were commissioned and ramped up, resulting in an increase in headcount. The monitoring of guidelines for combating the pandemic there also resulted in a need for temporary workers. The pending startup of a new production facility in North America, the expansion of sales structures in Brazil and the new pharmaceutical production site in South Africa also led to an increase in the number of employees in these areas.

Corporate governance

B. Braun Familienholding SE & Co. KG, the family-owned holding company for strategic management, includes the Group's accounting, controlling, treasury, tax, legal, internal auditing, corporate human resources and corporate communications departments. This family-owned holding company constitutes the link between the family and the company. Under the family-owned holding company, B. Braun SE is the operational parent 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. In December 2021, the Supervisory Board appointed Dr. Jens von Lackum to the Executive Board of B. Braun SE as a deputy member effective April 1, 2022. Dr. von Lackum will then be responsible for the Aesculap division on the Executive Board and also become chairman of the board of Aesculap AG. Dr. von Lackum will succeed Dr. Joachim Schulz in both positions, as Dr. Schulz is going into retirement.

The Supervisory Board consists of 16 members, half of whom are selected by the company's shareholders and the other half of whom are elected by the 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. On March 31, 2021, Prof. Dr. h.c. Ludwig Georg Braun stepped down as Chairman of the Supervisory Board after 10 years. Tax advisor and certified public accountant Prof. Dr. Thomas Rödder, partner at Flick Gocke Schaumburg, was appointed as his successor. Seven other Supervisory Board members also resigned, bringing about a generational change. Barbara Braun-Lüdicke, who was a part of the body's work as a member of the Braun family for 28 years, passed her seat to her daughter, Friederike Braun-Lüdicke, and former workers' council chairman Peter Hohmann passed the vice chair of the Supervisory Board to Alexandra Friedrich, chairwoman of the Joint Workers' Council of B. Braun Melsungen AG and chairwoman of the Workers' Council at the Melsungen/Spangenberg location.

Through its subsidiaries and holdings, B. Braun operates in 64 countries. The B. Braun SE Group includes 299 (previous year: 290) fully consolidated companies. Of the holdings, 22 (previous year: 26) are consolidated using the equity method of accounting. Major manufacturing locations are in Melsungen, Bad Arolsen, Berlin, Denzlingen, Dresden, Glandorf, Roth, Tuttlingen (Germany), São Gonçalo (Brazil), Suzhou (China), Santo Domingo (Dominican Republic), Nogent (France), Gyöngyös (Hungary), New Delhi (India), Mirandola (Italy), Tochigi (Japan), Penang (Malaysia), Nowy Tomyśl (Poland), Timişoara (Romania), Rubí (Spain), Crissier, Escholzmatt, Sempach (Switzerland), Allentown, PA, Daytona Beach, FL, Irvine, CA (US), and Hanoi (Vietnam).

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).

Our Code of Conduct has defined how we conduct ourselves when doing business since 1996. For us, corporate governance and compliance are not merely obligations but a self-evident prerequisite for sustainable management. The legal and ethical conduct of our employees is central to our value system. Compliance with national and international regulations regarding product registration, production validation and product safety is an important obligation. B. Braun has a global compliance management system that, in addition to complance with the law, includes ethical values such as fairness, integrity and sustainability. A supervisory Group Compliance Office and local compliance officers ensure that all employees conduct themselves in accordance with uniform standards.

Group strategy

The health care industry is experiencing shorter and shorter innovation cycles. New technology changes the needs and expectations of our customers. In addition, demographic changes, a significant global rise in chronically ill patients and increasing regulatory requirements are taking place. B. Braun is meeting these challenges with a strategic framework from 2020 to 2030. B. Braun—the next decade is applicable in every area of the company and is being implemented in a joint commitment with our employees. This framework describes our transition toward a company that continues to shape the health care industry with Sharing Expertise and the power of new technology.

B. Braun began implementing this new strategy in the reporting year. By assigning our previous Out Patient Market division to the Avitum and Hospital Care divisions, we have bundled our strengths in the outpatient, nephrology and cardiology markets as well as in the care of patients with chronic conditions. With digital applications, we are bringing treatments closer to patients at home, improving their quality of life. With new technology, we are laying the groundwork for smart solutions tailored entirely to the needs of our customers. The newly created position of Chief Digital Officer (CDO) will help develop these data-based solutions. At the same time, we are working toward further optimizing our global sales organization to support our customers in an even faster and more targeted manner.

In the implementation of our strategy, our values—innovation, efficiency and sustainability—continue to shape the way we do business. 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 in order to remain independent. 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 be above 15 percent (after adjusting for currency translation effects).

We will also continue to invest heavily in research and development. To achieve the goals in our strategic framework, the divisions, central services and national organizations have drawn up detailed development plans with clear milestones and have begun to implement these plans.

Securing the future

In 2021, we again invested over € 1 billion in new production facilities as well as in research and development projects, to grow and secure our business activities. Our German locations received around 25 percent of this investment. We invested € 416.9 million (previous year: € 369.8 million) in research and development. Additions to financial assets and property, plant and equipment (including capitalized development expenditures) for the reporting year amounted to € 799.7 million (previous year: € 782.8 million).

Research and development

Innovation is the driving force behind B. Braun. Our focus on key technologies as part of our strategy offers a cross-divisional approach, with research and development at the B. Braun Group being carried out at Centers of Excellence (CoEs). These CoEs combine research, development, production and regulatory affairs for specific therapeutic areas. The individual departments work closely with one another. At our production facilities, we implement connected and fully digitalized processes as well as new automation technologies, including robotics, sensors 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. In the field of pharmaceutical products, we develop both ready-to-use versions of drugs in IV containers and application systems that make the administration process easier and safer by reducing preparation and administration errors, which protects nursing staff and patients. Our continuous improvement of safety concepts for vein access also helps us achieve this goal. We work on connected solutions for integration while also connecting our new infusion pump generation Spaceplus to digital hospital data management systems. Standard Wi-Fi functionality enables seamless documentation of pump data in electronic health records. Integrating the pumps in the hospital network enables continuous access to central drug libraries. Dosage recommendations for individual patients are also flawlessly transferred in order to reduce potential drug errors.

The Aesculap division combines internal and externally sourced innovations to create added value for core surgical and interventional processes. We have optimized the development process to ensure continuous exchange with our customers in various prototyping stages from the early development phase, leading us to successful product solutions sooner. In the 2021 reporting year, we also set the foundation for new key technologies by focusing on additive technologies, robotic systems and navigation, and biological solutions. We are utilizing the potential of digitalization with the Aesculap Aeos® surgical microscope for robot-assisted 3D visualization, which will also be essential to future areas of application. By networking our systems, we are setting the groundwork for data-driven therapeutic approaches and customized, cross-sector treatment concepts. Our customers benefit from quality products that facilitate safe and ergonomic use, and help optimize hospital processes.

Avitum is developing its product range for ambulatory care, with a focus on better tolerability, environmental friendliness, safety and quality of treatment. For example, we are currently working on a new generation of safety catheters for our Diacan® product group for peripheral vascular access for extracorporeal hemofiltration treatments. Better patient comfort, low risk of vascular injury and the prevention of needlestick injuries to medical staff are the priority here. We are also optimizing processes at our renal care centers through greater digitalization—one example is the Nexadia Mobile Companion, which enables total access to digital patient and treatment files in renal care centers any time, anywhere and on any mobile device.

The B. Braun Group pursues its research and development with a dual strategy: we create innovation with our own research and are a strong partner for startups, producing offerings for external innovation, promoting the independent development of startups, analyzing their maturity and utilizing their results. Under this approach, B. Braun and its startup Neuroloop concluded a cooperation agreement in 2021 with the Merck Group in Darmstadt to bundle expertise in bioelectronic devices and increase innovative capacity in the dynamic field of functional neurosurgery.

In June 2021, the B. Braun Innovation Hub was established as a separate department of B. Braun SE and works across divisions. Within our defined medical focus areas, we systematically search for investment options in companies that are just getting started. A network of experts across all areas of the company helps coordinate innovation projects with university research groups, hospitals and startups, and helps examine them for customer demand, technical feasibility, and market potential.

In addition, the Accelerator program offers select startups a customized option of developing solutions with B. Braun in a structured manner. The goal of B. Braun Accelerator in 2021 was to find innovative and sustainable solutions for current challenges in health care. New companies had to demonstrate that their ideas lived up to their promise in real-world application environments: giving the right answers to specific problems at B. Braun, from more careful handling of resources to greater use of artificial intelligence. The focus here remained having innovation protect and improve the health of people.

Economic report

Macroeconomic and industry-specific environment

Performance of the global economy[1]

In the second year of the coronavirus pandemic, the global economy slowly began to recover from the recession in 2020 despite more adverse effects caused by the pandemic. Global gross domestic product (GDP) reached pre-pandemic levels in Q1, though economic growth varied by country. Developed nations recorded economic growth of 5.6 percent. Emerging and developing nations, on the other hand, continued to suffer from high unemployment and recorded economic growth of 6.3 percent. The global economy grew 5.7 percent overall in 2021. Both high vaccination rates, leading to a decline in infections, and government support measures drove this economic recovery. This economic surge resulted in a sharp increase in demand, which sent prices for commodities such as oil and food soaring. This led to a tangible inflation effect. Consumer prices rose 2.4 percent in developed countries. Supply shortages caused by the pandemic and sharp rise in energy prices, shipping and freight costs brought economic growth to a halt in the second half of the year.

Thanks to the extensive aid package provided by its federal government, Germany's economy and job market recovered from the pandemic. Economic performance improved in Q2, recovering most of the downturn from the start of the year. Unemployment and underemployment shrank due to easing in many services sectors. Nevertheless, supply bottlenecks and material shortages for primary products hindered production in the manufacturing and automotive industries, slowing down Germany's economic recovery. Germany recorded an increase in GDP of 3.1 percent, short of the forecasted 3.3 percent. The consumer services industry, on the other hand, enjoyed greater recovery. At 2.9 percent, Germany's inflation rate reached an unusually high level.

Change in gross domestic product
in percent

	2020	2021
Europe	**-7.0**	**5.4**
France	-9.8	6.3
Germany	-5.0	3.1
Great Britain	-9.8	6.8
Poland	-3.6	5.1
Russia	-4.1	4.7
Spain	-12.8	5.7
North America	**-4.9**	**6.0**
USA	-4.3	6.0
Asia-Pacific	**-2.2**	**6.5**
China	1.9	8.0
India	-10.3	9.5
Indonesia	-1.5	3.2
Japan	-5.3	2.4
Malaysia	-6.0	3.5
Latin America	**-8.1**	**6.3**
Argentina	-11.8	7.5
Brazil	-5.8	5.2
Mexico	-9.0	6.2
Africa and the Middle East	**-3.6**	**4.1**
Kenya	1.0	5.6
South Africa	-8.0	5.0

In the EU, the economy recovered from the coronavirus pandemic faster than expected. The decisive factor was the swift and far-reaching steps taken by European governments and institutions to dampen the effects. The eurozone economy grew 5.4 percent in 2021, well ahead of the forecasted 4.3 percent. An inflation rate of 2.4 percent was 0.4 percent higher than the European Central Bank's target. Economic recovery varied throughout the eurozone. Of the four

[1] OECD Economic Outlook, Interim Report September 2021; Federal Ministry of Economic Affairs, Global Economy, September 2021; ifo, Economic Forecast, September 2021 and Council of Economic Experts, Economic Forecast, March 2021; IMF, World Economic Outlook, October 2021

biggest national economies in the eurozone, Spain's economy grew considerably in Q2, with an increase in GDP of 2.8 percent in contrast to Germany's growth of 1.6 percent. Following the recovery phase in the first half of the year, the European economy expanded more significantly in Q3 2021. Domestic demand in particular contributed to this growth. An improved job market and a drop in propensity to save stimulated consumption. The EU stimulated both private and public investment with the issue of its reconstruction fund for EU member states (Next GenerationEU), however, shortages strained global supply chains and rising energy prices hampered economic activity. These stalled both consumer spending and investment.

Russia's economy appeared robust and withstood the crisis caused by the coronavirus due to the country's economic structure and production of its own vaccine with a moderate recession. Due to poor buying power and a lack of investment, the economy was slow to gain momentum. Russia's job market showed positive recovery. Russia's GDP rose 4.8 percent in the first half of 2021 compared to the same period the year before.

Recovery in the United States picked up speed thanks to extensive fiscal aid measures and a vaccination campaign that took off at the start of the year. GDP rose 6.0 percent in 2021. Though the effect of the Biden administration's $ 1.9 trillion stimulus package was noticeable, global supply shortages in Q3 weakened the US economy. Trade relations with China remained tense under the new US government. Even trade relations with the EU have not yet fully returned to normal. After unemployment rose in 2020, the situation in the US job market has greatly improved. Consumption and spending consequently saw a sharp increase, resulting in an upswing in the services sector as well as the manufacturing and construction industries.

The Asia-Pacific economy generally recovered more poorly than expected, showing growth of 6.5 percent instead of the forecasted 7.6 percent. Economic growth in the countries in this region was inconsistent, largely due to the widely disparate availability of coronavirus vaccines and the financial options of national governments. Exports of motor vehicles, machinery and chemical products recovered exceptionally quickly. More than half of German deliveries to the Asia-Pacific region went to China in the first half of 2021. The Chinese government steered the Chinese economy back toward growth despite the pandemic, using extensive fiscal and monetary instruments. The additional liquidity reduced unemployment and encouraged China's population to consume. Unusually high energy and food prices had a negative impact on Chinese households. China's GDP rose a total of 8.0 percent.

A second wave of infections in spring 2021 halted India's economic growth. Regional lockdowns also hampered industry, preventing India's expected return to pre-pandemic levels. According to the International Monetary Fund (IMF), economic performance dropped by about 9 percent. The pandemic also caused a rise in unemployment, with around 10 million jobs were lost following the second wave. In the first half of 2021, bilateral trade between India and Germany once again showed vigorous growth.

Japan's economic development recovered slowly from the effects of the coronavirus. GDP rose 1.9 percent in Q2, however, this upswing did not reach the level of the other developed nations. The country's high vaccination rate meant government protections could be promptly lifted. Demand rose in key sales regions and Japanese exports were able to be increased. Nevertheless, growth in 2021 remained restrained. Although the propensity of Japanese companies to invest went back into the black, consumer spending in 2021 remained well below the prepandemic average.

Heavy demand for commodities from Latin America led to a better economic performance than expected for the region. The economic challenges before the pandemic, such as poor productivity growth accompanied by low investing and high public debt as well as unequal income distribution, persisted and intensified social conflicts in the region. Brazil's economy recovered more quickly from the pandemic than many of its neighbors. GDP in 2021 grew 6.3 percent overall. To manage the coronavirus crisis, the government passed new relief payments to eligible citizens as well as measures such as emergency loans, reduced working hours and tax deferrals, though to a much lesser extent than in 2020. With the recovery of the global economy came a rise in demand for commodities and Brazil set a new record for exports and enjoyed an increase in their positive trade balance. The agricultural and mining sectors also contributed to this growth. The manufacturing industry also recorded substantially higher exports. Rising public debt, uncertainty regarding political developments and the continued health crisis dampened the nation's investment climate, resulting in higher unemployment and greater income disparity that strained growth throughout the year. The sharp rise in commodities prices as well as rising electricity costs were reflected in the aggregate price level. Inflation was 6.2 percent.

Following the severe recession of the previous years, which came to a peak in 2020, Argentina's economy saw a growth rate of 7.5 percent in 2021. However, this growth cannot hide the massive difficulties that Argentina's economy still faces. High unemployment and extreme public debt continue to make sustainable economic growth all but impossible. Argentina's inflation rate was about 50 percent, and its currency continued to fall against the US dollar and the euro.

The economic impact of the pandemic has been enormous for many African countries; in particular, financial leeway for economic countermeasures was marginal. Although South Africa responded to the pandemic early, social unrest in summer 2021 set the country back. Poor growth, rising unemployment (officially 46.3 percent for young people), and high fuel and electricity prices limited consumer spending. Kenya lifted its lockdown in Q2, allowing the economy to recover somewhat. Public debt, however, continued to rise. The IMF issued a $ 2.4 billion loan to the country in February 2021. The government also attempted to increase its revenue through tax increases. Kenya's economic situation slowly normalized in Q3. According to the IMF, the nation's GDP grew 5.6 percent.

The nations in the Middle East saw a worsening of economic and social woes. Steps to curb the spread of the coronavirus hit key high-employment sectors hard, such as tourism and trade. Real GDP for the Middle East and North Africa (MENA) region was 4.1 percent. Other challenges the region faced were continued rising inflation, limited fiscal leeway and increasing food prices. The pandemic greatly impacted the wealthy Gulf monarchies, as well, leading to a decline in international freight transport as well as air traffic and tourism. Overall, the current account balances of oil-exporting nations improved thanks to higher oil prices following the heavy deficit most countries experienced in 2020. On the other hand, higher oil prices halted growth in oil-importing countries.

Performance of the health care industry[2]

The global health care industry remained significantly affected by the pandemic in the 2021 reporting year, but with changes from the year before due especially to the availability of vaccines. The global vaccination campaign gathered speed at the start of 2021. For years, demographic change or the rise in chronic diseases ensured greater and greater demand for innovative health solutions. Even aside from the pandemic, ongoing digitalization and out-patientization are having a tremendous effect on the health care industry. Medical progress as well as the continuous cost pressure in the system are leading to a situation where many treatments are being shifted from the inpatient to the ambulatory setting. Hospital stays are also likely to continue to shorten over the long term. Digital health applications will foster outpatientization and improve access to care, e.g., in rural areas, including through telemedicine.

Overall, the effects of the pandemic on the future structure of global value chains in the health care industry cannot yet be assessed in full. Individual regions are examined in detail below.

In the face of the still-ongoing pandemic, gross value added by the German health care industry fell slightly in 2020 for the first time in a decade to € 364.5 billion, 3.7 percent less than in 2019 and accounting for around 12 percent of Germany's gross

[2] Germany Trade & Invest; Federal Ministry of Economic Affairs, Health Care Industry Facts & Figures, July 2021

value added. With regard to vaccination campaigns and global economic recovery, however, the health care industry showed that it was sturdy and stable. Key investment incentives were laws and ordinances passed during the pandemic with the purpose of dampening or counteracting social and economic effects. Under Germany's Health Care Advancement Act (GVWG), statutory health insurance providers received a subsidy of € 7 billion in July 2021, with an additional € 7 billion coming from tax revenue as approved by the government. During the pandemic, German manufacturers were able to gain an edge due primarily to their delivery capacity and consistent quality, and medical device providers from Germany benefited from continuous demand. Export rates were also high once again in the reporting year. The federal government estimates that German medical technology companies exported around 66 percent of their products in 2020. The key market is the EU at 41.0 percent, followed by Asia (19.3 percent) and North America (18.9 percent). The demand for drugs from Germany is similarly high, with around 64.9 percent of products from German pharmaceutical companies going to export markets.

Europe's health care industry was dominated by the pandemic in the reporting year, as well. Although the health care systems in the EU states are well positioned compared to the rest of the world, they were only able to somewhat counter the waves of COVID-19 infections. Opportunities arising from the pandemic could be seized through, for example, extensive national and European investment packages, especially for digitalization and hospital upgrading. With European aid packages, such as the € 9.4 billion EU4Health program, the EU now seeks to better prepare health care systems for future crises. The main purpose of this program is to build re-serves in the member states—with its National Health Reserve, Germany is already going in this direction.

When compared internationally, France has a health care system that is well developed and of high quality. However, cutbacks imposed by changing governments and heavy debt have greatly curtailed hospitals' investment opportunities in past years. Costs, including medical technology, were negatively impacted. The € 19 billion aid package "Segeur de la Santé" is intended to increase pay but also be used to invest in hospitals and nursing homes as well as, above all, in digitalization. Spain's health care industry is well positioned in general. Health care spending accounts for about 9 percent of GDP. The country was able to recover well in the reporting year and is also benefiting from € 140 billion in aid from the EU, which is also intended to shore up the health care industry. According to the Spanish government's current plan, an additional € 16 billion could be earmarked for the sciences, research and the expansion of the national health care industry through to 2023. In Great Britain, the public health sector benefited from a £ 4.3 billion government investment program in the reporting year, which was especially aimed at upgrading state hospitals. While the British medical technology market suffered under higher market entry barriers following Brexit, it also benefited from public investment. In Poland, the pandemic resulted in a decrease in supply shortages due to digital solutions. Telemedicine in particular was in heavy demand. During the reporting year, several million users signed up on the country's eHealth platform.

The pandemic put great strain on Russia's health care industry. Currently, there are no hospitals for infectious diseases in 25 regions. The need for medical care increases as the population ages. The state has launched several programs for upgrading medical care and is continually sharpening localization rules, especially in the field of medical technology.

In the United States, the health care industry was entirely focused on fighting the pandemic during the reporting year. President Biden passed a $ 100 billion aid package to ensure that patients with COVID-19 could receive medical care. Despite this massive investment and health care costs that have been rising for years, 2021 also saw issues with supplying various medical products. Following the lack of personal protective equipment that dominated the start of the year, numerous medical facilities in the United States still lacked devices such as defibrillators, examination tables, IV stands and walking aids later in the year. This supply chain trouble, triggered by shortages of plastic, metal, glass and electronics, could be at least partially offset by a series of special approvals and emergency authorizations for medical devices. Additionally, in order to ensure care for COVID-19 patients, many treatments for cardiovascular and neurological conditions had to be postponed, which forced many US hospitals to trim already-tight budgets further. While eHealth concepts such as telemedicine have already seen increased use in the fight against the pandemic, they still have enormous growth potential in the United States.

The health care industries in the Asia-Pacific region once again grew substantially in the reporting year despite the pandemic, due predominantly to an aging population, growing prosperity and the associated increase in health awareness. China is the most populous country in the world, with a rapidly growing percentage of elderly people. In order to manage this demographic challenge, the country's health care system has been undergoing expansion and renovation for years. A fundamental part of this expansion and upgrading is digitalization. Digital aids, online eHealth platforms and the increasing use of big data and artificial intelligence (AI) should allow for the better use of resources and improve health care nationwide. This momentum was further accelerated by the pandemic. One other effect of this development is the rising global competitiveness of Chinese health solution manufacturers. As before, the unequal distribution of resources is one of the biggest challenges China's health care system faces. While the major cities have excellent, comprehensive health care, the situation in small cities and in the countryside is entirely different. Accordingly, a spread of the virus in rural regions after strict coronavirus measures have been discontinued could result in massive supply shortages in the health care system. In India, based on the experiences gathered in the last two years, the government announced that public health care spending would be increased significantly. The goal here is to narrow the sometimes large gaps between regions as well as between private and public facilities. Dependence on imported medical technology and pharmaceuticals was also extremely clear in Japan. The lack of medical staff combined with a swiftly aging population is also encouraging greater investment in digitalization and automation, spearheaded by AI-based medicine, robot technology and telemedicine.

The expansion of public health insurance in Indonesia and Malaysia resulted in growing demand for health care services and products. One problem continues to be the lack of health care in rural areas far away from large cities. The governments of these countries seek to change that, including by expanding telemedicine. Indonesia is curbing its dependence on imports with localization measures and, in 2021, enacted a procurement ban for state hospitals on numerous imported medical devices and drugs.

Latin America's health care systems struggled with increased cost pressure and higher demand. Brazil's population trend shows indications of continuing market growth. The postponement of elective surgeries as well as higher operating costs and costs for imported medical devices have exacerbated the financial situation, in particular for private hospitals. The budget for Brazil's health care system SUS was reduced back to its pre-pandemic level in 2021. Telemedicine has also gained significance in the country, with growth of around 15 percent per year expected following initial post-pandemic normalization. Mexico's health care system postponed investments not directly related to fighting the pandemic in the reporting year, stopping the steady growth of the nation's health care industry for the time being. Thanks to very strict pandemic measures, Argentina came out of the crisis relatively unscathed compared to its neighbors in 2021. Still, underutilized capacity that did not serve to fight COVID-19 often posed a problem in the reporting year. Private hospitals in particular lamented the decline in activity against rising costs. The industry also fears that government plans for health care reform could lead to creeping nationalization. In Colombia, demand for single-use products and ventilators has grown substantially in the interim. At the same time, many hospitals had to significantly reduce their investment budgets in areas not serving to combat the pandemic. In addition, prices for medical devices needed for COVID-19 treatment have been frozen since 2020.

On the African continent, the pandemic revealed weaknesses in many local health care systems, especially in Sub-Saharan Africa. The population in rural areas has little to no access to health care and the continent has too few trained professionals, and most of them are concentrated in urban areas. In South Africa, the market for medical technology grew only marginally. Meanwhile, the World Health Organization (WHO) has been working with companies to help South Africa produce mRNA vaccines. A consortium of universities will contribute know-how. In Kenya, heavy public debt means a lack of funds for extensive investments in the health care system, so the industry is relying in particular on private investors, e.g., to help expand laboratory facilities.

The public health care systems in Middle Eastern countries were, with few exceptions such as Saudi Arabia, also poorly equipped even before the pandemic and frequently were unable to ensure the necessary care. In many countries, the private sector took on an increasing role in providing health services and international partnerships have become central to supplying and modernizing these systems.

Performance and financial position

Business performance

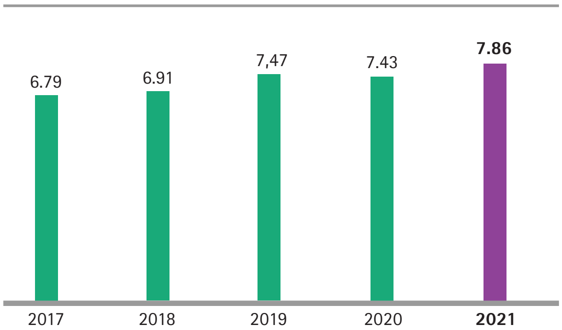
In the 2021 reporting year, B. Braun sales grew 7.4 percent at constant exchange rates. This puts us above our strategic target growth range of 5 to 7 percent. We are satisfied with our sales performance in 2021. Sales in the reporting currency also increased 5.8 percent to € 7.9 billion (previous year: € 7.4 billion). All divisions reported good sales in-

Key performance indicators

	2020	2021	Change in percent
Sales (in € million)	7,426.3	7,859.8	5.8
Gross margin (in percent)	39.4	38.9	
Net profit margin after taxes (in percent)	4.1	3.8	
Interim profit (in € million)	495.0	461.5	-6.8
Profit before taxes (in € million)	416.1	408.6	-1.8
Consolidated net income (in € million)	301.5	300.1	-0.5
EBIT (in € million)	481.8	471.7	-2.1
EBITDA (in € million)	1,103.2	1,101.9	-0.1
EBITDA margin (in percent)	14.9	14.0	
Equity ratio (in percent)	37.5	40.7	
Equity ratio including loans from shareholders (in percent)	38.3	41.5	
Equity ratio net of effects of IAS 19 (in percent)	43.9	45.8	
Net financial debt (in € million)	2,537.9	2,447.7	-3.6
Debt-equity ratio (Net financial debt / EBITDA)	2.3	2.2	
Research and development expenses (in € million)	369.8	416.9	12.7
Investments in property, plant, and equipment, intangible assets and financial investments (in € million)	782.8	799.7	2.2
Depreciation and amortization of property, plant, and equipment and intangible assets (in € million)	621.4	630.2	1.4
Net working capital (in € million)	2,165.7	2,315.9	6.9
Personnel expenditures (in € million)	2,855.4	2,972.1	4.1
Employees (as of December 31)	64,317	66,234	3.0

creases, with the Aesculap division seeing the most growth. After a poor 2020 due to the pandemic, the division has recovered, even if it has yet to return to its pre-pandemic level. The postponement of elective procedures in many countries once more hampered the division's growth, particularly in the area of orthopedic joint replacement with hip and knee implants. On the other hand, sales in sterile goods and interventional treatments were quite pleasing. The Hospital Care division also saw good sales growth in nutrition solutions and single-use infusion materials, however, demand for infusion pumps fell compared to the previous year's excellent performance. Avitum once again showed strong results in the infection prevention and control area.

Sales development
in € billion



Our domestic market in Germany performed well, with the increase in sales falling within our target growth range. In Europe, Switzerland and Poland led in sales, with Spain, Great Britain and Italy also attaining good increases. Growth in Russia and Turkey, however, did not meet our expectations. Both countries have also been greatly impacted by currency exchange rate effects. In North America, we achieved pleasing double-digit growth in the US dollar. Sales in the reporting currency also showed a solid increase. The Asia-Pacific region was able to recover somewhat compared to the previous year's extremely poor performance. This recovery was borne primarily by China, India and Australia. The other countries in the region remained at the previous year's level overall. Latin America grew considerably, led by Brazil's outstanding growth. Only Colombia and Ecuador fell just short of the previous year in the euro due to currency exchange rate effects and government restrictions. In the Africa and Middle East region, we continued to increase sales, with the region benefiting in the reporting currency from positive currency exchange rate effects.

Our earnings were heavily impacted in the reporting year and we were unable to improve profitability. The gross margin in the Aesculap and Avitum divisions continues to be affected by the pandemic. Starting in the second half of the year, the significant increase in commodities and energy prices further reduced our gross margin. Considerably higher freight costs also prevented greater growth. The cost discipline exercised in the administrative area could not offset the increase in labor costs and necessary project costs in this area. Stricter regulatory requirements and new development projects greatly increased our expenditures for research and development in the reporting year. The projected target range of € 500 million to € 550 million for the key performance indicators used to manage operations, interim profit and EBIT, could not be reached. We are not satisfied with this result. Through a comprehensive review of ongoing projects and of the current cost structure, we have identified areas for potential improvement. Starting in 2022, we will implement a structured process to leverage this potential and improve our profit situation. In absolute figures, our management indicators at constant exchange rates totaled € 471.7 million (interim profit) and € 481.0 million (EBIT), respectively, or 4.7 percent and 0.2 percent below the previous year, respectively. Consolidated net income at constant exchange rates rose to € 308.1 million (previous year: € 301.5 million). EBITDA at constant exchange rates for 2021 is 1.5 percent above the previous year, totaling € 1,119.4 million (previous year: € 1,103.2 million). While this places us within the target range of € 1,110 million to € 1,140 million that we set for ourselves, we were unable to improve our EBITDA margin to 15.0 percent of sales due to the aforementioned cost increases. The EBITDA margin in the reporting year fell to 14.0 percent (previous year: 14.9 percent).

Overall, the B. Braun Group's expansive product portfolio allowed it to achieve good sales growth, and the Group is in a good and stable financial position despite the prevailing volatility on the market and uncertainty in the supply chain. At present, we are not aware of any other factors that could materially impact the Group's position in a negative way.

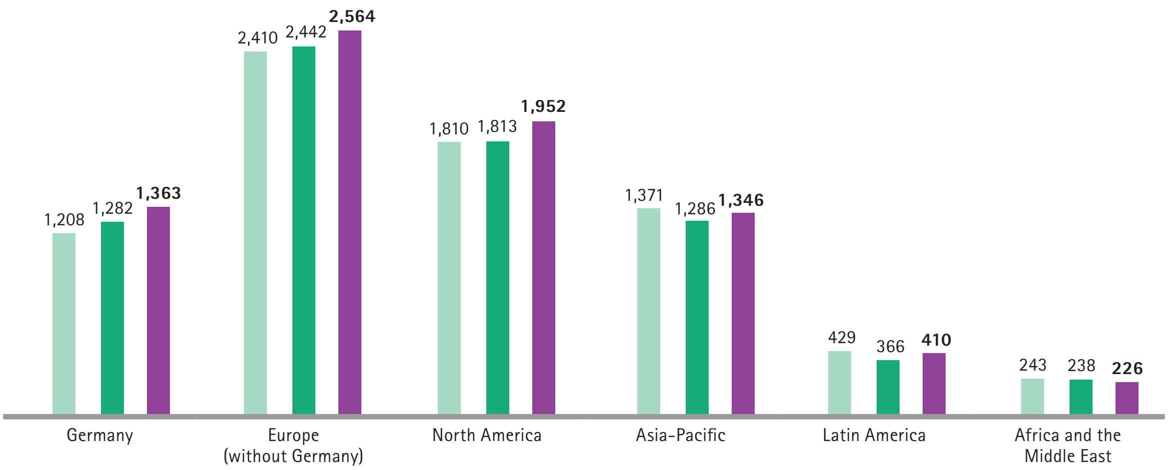
Earnings

B. Braun Group's sales growth

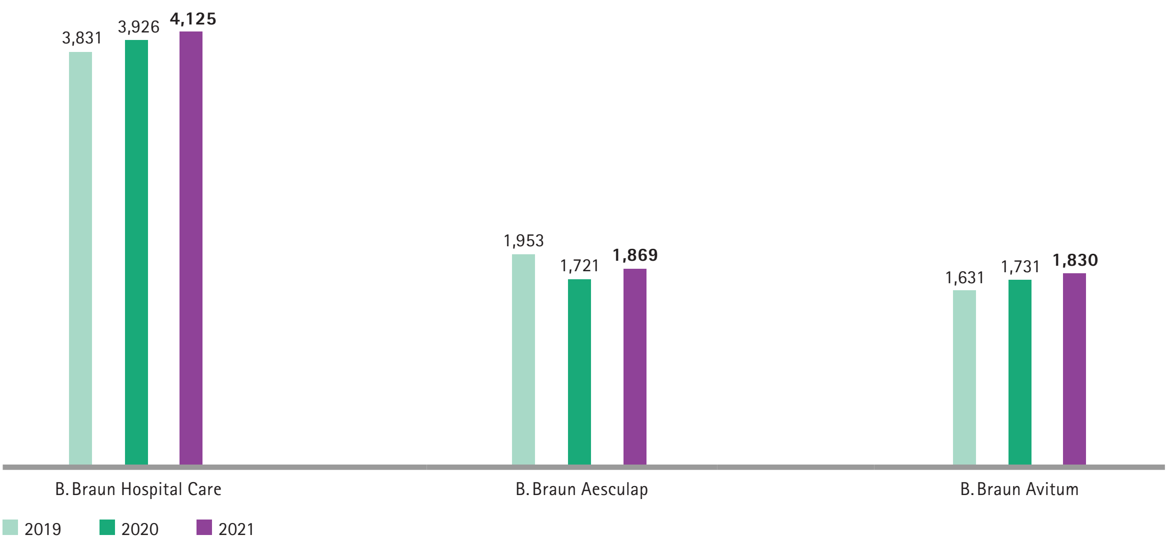
In FY 2021, B. Braun Group sales totaled € 7,859.8 million (previous year: € 7,426.3 million), for a 5.8 percent increase (7.4 percent at constant exchange rates) over the previous year.

Germany experienced good growth at 6.3 percent. Europe (excluding Germany) saw growth of 5.6 percent at constant exchange rates, with Spain, Switzerland, Great Britain, Italy and Poland showing good growth. Turkey and Russia were unable to achieve

Sales by region
in € million



Sales by division
in € million



the previous year's sales level. In North America, the previous year's sales in US dollars were exceeded by 7.7 percent. In the Asia-Pacific region, B. Braun achieved an increase of 4.7 percent at constant exchange rates. Growth was pleasing in India (+22.1 percent at constant exchange rates), Australia (+17.4 percent at constant exchange rates) and China (+4.3 percent at constant exchange rates). The Philippines and Indonesia, on the other hand, were unable to reach the previous year's sales. B. Braun increased sales by 20.9 percent at constant exchange rates in Latin America. Brazil, Argentina, Mexico and Chile in particular showed recovery. In the Africa and Middle East region, we recorded a loss of 6.8 percent at constant exchange rates compared to the previous year.

Business performance of the Hospital Care division

The Hospital Care division increased sales by 5.1 percent (7.3 percent at constant exchange rates) to € 4,125.1 million (previous year: € 3,925.7 million). In FY 2021, Germany, Latin America and North America were the major drivers of sales, followed by Eastern Europe and Switzerland. High demand for infusion pumps and accessories resulted in good growth in Germany, Great Britain and the United States. Sales in China, on the other hand, were heavily affected by price reductions due to volume based tender business. In the other Asia-Pacific markets, such as Japan, Australia and Thailand, growth was in the double digits. Currency exchange rate effects in Latin America, Eastern Europe and Asia-Pacific hampered the division's growth in the euro. Substantially higher purchase prices for commodities, components and commercial goods as well as higher logistics costs also had a negative impact. The occasional unavailability of certain materials posed additional challenges.

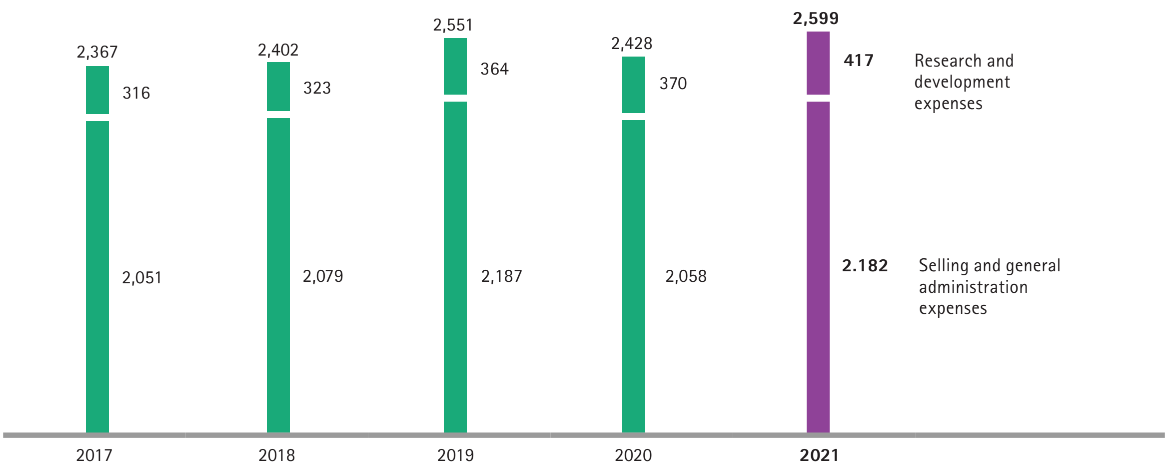
Business performance of the Aesculap division

In the last fiscal year, the Aesculap division reported sales of € 1,869.1 million (previous year: € 1,721.5 million), rising 8.6 percent (9.8 percent at constant exchange rates) above the previous year. While the division has recovered from 2020's poor performance caused by the pandemic, it has not yet reached its pre-pandemic level. Due to the repeated postponement of elective procedures, demand for implants (knee, hip and spine) and surgical consumables remained below expectations. This was felt particularly in the German, Turkish, Vietnamese and Malaysian markets. In contrast, the United States, China, Australia, Spain and Russia saw pleasing growth in containers, minimally invasive surgery, angioplasty and access ports.

Business performance of the Avitum division

Sales in the Avitum division increased by 5.7 percent in the reporting year (6.1 percent at constant exchange rates) to € 1,830.4 million (previous year: € 1,731.3 million). Sales in extracorporeal blood treatment improved over the previous year. The main growth markets were China, the United States and Italy. Due to falling treatment numbers as a result of the pandemic, the division's provider busi-

Functional expenses
in € million



ness remained at the previous year's level. In Colombia, the Philippines and Russia, in particular, patient numbers were lower. Business involving wound management and ostomy and continence care products, on the other hand, expanded considerably. Demand for infection prevention and control also remained high. Still, rising purchase prices and delivery issues with suppliers strained the division's growth.

Development of gross profit

Gross profit in the 2021 reporting year increased 4.7 percent to € 3,060.8 million (previous year: € 2,923.1 million). Our gross margin fell by 0.5 percentage points to 38.9 percent (previous year: 39.4 percent). In the second half of the year especially, our gross margin was hit by the significant increase in purchase prices for commodities and components as well as rising payroll costs and startup costs for our new production facilities.

Development of functional expenses

Selling expenses increased 5.6 percent to € 1,790.4 million (previous year: € 1,695.0 million), with substantial increases in maritime and land freight rates. At the same time, Marketing & Sales was able to optimize with active expense management and increased use of hybrid sales forms. Administrative expenses in the fiscal year came to € 391.9 million (previous year: € 363.2 million), for a 7.9 percent increase over the previous year. This increase in expenses was primarily the result of pay raises and pension expenditures as well as costs for external services to execute strategic projects. Expenditures for research and development rose 12.7 percent to € 416.9 million (previous year: € 369.8 million). This increase was due to stricter regulatory requirements (Medical Device Regulation [MDR]) and extensive development projects.

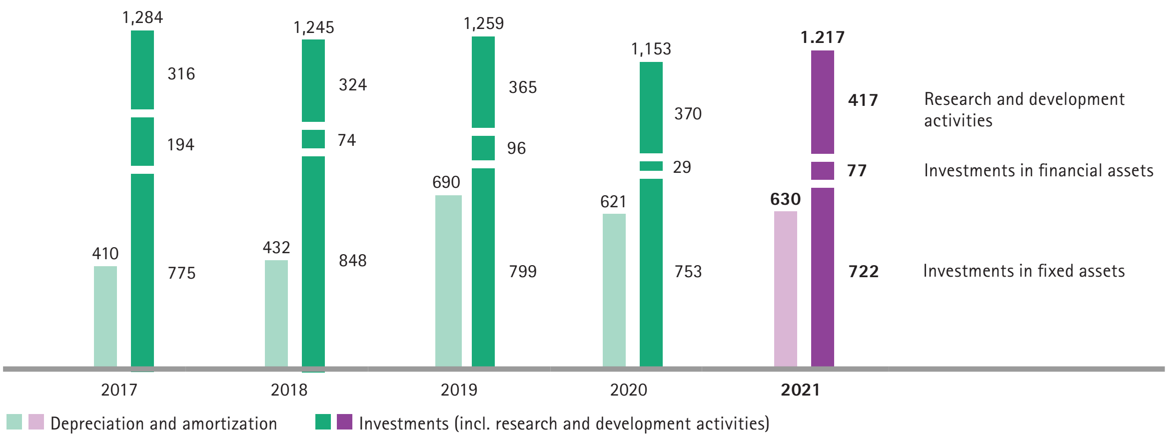
Development of investments

In the 2021 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 € 799.7 million (previous year: € 782.8 million). Of that total, € 115.5 million (previous year: € 113.0 million) was in additions of rights of use under IFRS 16 for the extension of existing as well as signing new contracts. Investments were offset by amortization and depreciation totaling € 630.2 million (previous year: € 621.4 million).

The Hospital Care division began construction on a new medical manufacturing plant at the Pfieffewiesen venue (Melsungen, Germany), the largest single investment in the Melsungen medical location in the last decade. Also in Melsungen, a forwardlooking project on automating infusion pump production was started. At the Bad Arolsen location (Germany), money was invested in the expansion and upgrading of needle production. In the United States, investments continued in the Allentown (PA), Daytona Beach (FL) and Irvine (CA) locations. Expansion of capacity in pharmaceuticals as well as

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

in € million



for intravenous sets, intravenous access products and other accessories continued worldwide. The Aesculap division secured access to endoscopic visualization technology and know-how by acquiring additional shares in Schölly Fiberoptic GmbH. New cleanrooms opened at the Tuttlingen and Berlin locations (Germany). At the Rubí location (Spain), money was invested in capacity for skin closure products. At the location in Sempach (Switzerland), the Avitum division continued construction of a new plant for producing disinfection products. Expansion of the production location in Spangenberg (Germany) was largely completed. In Vietnam, construction of a new concentrate production plant was started. Our global network of renal care systems was optimized further. In select countries, we constructed or acquired new centers.

Investment commitments in the amount of € 295.9 million had already been made as of the reporting date. These investments are largely attributable to ongoing replacement and expansion investments in the abovementioned locations.

Development of other operating income and expenses

Other operating income and expenses for the reporting year totaled € -11.0 million (previous year: € -33.8 million), an increase of € 22.8 million. Our currency result improved € 13.5 million to € -12.2 million (previous year: € -25.7 million). Value adjustments to receivables fell compared to the previous year. Additionally, income was earned from the payment of damages resulting from a claim in Germany (€ 10.7 million). In the reporting year, our profit participation program resulted in higher expenditures (€ -18.5 million) compared to the previous year.

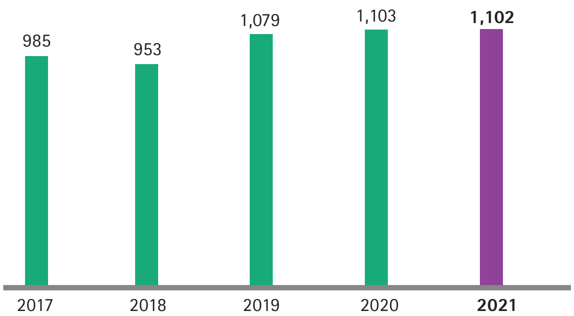
Development of net financial income

Net financial income improved in FY 2021 by 6.9 percent to € -42.0 million (previous year: € -45.1 million). Interest expenses totaled € 48.2 million, falling € 3.6 million from the previous year (€ 51.7 million). At € 6.2 million, interest income was lower compared to the previous year (€ 9.6 million). Income from holdings also totaled € 21.1 million (previous year: € 20.9 million).

Development of earnings figures

Interim profit was € 461.5 million, a decrease of 6.8 percent (previous year: € 495.0 million). EBIT in the reporting year reached € 471.1 million (previous year: € 481.8 million), € 10.1 million below previous year's level. Depreciation increased to € 630.2 million (previous year: € 621.4 million), for an EBITDA of € 1,101.9 million, almost the same as in the previous year (€ 1,103.2 million). The EBITDA margin decreased by 0.9 percentage points to 14.0 percent of sales (previous year: 14.9 percent of sales).

EBITDA
in € million



Profit before taxes fell by 1.8 percent to € 408.6 million (previous year: € 416.1 million). Income taxes for the fiscal year amounted to € 108.4 million, down € 6.1 million from the previous year (€ 114.6 million). The effective tax rate in the reporting year was 26.5 percent (previous year: 27.5 percent). Consolidated net income for the fiscal year amounted to € 300.1 million, down slightly from the previous year (€ 301.5 million).

Financial position

Liquidity

Operating cash flow totaled € 954.0 million (previous year: € 797.8 million), up by € 156.2 million from the previous year. Cash outflow from investing rose in the reporting year by € 285.2 million to € 631.8 million (previous year: € 346.6 million). In the previous year, cash outflow from investing was affected by an inflow from the sale of our interest in Rhön Klinikum AG for € 304 million. The reporting year saw a positive free cash flow of € 322.2 million (previous year: positive free cash flow of € 451.3 million). Accordingly, cash flow for investments in plant, property and equipment as well as intangible assets totaled € 605.5 million (previous year: € 677.1 million) and € 80.6 million (previous year: € 24.1 million) for investments in financial assets and business acquisitions. At the same time, B. Braun received dividends and dividend equivalents in the amount of € 32.1 million (previous year: € 14.1 million). Net loan repayments for the reporting year totaled € -299.4 million (previous year: net loan repayments of € -408.5 million). Overall, cash and cash equivalents fell by € 54.5 million as of the reporting date to € 94.7 million (previous year: € 149.1 million). Stable cash flow from operations in conjunction with open, firmly committed credit lines gives B. Braun high liquidity at all times.

Asset structure

As of December 31, 2021, the total assets of the B. Braun Group increased to € 10,193.0 million (previous year: € 9,720.1 million). This corresponds to an increase of 4.9 percent. At constant exchange rates, total assets increased 2.2 percent, reflecting investments in property, plant and equipment that exceeded depreciation and more working capital.

Non-current assets increased 4.1 percent to € 6,874.6 million (previous year: € 6,605.9 million). Due to prolonged heavy investment, property, plant and equipment in the reporting year increased 2.5 percent at constant exchange rates. However, in the reporting currency, property, plant and equipment increased 5.6 percent to € 5,438.1 million (previous year: € 5,150.0 million) due to the strength of the euro. Inventories as of the reporting date amounted to € 1,639.7 million, up 13.1 percent (9.7 percent at constant exchange rates) over the previous year (€ 1,450.2 million). Inventory coverage as of the reporting date was 17.8 weeks (previous year: 16.7 weeks). Due to disruptions in the supply chain caused by the pandemic, we purposefully increased our inventories of raw materials in order to ward off possible production stoppages. Trade receivables increased by 3.2 percent (+1.4 percent at constant exchange rates) to € 1,220.7 million (previous year: € 1,182.9 million). Trade receivables DSO were reduced by 1 day to 60 days compared to the previous year (61 days).

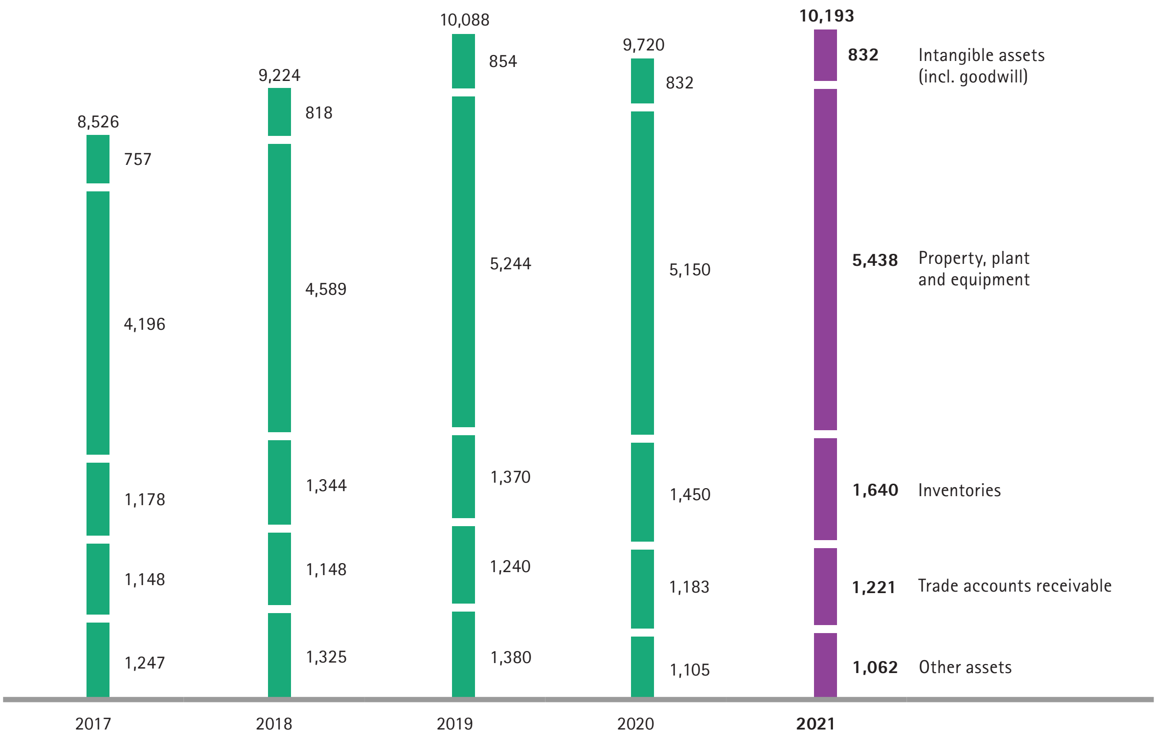
Financing structure

Equity increased by 13.8 percent (+10.0 percent at constant exchange rates) to € 4,145.2 million (previous year: € 3,641.0 million). The equity ratio was 40.7 percent (40.3 percent at constant exchange rates), 3.2 percentage points over the previous year's level (37.5 percent). Taking into account shareholder loans, this corresponds to an equity ratio of 41.5 percent, meeting our target from the previous year of over 38 percent. In the reporting year, the actuarial interest rate for pension provisions increased to 1.5 percent (previous year: 1.2 percent). Actuarial losses thus fell by € 135.0 million. Accordingly, total provisions for pensions and similar commitments dropped by 4.8 percent to € 1,645.5 million (previous year: € 1,728.2 million). The higher interest rate resulted in a decrease in pension provisions. Adjusted for the effects in the period from 2011 to 2021 from the revaluation of pension commitments, equity totals € 4,667.3 million. This results in an equity ratio of 45.8 percent, which exceeds our strategic target of 45 percent. Financial liabilities decreased 5.4 percent to € 2,542.4 million (previous year: € 2,687.0 million). Non-current financial liabilities decreased 26.5 percent to € 1,422.8 million (previous year: € 1,935.8 million). Current financial liabilities, in contrast, rose 49.0 percent to € 1,119.6 million (previous year: € 751.2 million). Financial liabilities from leasing rose in the fiscal year by € 24.9 million to € 429.1 million (previous year: € 404.2 million) Most Group financing is conducted in euros. However, there are also small loans in various foreign currencies. As of the reporting date, 46.1 percent (previous year: 57.6 percent) of financial liabilities to banks and insurance providers carry a fixed interest rate. Our net financial liabilities (including IFRS 16) fell by € 90.2 million to € 2,447.7 million (previous year: € 2,537.9 million). Trade accounts payable rose 15.5 percent to € 520.1 million (previous year: € 448.7 million). At the same time, trade payables DPO increased by 3 days to 40 days (previous year: 37 days). In 2021, we were able to refinance matured loans by drawing from existing credit lines and from cash flow. There was no significant new refinancing taken out. As of the reporting date, the B. Braun Group has € 1,489 million (previous year: € 1,592 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.

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

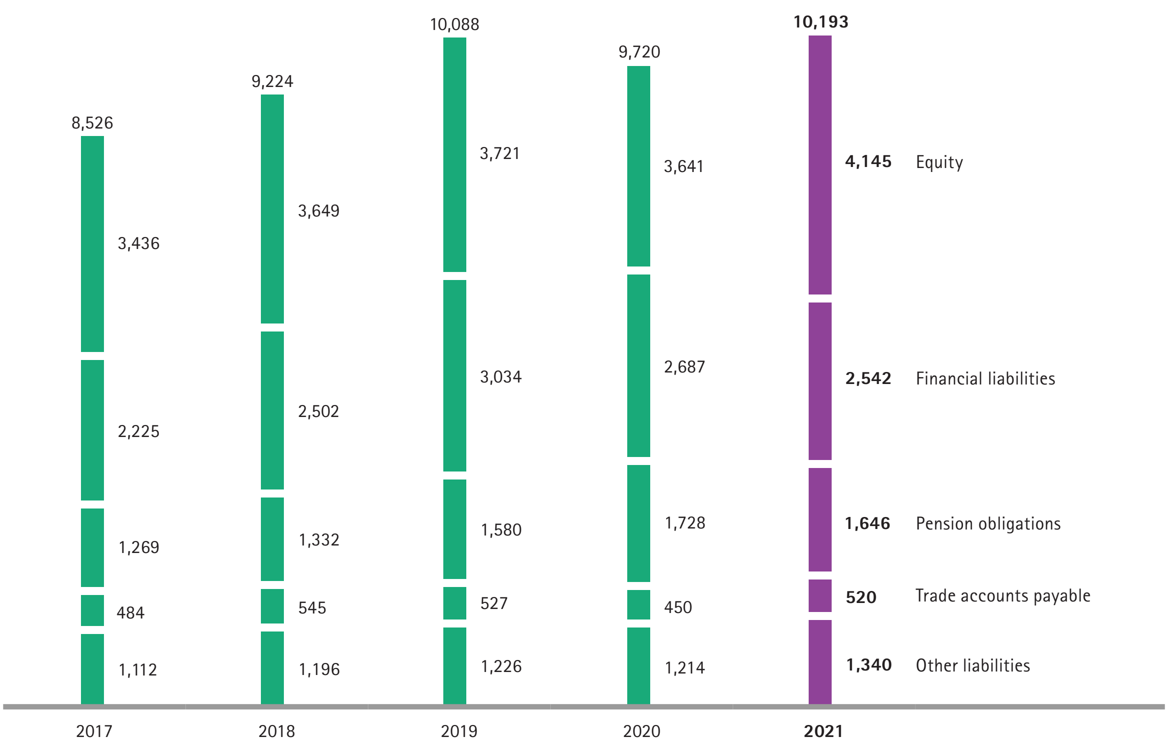
Structure of statement of financial position: Assets

in € million



Structure of statement of financial position: Equity and liabilities

in € million



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 can be 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.

Risks

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. 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

The coronavirus pandemic continues to be a major risk to the recovery of the global economy. Our outlook is influenced by material risk factors, in particular new virus variants and an increase in new infections, especially in areas with relatively low vaccination rates. Social tensions may also intensify as a result of the growth in inequality caused by the pandemic.

With regard to the financial markets, rising inflation caused by the sudden jump in energy prices, in particular, is of primary concern. The widespread propensity of private households to save money and the resulting savings accumulated during the pandemic also encourage a further increase in inflation. Beyond this, disruptions in the supply chain, labor shortages and pay increases pose a major challenge for numerous industries.

Following the widespread expiration of state lending programs and debt moratoriums, the financial consequences of the pandemic and the development of the company's liquidity remain uncertain. Expected increases in interest rates can also have a negative effect on economic development. The financial troubles of some major Chinese conglomerates and slower growth in China could further exacerbate the situation on the financial markets in 2022. Relations between the United States and China with regard to Taiwan's autonomy are also tense.

On February 24, 2022, Russia started a war in Europe by invading Ukraine. The European Union and the United States responded with severe sanctions. Given this intensifying conflict and the likelihood of energy prices increasing more, the financial markets are experiencing increased volatility. Additionally, grave changes in currency parity with the Russian ruble are already noticeable and will result in corresponding effects on the export economy. If Russia drops out as a trade partner, the German and European economies could have to contend with interrupted supply chains and cash flows, energy supply shortages, endangered foreign investments and the disappearance of an entire market. Countersanctions by Russia could also strain the business activities of foreign companies in the country. The situation continues to be closely monitored and initial steps have already been taken with the goal of identifying and offsetting negative effects as early as possible. Macroeconomic and geopolitical effects as well as effects on the net assets, financial position and earnings situation of the B. Braun Group cannot be assessed at this time.

The aforementioned challenges underscore the need to facilitate political solutions, boost vaccinations, improve debt sustainability, combat climate change and inequality, and diversify economic activity.

Industry risk

The health care market and especially the health care industry are vital to any nation's economy. The industry is also virtually invulnerable to economic developments, which, in turn, can have a stabilizing effect on macroeconomic demand and the job market. While B. Braun's portfolio of single-use products generally records stable sales, the capital goods it produces are more vulnerable to macroeconomic development. With regard to the coronavirus pandemic, however, the situation is different. For example, the infusion pumps ICUs need are in high demand. In contrast, the sales of single-use materials needed, e.g., for elective procedures, have fallen. The significant increase in costs within the health care industry has forced virtually every national health care system to take steps to save money. China, for example, has introduced a volume-based procurement policy. In the coming years, it is expected that this policy will be extended to other product groups, with negative effects on prices. Once the pandemic has subsided, it can be assumed that public funds will be limited in order to reduce the debt generated by COVID-19. This can, in turn, impact health care budgets, compromising the solvency of our customers. The pandemic is also producing a tendency to prefer locally made products over imported products. This is especially the case when domestic manufacturers can offer comparable products. In order to counter this development, B. Braun continues to expand its regional presence to give us long-term access to global growth markets. New policy concepts are needed to deal with high cost pressure and the need for adequately financed health care systems. Only then can health care companies offer European innovation and security of supply over the long term while also staying competitive around the world.

The Leibniz Institute for Economic Research's "Hospital Rating Report 2021" once again found that the economic situation of German hospitals is deterio rating. A total of 60 percent of hospitals in Germany expect economic losses in 2021. The German Hospital Institute's (DKI) current Hospital Barometer also determined that just 22 percent of facilities expect economic gains in 2022. One significant reason for these economic problems is declining occupancy as a result of the pandemic and the associated reduction in normal operations. Many people are also avoiding consultations with doctors out of fear of getting infected. Hospitals and ambulatory health care facilities are also facing challenges from a lack of health care workers. Both the inpatient and ambulatory setting lack the urgently needed technological framework to use data and integrate digital products and processes from industry into their infrastructure. The expansion of digital infrastructure must also be driven across sectors. The targeted transfer of findings from research to the health care industry is a basic requirement for securing the sustainable increase of the industry's growth and innovation potential.

The implementation of the MDR continues to pose significant challenges to the industry, due in part to extremely long review procedures and a lack of directives from the EU. A timely implementation of the MDR as well as the In Vitro Diagnostic Regulation (IVDR) and the (re)certification of all medical devices on the European market by 2024 will be difficult to achieve without political support at the European level.

Industry risks are also posed by increasing regulation in chemicals policy, including the EU's chemicals strategy for sustainability, which serves the EU Green Deal's zero-pollution ambition and will involve various regulatory actions through to 2024. Chemical precursors are fundamental primary products for medical devices and drugs, and cannot be replaced on short notice due to strict regulatory requirements for medical device safety and time-consuming validation processes.

The structural and regulatory risks for health care companies will continue into 2022 and may impact B. Braun's earnings.

Procurement risk

Risks generally result from commodity price changes and supply shortages in the procurement markets. The materialization of these risks may impact production supply, thereby impacting B. Braun's supply capabilities. In some instances, supply shortages were confirmed in the reporting year that were essentially related to the pandemic. There were challenges due to closed plants and reduced component production from suppliers. Rising demand for portions of the product range needed to be met by increasing procurement volumes in a difficult market situation. Steps taken early on, such as the build-up of safety stocks and the Group-wide bundling of activities and a Group-wide market approach, served to largely avert these risks, so that no significant production delays or interruptions occurred. Our long, trusting and fair cooperation with our suppliers was also a key factor. To minimize the risk of supplier defaults, we routinely conduct risk assessments of our suppliers. If a supplier is identified as a high default risk, we have a range of processes and instruments in place to ensure continuous supply. These include disaster recovery plans, building up inventory either at B. Braun or at the supplier's location, second and dual sourcing, and the notarized storage of documents about production processes and formulations.

We expect no significant change in procurement risk in 2022. Given the ongoing pandemic, our supplier risk management will continue to be expanded to minimize the risks of supplier defaults.

Product risk

We counter the risk of adverse interactions and side effects with quality management systems at our production facilities. 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.

A study by McAfee's Advanced Threat Research Team identified a security vulnerability in infusion pumps (Infusomat Space Large Volume Pump and SpaceStation). According to the study, it is possible for a third party to alter a pump's configuration in stand-by mode. Such an event would post a risk of patients receiving different drug doses. Since such an alteration would place the pump in maintenance mode, it is not possible for it to have an effect during treatment. To access the pumps, a third party would have to first gain access to the local hospital network. An update is already available for affected devices; the problem no longer exists for the latest generation of devices. There has been no known incident in which this security vulnerability was actually exploited.

To minimize risks from product liability, B. Braun has placed an international liability insurance program with a consortium of four primary insurers. 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.

As of the reporting date, there are no risks arising from product liability that could jeopardize the company's continued existence.

Process risk

B. Braun is exposed to risks from legal disputes, including ongoing 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.

In the reporting year, a total of 34 civil suits were filed in the US against German and US B. Braun companies. These suits allege that emissions from the EtO sterilization plant in Allentown (PA) have caused personal injury to the plaintiffs.

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

Human resources risk

In the reporting year, the ongoing pandemic had a significant effect on how we work together. Employees are allowed to work from home or from the office with permission and according to their position. We consciously chose a hybrid model, since working only from home makes training, creativity and everyday communication more difficult. The multitude of digital formats was expanded and has since become a fixed part of our work culture. Employees were able to familiarize themselves with digital tools on their own in digital learning circles and try them out together. Our health management also responded to the changing situation with webinars, digital activities and health-conscious nutrition tips as part of a digital health plan. The extensive offering at the B. Braun Business School as well as regional and local employee development programs offer a digital portfolio that is continually expanded, facilitating the customized, self-directed and flexible shaping of individual learning paths. We are aware of the advantages of having a staff of varying ages that can bring different points of view, professional experience and expertise across generations. This is why we view talent and succession planning an important component of our strategic HR planning, alongside in-house advanced training and development as well as the hiring of new employees.

Due to existing HR processes and development initiatives, we expect no material impact from potential human resources risks, even in the future.

IT risk

A failure of critical IT systems or the loss, unauthorized alteration or disclosure of data can have grave consequences, including interruptions in business operations, loss of reputation or even fines and legal claims. To reduce these risks, various organizational and technical security measures have been implemented, such as routine 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 is being implemented. 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. Notably, this includes a syndicated loan for € 700 million. 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, thus we do not expect a fundamental deterioration in payment behavior in 2022. However, individual (especially government) customers may suffer second-round effects that may harm their solvency. There is also a risk that our suppliers' liquidity situation could become strained and could, in the worst-case scenario, threaten their viability. An increase in interest rates can also aggravate the financial situation of all parties.

Costs were capitalized as part of development projects, which can lead to write-offs in the event of negative developments. This could impact the earnings situation of B. Braun. Development projects are, by nature, subject to higher risk, but substantial opportunities come with it.

Opportunities

In addition to risk, 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

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 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

Our employees are constantly collaborating with each other as well as with end users and patients. They bring our philosophy of Sharing Expertise to life, creating value for customers and businesses. During the pandemic in particular, our employees have shown how quickly and readily they can adapt to new situations. Our new corporate strategy, "B. Braun—the next decade", builds on this high level of motivation, readiness to cooperate across divisions and individual accountability as well as promoting digital skills and new programs for managers and employees. The successful implementation of this new strategy with the help of every employee can further improve B. Braun's competitiveness, leading to a positive impact on B. Braun's sales, earnings and cash flow.

Overall statement on the Group's risk and opportunity situation

At present, there are no probable identifiable risks or dependencies that could threaten the viability of the B. Braun Group for the foreseeable future. The Group's net risk position did not increase relative to the previous year and, once again, no risks were identified that could jeopardize the company's continued existence. Even though the pandemic continues to affect B. Braun in different areas, our business model has once again demonstrated its vitality. Our global presence, broad portfolio of products and services as well as the qualification and motivation of our employees have made stable growth possible in 2021. Should the pandemic begin to subside in 2022, it is possible that our risk position will decrease slightly. Due to the volatility on the procurement and energy markets, however, returning to a pre-pandemic level will not be possible in the medium term, and the unavailability of raw materials and supplies constitutes a material risk. In addition, there is a growing protectionist sentiment in parts of the world that can harm an international company like B. Braun. Ongoing geopolitical hot spots can also have a destabilizing effect. Foreign exchange market trends remain difficult to predict, which can create risks in the short term. The anticipated increase in interest rates is another risk that may harm the financing capability of market participants. B. Braun also faces the risk of being unable to pass on all inflation-related price increases onto our customers. It is likely there will be another rise in IT risk. 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 that essentially covers risks such as losses from operating disruptions 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

Expected development of the global economy[4]

The coronavirus pandemic continues to pose a risk to the global economy in 2022. If new virus variants similar to the delta variant impact the global economy, the adverse effects caused by the pandemic will persist longer than expected. Growing geopolitical tensions, such as the war in Ukraine, are a significantly increasing risk. Nevertheless, available forecasts do contain positive aspects. The global economy is expected to grow 4.9 percent. Global inflation is likely to drop somewhat in many countries in mid-2022 but will never return to pre-pandemic levels. Global growth is expected to be driven by growth in developed nations, above all through state expenditures in the United States and the EU. India, Spain and China have the best prospects for substantial economic growth, at 8.5 percent, 6.4 percent and 5.6 percent, respectively. Global economic growth in 2023 is expected to reach 2.8 percent and should slow in subsequent years. German industry will continue to grow dramatically due to its excellent order situation. Overall, the federal government expects the German economy to recover with 4.6 percent in growth. The sharp rise in inflation is unlikely to continue in 2022. Employment figures should rise as the economy recovers and unemployment is expected to fall to 5.3 percent. The budget deficit is likely to drop 4.9 percent (in relation to GDP) to 2.1 percent.

The European economy experienced a revival in 2021. Despite ongoing challenges and new virus variants, this upswing is expected to continue into 2022 and open the door for a growth rate of 4.1 percent. The drivers of this growth are growing domestic demand, an improved job market situation and a decrease in private propensity to save. By comparison, the inflation outlook is less positive. Although the inflation rate is predicted to be below the 2021 level, at 2.2 percent, this would still higher than the European Central Bank's target of 2.0 per-

Forecasted change in the gross domestic product
in percent

	2021	2022
Europe	**5.4**	**4.1**
France	6.3	3.9
Germany	3.1	4.6
Great Britain	6.8	5.0
Poland	5.1	5.1
Russia	4.7	2.9
Spain	5.7	6.4
North America	**6.0**	**5.0**
USA	6.0	5.2
Asia-Pacific	**6.5**	**5.4**
China	8.0	5.6
India	9.5	8.5
Indonesia	3.2	5.9
Japan	2.4	3.2
Malaysia	3.5	6.0
Latin America	**6.3**	**2.3**
Argentina	7.5	2.5
Brazil	5.2	1.5
Mexico	6.2	4.0
Africa and the Middle East	**4.1**	**4.1**
Kenya	5.6	6.0
South Africa	5.0	2.2

[4] IMF World Economic Outlook; German Council of Economic Experts, Annual Report; Federal Ministry for Economic Affairs/ifo, Joint Diagnosis; EU Commission

cent. Over the long term, growth in Europe is expected to be less than in other regions.

In fall 2021, Russia's real GDP exceeded the pre-pandemic level despite a low vaccination rate and a higher mortality rate. This is due to Russia's relative independence from international value chains and a lack of lockdowns as new infection waves hit. Economic growth in 2022 should reach 2.9 percent and will likely be fostered by improved international trade conditions and higher tax revenue. This will open up new subsidies and public expenditures, and stimulate consumption despite a sharp rise in inflation. Inflation is expected to reach 4.8 percent. Food processing and the chemical industry are growth industries, while investments in pharmaceutical and vaccine manufacturing should increase.

Following good economic growth and a reduction in its budget deficit to around $ 2.8 trillion in 2021, the United States has come out of the pandemic in a good position. The deficit is expected to fall to $ 1.7 trillion in 2022. Real GDP in 2022 and 2023 should grow 3.6 percent and 2.9 percent, respectively. Unemployment is likely to fall to 3.5 percent. Rising wages combined with state transfer payments and budget savings will stimulate consumption. Inflation will increase but should stay under control. Supply chain issues, the Federal Reserve's announcement that it will raise interest rates and the coming of a new wave of infections may slow growth. Nevertheless, forecasts for the next two years suggest robust economic growth.

The IMF predicts the Asia-Pacific region will grow 5.4 percent in 2022. The ASEAN states should experience somewhat more growth at 5.8 percent. Despite this, production levels in Asian threshold and developing countries remains below pre-pandemic levels due to low vaccination rates and a lack of political support. Inflation should rise throughout the region, however it will fall within the target ranges of most countries. In China, the disruptions in logistics chains caused by measures to combat the pandemic, price increases, shortages of coal and fuel as well as uncertainty in the real estate sector have slowed economic growth. For this reason, the government has set a low growth target. According to the IMF, China's economy will grow 5.6 percent in 2022, though it will enter into a low-growth phase over the long term. Inflation is expected to be 1.8 percent and unemployment is likely to fall slightly from 3.8 percent to 3.7 percent. China's prevailing skilled labor shortage, however, is expected to continue.

India's economy could grow substantially in the coming years as the government looks to earmark generous funds for manufacturing more products in country. The IMF expects India's GDP to grow 8.5 percent in 2022. This expected upswing will increase investing in numerous industries. The chemical, pharmaceutical and medical technology industries will benefit from the rising economy. An inflation rate of 4.9 percent is expected. The nation's budget deficit should come to 6.8 percent in 2022 as the economy recovers and revenues from privatization increase, only dropping to its pre-pandemic level of 4.5 percent of GDP in 2026.

Supply shortages, the chip shortage, and swiftly rising energy and material prices have affected Japan's economic growth as in other key markets. As a result, production and international trade should recovery more slowly than expected in 2022. Over the course of 2022, GDP should grow 3.2 percent, reaching pre-pandemic level. The new Japanese government will continue to rely on a relaxed monetary policy and state economic measures in order to stimulate domestic production, research and development. The Bank of Japan predicts little inflation pressure on the price of consumer goods through the end of Q1 2022.

In Latin America, moderate economic growth of 2.3 percent is expected in 2022. More frequent and harsher droughts will also have a negative effect on several sectors, such as agriculture, mining, energy and transport. Still, the IMF predicts Colombia and Peru will experience above-average growth, at 3.8 percent and 4.6 percent, respectively. The forecasts for Brazil, Chile and Mexico, however, are disappointing, at 1.5 percent, 2.4 percent and 4.0 percent, respectively.

Brazil's economy withstood the pandemic better than expected, however, economic forecasts will be influenced by various factors. Despite an improved pandemic situation, the country's political situation, the opaque trends in government spending and inflation are creating uncertainty. The increase in electricity prices and electricity rationing are also raising production costs.

In Mexico, a controversial economic policy and supply chain issues will continue to slow growth in 2022. Companies' uncertainty about the effects of the planned energy sector and labor reforms could be further causes of a restrained economic upswing. Economic growth of 4.0 percent is expected in 2022. Although this economic uncertainty is likely to keep international companies from investing heavily over the medium term, Mexico will continue to benefit from high demand from the United States. The Bank of Mexico's goal is an annual inflation rate of 3.0 percent, yet banks expect prices to increase about 4 percent in 2022.

In Argentina, economic recovery will be difficult in 2022 due to ongoing macroeconomic and political instability as well as less precipitation as a result of climate change. Since fiscal support is being withdrawn, analysts expect slow growth of 2.5 percent. Less precipitation could also have a negative effect on agricultural exports. Conversely, higher commodities prices could provide some relief to the country's international trade balance. Inflation will remain close to the previous year's level of around 50 percent, whereas unemployment could fall from 10.0 percent to 9.2 percent.

The sluggish introduction of vaccines and the low vaccination rate in Sub-Saharan Africa make the region susceptible to further waves of infection and new virus variants. As a result, the African economy is likely to recover slowly in 2022. For 2022, the IMF predicts economic growth of 3.8 percent in Africa and 2.2 percent for South Africa. Despite economic recovery, the business environment remains tense. In order to revive its domestic economy, Kenya's government seeks to release around € 7 billion as part of its 2020–2022 Economic Recovery Strategy (ERS). The IMF expects GDP to grow 6.0 percent in 2022. Inflation is expected to stay within the Central Bank of Kenya's target range of 2.5 percent to 7.5 percent. The government looks to reduce heavy budget and current account deficits by raising taxes and improving the export situation. More expensive imports and higher taxes could, however, dampen consumption.

Supply shortages as a result of the pandemic as well as higher commodities and food prices have worsened the outlook for the continued recovery of Middle Eastern economies. Low employment, growing inequality and poverty, and an unstable business sector make a poor economic situation likely in 2022. Real GDP in the Middle East region should grow 4.1 percent in 2022 and inflation should drop from 11.9 percent to 8.6 percent. Rapid availability of vaccines, the targeted exploitation of macroeconomic leeway, improved tourism and rising oil prices could accelerate economic recovery. The region's political and humanitarian challenges, however, will remain difficult.

Expected development of the health care industry[5]

Global health spending is predicted to grow at an average annual rate of 3.9 through to 2024, a higher rate than for the 2015 to 2019 period (2.8 percent). Dynamic growth is expected in Asia and Australia (5.3 percent) as well as in Central and Eastern Europe (5.2 percent), with the least growth in Latin America (0.7 percent). Aside from demographic trends and the considerable rise in the populations of Africa and Asia above all, the increase in chronic diseases plays a central role. Many countries recently have invested heavily in their health care systems, producing market opportunities. The process of digital transformation in the health care industry has also gained considerable momentum and offers the potential for future growth and new business models for the industry. Three technologies are playing an increasingly central role around the globe: artificial intelligence (AI), cloud computing, and remote nursing and treatment services. With AI, diagnostic accuracy and treatment efficacy can be improved, while cloud computing solutions can help doctors with patient care and offer them a high degree of flexibility. The option of digital care and treatment also makes it easier to provide care in rural areas and to immobile patients.

In Germany, the business expectations of health care companies remains slightly below the pre-pandemic level. The health care industry, like other industries, is affected by increased freight costs and a lack of shipping capacity, however, the share of exports remains high. At the same time, greater spending and investments are planned in the EU states,

[5]Germany Trade & Invest; German Council of Economic Experts, Economic Forecast, March 2021; IMF World Economic Outlook, October 2021

much of which is going to providing infrastructure, which has a positive influence on the industry's investment plans, including the expansion of its production and research capacities. This is combined with the need to diversify supply chains and make them more resilient, which is amplifying the call in Europe for more local production of medical care products. With the appropriate political support, Germany can continue to gain importance as a location for the medical technology and pharmaceutical industry. One of the core challenges the industry will face in the coming years will be the implementation of environmental measures under the EU Commission's Green Deal. In order to meet the 2030 target of reducing net greenhouse gas emissions by at least 50 percent compared to 1990, a multitude of climate, energy, transport and tax policy measures will also challenge the health care industry. One example is the new European chemicals strategy for sustainability, which is intended to better protect humans and the environment from dangerous chemicals.

The European Commission has set the goal of setting up the European Health Data Space (EHDS) by 2025 as part of the EU's data strategy in order to advance research into new prevention strategies, treatments, drugs and medical devices. A new authority, the Health Emergency Preparedness and Response Authority (HERA), will also ensure the development, manufacture and distribution of drugs, vaccines and other medical products, such as gloves and masks, that were lacking at the start of the pandemic.

At the EU member state level, the French government's stimulus package and investment plan will ensure a dynamic market in the health care industry. Numerous major projects such as new hospitals and reconstruction will drive demand for medical equipment. In order to prevent drug and PPE shortages in the future, the construction of domestic production facilities is being funded. State-defined instruments, such as the electronic health record, e-Prescribing and platforms for communication between professionals and patients, are off to a good start. Accordingly, the market potential for digital health is high. In Spain, the increase in chronic diseases in the population is leading to increased demand for patented drugs. Major renovation plans, such as those for La Paz Hospital in Madrid that will cost € 504 million, will create a commensurate demand for medical technology.

In Great Britain, business opportunities for medical device and drug manufacturers will open up in the coming years. This is due above all to the government's billion-pound investment program for state hospitals. Under the New Hospital Programme, which had already been announced before the coronavirus pandemic, 48 hospitals will be built or expanded in Great Britain by 2030 in order to process the significant backlog of treatments and surgeries in the nation's health care system.

For Poland, a substantial increase in health spending is forecast through to 2027, from 5.3 percent of GDP to 7.0 percent. Investment will be high in the coming years, primarily in hospitals. Aside from the construction of new hospitals, a new digitalization strategy should create the potential for health care facilities to use data more efficiently. This equates to corresponding market opportunities for German companies.

In Russia, the government is spending the equivalent of € 6.3 billion to upgrade basic medical care. The percentage of Russian manufacturers on the domestic medical technology market is expected to rise to one-third by 2024 (28.8 percent in 2020). Overall, a number of new projects to build hospitals will increase demand for medical technology. Since the majority of these will be financed with public funds, domestic providers will have a good opportunity. The potential for foreign providers is limited—part of their value creation will need to be generated locally in order to even participate in requests for proposals.

In the United States, the Centers for Medicare & Medicaid Services (CMS) expects an average annual increase in health spending of 5.4 percent through to 2028. The research company Fitch Solutions expects similar growth. In its industry outlook from Q3 2020, the company expects that the US medical device market will grow an average of 3.6 percent each year from 2019 to 2024, to $ 208 billion. Industry experts consider an aging population and high treatment costs in the US health care industry to be the reasons for this growth. COVID-19 diagnostics and treatment will also likely be a driver of sales for device manufacturers in the coming years. Treatments that were put on hold due to the pandemic, including treatments for obesity, cardiovascular and neurological diseases, and acute and chronic diseases that are becoming more prevalent due to the gradual aging of the population will return to the forefront. During the pandemic, the potential for eHealth solutions was revealed in the United States, as well, with demand focused on innovative technologies that increase treatment efficiency and lead to reduced costs in the long term.

The dynamic market growth in the Asia-Pacific region will continue in the coming years. Now that the pandemic has accelerated the expansion of IT infrastructure and tremendously boosted the use of digital resources and online platforms in China, this trend is expected to continue over the coming years. Under China's long-term strategy Healthy China 2030, the country is also looking to increase the use of big data and AI in its health care industry. Experts also expect significant progress in the implementation of the electronic health record, which has thus far encountered difficulty, and national databases in the next three to five years. India's government is planning a massive expansion of its health care industry in the coming years. A total of $ 200 billion is planned for public hospital infrastructure by 2025. With this funding, 150,000 primary care centers and 200 specialized clinics will be built. In response to the pandemic, India also seeks to expand its labor infrastructure and develop eHealth solutions, for which the equivalent of $ 12 billion will again be supplied by 2025. In Japan, health care and medical technology companies are investing more and more in digitalization and automation, spearheaded by AI-based medicine, robot technology and telemedicine. Companies in the industry are also working intensively on the development of pharmaceutical products, especially in the fields of regenerative medicine and biotechnology. The Hong Kong Trade Development Council is counting on an increase in health spending of 75 percent from 2020 to 2025 in the ASEAN region. The region's digital health care industry in particular will benefit from this trend, with a forecasted volume of about $ 100 billion in 2025. In addition to China and India, great potential is expected in ASEAN countries such as Indonesia, Malaysia and Vietnam.

In Latin America, aging populations and the significant rise in chronic diseases present challenges to the region's health care systems. For example, the market research company Fitch Solutions predicts an average growth of around 10 percent per year for Mexico's health care industry from 2021 to 2025. In Brazil, the planned introduction of digital solutions and the increase in telemedicine applications will provide corresponding market opportunities.

In Africa, the European Commission started the Team Europe initiative for the manufacture of and access to vaccines, drugs and health care technology. This initiative is funded with a billion euros from the EU budget and European development finance institutions, such as the European Investment Bank (EIB). The initiative is intended to contribute to favorable overall conditions for the manufacture of vaccines in Africa and to help eliminate obstacles on both the supply and demand side. This initial funding will be further backed by contributions from the EU member states. South Africa and Kenya are among the countries receiving support through this initiative.

Business and earnings outlook

We expect good sales opportunities for our products to continue in the 2022 fiscal year. The progression of the coronavirus pandemic can again influence demand patterns for individual product groups. At the same time, we expect the currently high price level for raw materials, energy and logistics services to persist over the short and medium term, which can reduce our profitability. We consider a slight normalization of freight rates possible, but we do not expect them to drop to pre-pandemic levels. We believe a growth rate at constant exchange rates of 4 to 6 percent is possible. While we expect fewer currency exchange rate effects in 2022, we still expect less growth in the reporting currency. This is why we expect a growth rate in euros of 3 to 5 percent.

We expect to see stable growth in the reporting currency for the Hospital Care division in 2022, with North America continuing to grow at a somewhat lesser rate. In Europe and Asia-Pacific, we expect a recovery and, with it, higher growth rates than in 2021. We expect further growth stimuli in Latin America as well as the Africa and Middle East region. We expect strong growth in the areas of nutrition and regional anesthesia, while demand for infusion pumps may fall back to pre-pandemic levels. We expect greater demand for single-use products and drugs.

Since the Aesculap division showed the first signs of recovering from the pandemic in 2021, we expect a significant increase in sales in 2022, which would put us back at pre-pandemic levels. Continued recovery will be borne by Europe and Asia-Pacific, in particular. We will have difficulty in 2022 repeating the excellent double-digit growth in North America in 2021; we expect a moderate increase in sales. We once again expect a good profit contribution from Latin America. We expect the division will achieve a substantial increase in orthopedic implants and surgical suture materials. Following very good sales in 2021, it is unlikely the sales of sterile goods containers will be able to repeat this kind of growth.

For the Avitum division, we predict a slight increase in sales. The high demand for disinfection products and PPE caused by the pandemic will decline in 2022. In the area of dialysis, we expect a slight recovery, however, the pandemic will have a prolonged effect on patient figures, since mortality is increasing among current and future dialysis patients. We expect strong growth rates for wound management, ostomy and continence care products. We expect growth stimuli in the regions Asia-Pacific, Western Europe and Latin America. In the other regions, we expect sales to slightly exceed those of the previous year.

We expect our performance indicators of interim profit and EBIT to each end up somewhere between € 500 million and € 530 million (2021: interim profit of € 461.5 million and EBIT of € 471.7 million) at constant exchange rates. We forecast EBITDA to grow to € 1,130 million to € 1,160 million at constant exchange rates (2021: € 1,101.9 million). An EBITDA margin of over 14 percent of sales is the target. Achieving our earnings goals will depend on how the pandemic progresses. In addition to a better product mix due to the growth of the Aesculap portfolio, our more optimized production, sustainable cost management and the digitalization of some of our sales processes will add to our profitability. The strategic goal in connection with our proactive working capital management, at constant exchange rates, is 16 weeks for CIW (2021: 17.8 weeks) and for DSO we aim to largely remain at the low level of this reporting year (60 days) in 2022.

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 40 percent for 2022. At the same time, we will maintain our current conservative dividend policy.

The financing volume for long-term maturities will be € 591 million for 2022 and a total of € 308 million in the following year. Due to our longstanding banking relationships and the sustained earning power of B. Braun, we do not expect any significant risks in connection with the upcoming financing measures. Should there be a departure from the expansive monetary policy currently prevailing, a higher interest rate may make refinancing more expensive for B. Braun. An intensification of geopolitical conflicts or a prolongation of the pandemic can elevate uncertainty in the capital markets, which may increase risk premiums. However, we do not consider this a substantial risk to B. Braun at this time. The goal is to finance the investments in tangible assets planned for the coming years with the current 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 expect growth to continue via positive sales and earnings for B. Braun Group in 2022 and beyond. Anticipated cost increases may prevent profitability from improving despite the steps that have already been taken. The course of the pandemic can continue to affect growth. We have shown in the reporting year that B. Braun can withstand even a challenging environment and achieve stable earnings. Over the medium term, the use of new technology and the continuous improvement of internal processes will continue to increase our competitiveness and profitability. With our current portfolio as well as new digital solutions, we will be able to continue to be a strong partner for our customers and patients in the future. We protect and improve the health of people around the world.

Melsungen, March 2, 2022

The Executive Board

Consolidated financial statements

Consolidated statement of income

	Notes	2021 '000	2020 '000
Sales	1)	7,859,775	7,426,252
Cost of goods sold	2)	-4,798,995	-4,503,151
Gross profit		**3,060,780**	**2,923,101**
Selling expenses	3)	-1,790,429	-1,695,031
General and administrative expenses		-391,948	-363,216
Research and development expenses	4)	-416,862	-369,845
Interim profit		**461,541**	**495,009**
Other operating income	5)	347,964	407,203
Other operating expenses	6)	-358,981	-441,044
Operating profit		**450,524**	**461,168**
Profit from financial investments/equity method	7)	8,087	3,377
Financial income		6,182	9,564
Financial expenses		-69,278	-75,262
Net financial income (loss)	8)	-63,096	-65,698
Other financial income (loss)	9)	13,041	17,224
Profit before taxes		**408,556**	**416,071**
Income taxes	10)	-108,429	-114,567
Consolidated net income		**300,127**	**301,504**
thereof attributable to:			
B. Braun SE shareholders		(251,806)	(274,882)
Non-controlling interests		(48,321)	(26,622)
		300,127	**301,504**
Earnings per share (in €) for B. Braun SE shareholders in the fiscal year (diluted and undiluted)	11)	0.31	0.34

Consolidated statement of comprehensive income

	2021 '000	2020 '000
Consolidated net income	**300,127**	**301,504**
Items not reclassified as profits or losses		
Revaluation of pension obligations	135,114	-91,774
Income taxes	-34,313	23,311
Changes in amount recognized in equity	**100,801**	**-68,463**
Items potentially reclassified as profits or losses		
Changes in fair value of securities	14,106	-3,506
Income taxes	-4,228	0
Changes in amount recognized in equity	**9,878**	**-3,506**
Cash flow hedging instruments	-2,000	9,191
Income taxes	680	-2,682
Changes in amount recognized in equity	**-1,320**	**6,510**
Changes due to currency translation	139,038	-255,593
Income taxes	0	0
Changes in amount recognized in equity	**139,038**	**-255,593**
Changes recognized directly in equity (after taxes)	248,397	-321,054
Comprehensive income over the period	**548,525**	**-19,550**
thereof attributable to:		
B. Braun SE shareholders	(470,899)	(-13,185)
Non-controlling interests	(77,626)	(-6,365)

Consolidated statement of financial position

	Notes	Dec. 31, 2021 '000	Dec. 31, 2020 '000
Assets			
Non-current assets			
Intangible assets	14), 16)	831,540	831,824
Property, plant and equipment	15), 16)	5,438,094	5,150,043
Financial investments (equity method)	17)	76,191	109,886
Other financial investments	17)	87,789	65,120
thereof financial assets		(87,789)	(65,120)
Trade receivables	18)	24,334	18,679
Other assets	19)	49,206	46,458
thereof financial assets		(8,712)	(12,587)
Income tax receivables		5,428	10,685
Deferred tax assets		361,980	373,191
		6,874,562	**6,605,886**
Current assets			
Inventory	20)	1,639,724	1,450,188
Trade receivables	18)	1,196,317	1,164,209
Other assets	19)	326,413	284,127
thereof financial assets		(147,915)	(135,724)
Income tax receivables		61,331	66,551
Cash and cash equivalents	21)	94,667	149,138
		3,318,452	**3,114,213**
Total assets		**10,193,014**	**9,720,099**
Equity			
Subscribed capital	22)	800,000	800,000
Capital reserves and retained earnings	23)	3,070,655	2,778,788
Effects of foreign currency translation		-239,283	-360,581
Equity attributable to B. Braun SE shareholders		**3,631,372**	**3,218,207**
Non-controlling interests	24)	513,809	422,767
Total equity		**4,145,181**	**3,640,974**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar commitments	25)	1,645,501	1,728,194
Other provisions	26)	136,874	133,717
Financial liabilities	27)	1,422,789	1,935,805
Trade accounts payable	29)	38	1,619
Other liabilities	29)	68,913	72,900
thereof financial liabilities		(4,871)	(4,184)
Deferred tax liabilities		116,154	112,481
		3,390,269	**3,984,716**
Current liabilities			
Other provisions	26)	72,249	60,541
Financial liabilities	27)	1,119,603	751,215
Trade accounts payable	29)	520,111	448,690
Other liabilities	29)	886,530	781,214
thereof financial liabilities		(314,008)	(282,546)
Current income tax liabilities		59,071	52,749
		2,657,564	**2,094,409**
Total liabilities		**6,047,833**	**6,079,125**
Total equity and liabilities		**10,193,014**	**9,720,099**

Consolidated statement of changes in equity

See notes 22–24	Subscribed capital '000	Capital reserves '000
Jan. 01, 2020	**800,000**	**80,020**
Profit distribution from B. Braun SE	0	0
Increase in subscribed capital	0	0
Consolidated net income	0	0
Changes recognized directly in equity (after taxes)		
Changes in fair value of securities	0	0
Cash flow hedging instruments	0	0
Revaluation of pension obligations	0	0
Changes due to currency translation	0	0
Comprehensive income over the period	**0**	**0**
Other changes	0	0
Dec. 31, 2020/Jan. 01, 2021	**800,000**	**80,020**
Profit distribution from B. Braun SE	0	0
Increase in subscribed capital	0	0
Consolidated net income	0	0
Changes recognized directly in equity (after taxes)		
Changes in fair value of securities	0	0
Cash flow hedging instruments	0	0
Revaluation of pension obligations	0	0
Changes due to currency translation	0	0
Comprehensive income over the period	**0**	**0**
Other changes	0	0
Dec. 31, 2021	**800,000**	**80,020**

	Retained earnings '000	Other reserves '000	Treasury stock '000	Equity attributable to owners '000	Non-controlling interests '000	Equity '000
	2,525,388	**-127,488**	**0**	**3,277,922**	**442,697**	**3,720,618**
	-32,000	0	0	-32,000	0	-32,000
	0	0	0	0	0	0
	274,882	0	0	274,882	26,622	301,504
	0	-3,294	0	-3,294	-211	-3,505
	0	5,808	0	5,808	701	6,509
	-55,846	0	0	-55,846	-12,617	-68,463
	0	-234,735	0	-234,735	-20,860	-255,595
	219,036	**-232,221**	**0**	**-13,185**	**-6,365**	**-19,550**
	-14,529	0	0	-14,529	-13,565	-28,094
	2,697,895	**-359,709**	**0**	**3,218,208**	**422,767**	**3,640,974**
	-32,000	0	0	-32,000	0	-32,000
	0	0	0	0	0	0
	251,806	0	0	251,806	48,321	300,127
	0	9,283	0	9,283	594	9,877
	0	-1,241	0	-1,241	-79	-1,320
	89,752	0	0	89,752	11,049	100,801
	0	121,299	0	121,299	17,741	139,040
	341,558	**129,341**	**0**	**470,899**	**77,626**	**548,525**
	-25,734	0	0	-25,734	13,416	-12,318
	2,981,719	**-230,368**	**0**	**3,631,373**	**513,809**	**4,145,181**

Consolidated statement of cash flows

	Notes	2021 '000	2020 '000
Operating profit		450,524	461,168
Income tax paid		-117,200	-101,890
Depreciation and amortization of property, plant and equipment, and intangible assets (net of appreciation)		629,447	621,431
Change in non-current provisions		-74,311	163,097
Interest received and other financial income		1,688	5,533
Interest paid and other financial expenditures		-33,118	-43,586
Other non-cash income and expenses		85,956	-90,080
Gain/loss on the disposal of property, plant and equipment, and intangible or other assets		2,589	3,021
Gross cash flow	**34)**	**945,575**	**1,018,694**
Change in inventory		-114,668	-146,611
Change in receivables and other assets		-18,095	-49,720
Change in liabilities, current provisions and other liabilities (excluding financial liabilities)		141,171	-24,545
Cash flow from operating activities (net cash flow)	**34)**	**953,983**	**797,818**
Investments in property, plant, and equipment, and intangible assets		-605,504	-677,091
Investments in financial assets		-16,281	-6,527
Acquisitions of subsidiaries, net of cash acquired		-64,283	-17,577
Proceeds from sale of subsidiaries and holdings		10,210	316,013
Proceeds from sale of property, plant and equipment, intangible assets and other financial assets		12,002	24,511
Dividends and similar revenues received		32,071	14,109
Cash flow from investing activities	**35)**	**-631,785**	**-346,562**
Free cash flow		**322,198**	**451,256**
Capital contributions		751	1,123
Dividends paid to B. Braun SE shareholders		-32,000	-32,000
Dividends paid to non-controlling interests		-11,178	-9,042
Deposits and repayments for profit-sharing rights		-1,633	-6,600
Loans		157,157	869
Loan repayments		-456,554	-409,350
Cash flow from financing activities	**36)**	**-343,457**	**-455,000**
Change in cash and cash equivalents		**-21,259**	**-3,744**
Cash and cash equivalents at the start of the year		149,138	82,350
Exchange gains (losses) on cash and cash equivalents		-33,211	70,532
Cash and cash equivalents at year end	**37)**	**94,667**	**149,138**

Notes

General information

The Consolidated financial statements of B. Braun SE—hereinafter also referred to as the B. Braun Group—as of December 31, 2021, 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-Strasse 1, 34212 Melsungen in the Federal Republic of Germany. B. Braun SE is registered in the commercial register of the Fritzlar District Court (CR 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 United States, Brazil, Vietnam and Malaysia. 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 2, 2022. The Audit Committee of the Supervisory Board plans to discuss the Consolidated financial statements at its meeting on March 10, 2022 and the Supervisory Board shall approve the Consolidated financial statements at its meeting on March 22, 2022.

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 thousands of euros (€ '000).

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, 2021 (IAS 8.28)

Affected standards		Background	Adopted into EU law (endorsement)	Effects on the B. Braun Group
Time of application as of Jan. 01, 2021				
IFRS 9 IAS 39 IFRS 7 IFRS 4 IFRS 16	Interest rate benchmark reform (Phase 2)	Facilitation in reporting changes to contractual cash flows and hedges (IBOR reform)	Yes, on Jan 13, 2021	No material effect
Applicable as of April 01, 2021				
IFRS 16	Rent concessions related to COVID-19	Facilitation in evaluating rent concessions for lessees due to the coronavirus pandemic—extension of application	Yes, on Aug. 30, 2021	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, 2021 (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
Applicable 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 expected
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 expected
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 expected
	Improvement to IFRS (2018–2020 cycle)	Minor amendments to IFRS standards or illustrative examples	Yes, on Jun. 28, 2021	No material effect expected

Affected standards		Background	Adopted into EU law (endorsement)	Expected effects on the B. Braun Group
Applicable as of Jan. 01, 2023				
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
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	Pending	Effects still under examination
IAS 8	Changes in accounting estimates	Clarification on how to differentiate between changes in accounting policies and accounting estimates	Pending	Effects still under examination
IAS 12	Deferred tax on transactions	Requirement that companies recognize deferred tax on transactions resulting in taxable temporary differences on initial recognition	Pending	Effects still under examination
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	Effects still under examination
IFRS 17	Insurance contracts	This standard supersedes IFRS 4 and contains three core principles for reporting insurance contracts and reinsurance contracts	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 cash-generating unit.

Scope of consolidation

In addition to B. Braun SE, the consolidated financial statements include 75 domestic and 224 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, 2021 compared to 2020 is shown below:

	2021	2020
Included as of Dec. 31 of previous year	290	292
Companies included for the first time	16	9
Company consolidations discontinued	-4	-6
Corporate mergers	-3	-5
Included as of Dec. 31 of reporting year	**299**	**290**

Company consolidations discontinued had no material impact on the Statement of Financial Position or the Statement of Income in FY 2021.

The impact of company acquisitions on the Statement of Financial Position at the time of initial consolidation and on the principal items in the Statement of Income for FY 2021 is shown below:

	Carrying amount '000	Fair value '000
Non-current assets	37,544	42,240
Current assets	61,423	61,423
Acquired assets	**98,966**	**103,663**
Non-current provisions and liabilities	20,140	21,266
Current provisions and liabilities	19,990	19,990
Acquired liabilities	**40,130**	**41,256**
Net assets acquired	**58,836**	**62,407**
Non-controlling interests	15,457	15,457
Prorated net assets	**43,379**	**46,950**
Goodwill		23,530
Cost of acquisition		**66,380**
thereof non-controlling interests		(2,441)
Cash and cash equivalents acquired		4,069
Cash outflow from acquisitions		**62,311**
Sales		62,353
Operating profit		1,396
Consolidated net income		1,928

The total cost of acquisitions made during the fiscal year that were not significant individually or in aggregate was € 66.4 million and was paid in cash. B. Braun SE's ability to influence variable return in all company acquisitions completed during the fiscal year is based on its possession of a majority of voting rights.

In the context of acquisitions, unrecognized assets in the amount of € 4.7 million, which consisted largely of property, plant and equipment have been recognized in the reporting year. Receivables amounting to € 19.9 million (€ 20.0 million gross) were acquired. The goodwill remaining after purchase price allocation amounted to € 23.5 million. This amount is non-deductible and is largely attributable to sales and production synergies.

If all of the acquisitions had been made at the start of the current fiscal year, the Group's sales would have been € 99.1 million higher. Consolidated net income would have been € 3.9 million higher.

On February 01, 2021 and March 31, 2021, two nephrology practices in Waldshut-Tiengen and Oldenburg, Germany were acquired in an asset deal. This acquisition further expands the B. Braun Group's dialysis network in Germany.

On May 19, 2021, the remaining 42% of the shares in SCHÖLLY FIBEROPTIC GMBH was acquired in a share deal. The B. Braun Group now owns 70% of all shares. This acquisition was primarily to secure technological know-how. Schölly is a strategically important partner in the development of custom visualization systems with the latest technology and innovative product features.

On October 07, 2021, 100% of shares in Inzorg Nederland B.V., Nieuwegein, Netherlands was acquired in a share deal. With this acquisition, the B. Braun Group seeks to strengthen its position in the Belgian and Dutch outpatient care markets. With the specific knowledge of the ExpertCare home care organization, B. Braun can continue to grow as a long-term partner for hospitals and nursing care services providers.

On December 21, 2021, 100% of shares in Dialis Nalchil LLC in Nalchik, Russia, was acquired in a share deal. The company currently operates a renal care center and has plans to start up another in 2022. The acquisition expands the B. Braun Group's dialysis network in Russia.

These changes did not adversely impact the comparability of the financial statements with those of the previous year.

Holdings in one joint venture and 21 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.

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
BBM Group Insurance Broker GmbH, Melsungen
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 IT Service GmbH, Melsungen
B. Braun Medical AG, Melsungen
B. Braun Medizinisches Versorgungszentrum Baunatal, 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
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
Hubertus Immobilien Verwaltung GmbH, Nuremberg
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
TransCare Service GmbH, Neuwied
ViaMedis Nierenzentrum Gifhorn MVZ GmbH, Gifhorn
via medis Medizinisches Versorgungszentrum Südharz GmbH, Herzberg am Harz
via medis Nierenzentrum Bad Neustadt MVZ GmbH, Bad Neustadt an der Saale
via medis Nierenzentrum Bad Zwischenahn MVZ GmbH, Bad Zwischenahn
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

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 corporate merger 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 20–50% 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.

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.

Comparison of select currencies

ISO code	Closing mid-rate on reporting date Dec. 31, 2021	Dec. 31, 2020	+ - %	Average annual rate 2021	2020	+ - %
1 EUR = USD	1.132	1.228	-7.8	1.184	1.141	3.7
1 EUR = GBP	0.840	0.900	-6.6	0.860	0.889	-3.3
1 EUR = CHF	1.033	1.081	-4.4	1.081	1.070	1.0
1 EUR = MYR	4.716	4.938	-4.5	4.902	4.793	2.3
1 EUR = JPY	130.320	126.500	3.0	129.856	121.756	6.7

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 pecuniary claim for the services hitherto 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 straight-line 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 straight-line 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.

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 de facto 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 $ 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

Equity investments are initially recognized at cost and in subsequent periods at the amortized prorated net assets. The carrying amounts are increased or decreased annually by the share in profit, distributions and other changes in equity. Goodwill is not reported separately but is included in the value of investment. Goodwill is not amortized. Equity investments are written down when the recoverable amount of an investment in an associate falls below its carrying amount. Listed shares are tested for impairment if they experience a long-term and significant reduction in market value below the average acquisition cost.

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.

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 corporate merger 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	2021 '000	%	2020 '000	%	+ – %
Hospital Care	4,125,121	52.5	3,925,670	52.9	5.1
Aesculap	1,869,123	23.8	1,721,485	23.2	8.6
B. Braun Avitum	1,830,443	23.3	1,731,251	23.3	5.7
Other sales	35,088	0.4	47,846	0.6	-26.7
	7,859,775	**100.0**	**7,426,252**	**100.0**	**5.8**

Sales by region	2021 '000	%	2020 '000	%	+ – %
Germany	1,362,901	17.3	1,281,778	17.3	6.3
Europe (without Germany)	2,563,551	32.6	2,442,119	32.9	5.0
North America	1,952,200	24.8	1,813,714	24.4	7.7
Asia-Pacific	1,345,514	17.2	1,285,494	17.3	4.6
Latin America	409,694	5.2	365,609	4.9	12.0
Africa and the Middle East	225,915	2.9	237,538	3.2	-4.9
	7,859,775	**100.0**	**7,426,252**	**100.0**	**5.8**

Sales by type	2021 '000	%	2020 '000	%	+ – %
Sales of products	6,808,819	86.6	6,406,159	86.3	6.3
Sales from services	1,050,956	13.4	1,020,093	13.7	3.0
	7,859,775	**100.0**	**7,426,252**	**100.0**	**5.8**

Outstanding contractual obligations total € 284.2 million (previous year: € 253.5 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

	2021 '000	2020 '000
Currency gains	236,054	309,102
Additional income	26,670	24,768
Derivative financial instruments	6,938	10,993
Income from other periods	9,598	11,089
Proceeds from appreciation of current financial assets	3,165	1,571
Proceeds from the disposal of assets	6,879	1,954
Proceeds from the release of provisions	6,620	3,945
Other	52,040	43,781
	347,964	**407,203**

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 period-end 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 primarily includes payments of damages for a claim in Germany totaling € 10.7 million 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 total € 3.2 million (previous year: € 5.2 million). During the fiscal year, grants of € 2.9 million (previous year: € 4.9 million) were recognized through profit and loss. The grants were predominantly 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

	2021 '000	2020 '000
Currency losses	239,730	344,935
Losses from impairment of current financial assets	7,787	22,033
Additions to provisions	9,134	6,789
Losses on the disposal of assets	10,101	4,995
Expenses from other periods	6,127	7,155
Derivative financial instruments	15,503	877
Other	70,599	54,260
	358,981	**441,044**

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.

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

Other expenses primarily include expenses for profit participation rights and numerous types of expenses whose 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:

	2021 '000	2020 '000
Income from financial investments using the equity method	9,542	7,932
Expenses from financial investments using the equity method	-1,455	-4,556
	8,087	**3,376**

8 Net financial income

	2021 '000	2020 '000
Interest and similar income	6,181	9,564
Interest and similar expenses	-48,151	-51,747
thereof to affiliated companies	(255)	(371)
Interest expenses for pension provisions less expected income from plan assets	-21,126	-23,515
	-63,096	**-65,698**
thereof recognized in other income from financial assets and liabilities measured at fair value:		
Interest income from discounting	(1,139)	(2,943)
Accrued interest expense	(160)	(136)

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

	2021 '000	2020 '000
Income from joint ventures (excluding income from financial investments recognized using the equity method)	13,979	17,481
Other net financial income	-938	-257
	13,041	**17,224**

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:

	2021 '000	2020 '000
Actual income taxes	128,391	120,653
Deferred taxes resulting from temporary differences	-24,234	-13,330
Deferred taxes resulting from losses carried forward and tax credits	4,272	7,244
	108,429	**114,567**

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, 2021		Dec. 31, 2020	
	Assets '000	Liabilities '000	Assets '000	Liabilities '000
Intangible assets	7,603	54,501	8,552	51,052
Property, plant, and equipment	6,703	227,837	4,986	217,873
Financial investments	2,353	5,403	326	1,105
Inventory	91,589	9,797	79,968	8,473
Receivables	16,122	8,123	14,196	9,913
Pension provisions	284,757	893	309,287	482
Other provisions	30,882	2,366	28,370	1,744
Liabilities	54,564	1,668	46,153	1,408
Other items	658	1,396	484	1,493
	495,231	**311,984**	**492,322**	**293,543**
thereof non-current	(326,008)	(293,943)	(347,296)	(275,409)
Net balance	-195,830	-195,830	-181,063	-181,063
	299,401	**116,154**	**311,259**	**112,480**
Valuation allowance on deferred tax assets from temporary differences	599	-	-1,287	-
Deferred taxes on tax credits	44,461	-	44,366	-
Losses carried forward (net, after valuation allowances)	17,519	-	18,853	-
	361,980	**116,154**	**373,191**	**112,480**

The amount of 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 is € 20,000 (previous year: € 0).

Existing but unrecognized tax losses carried forward can be used as follows:

	Dec. 31, 2021 '000	Dec. 31, 2020 '000
Within one year	2,463	746
Within two years	1,290	3,499
Within three years	2,654	1,730
Within four years	323	2,591
Within five years or longer	61,523	46,698
	68,253	**55,264**
Can be carried forward indefinitely	159,801	142,038
	228,054	**197,302**

Unrecognized tax credits total € 19.9 million (previous year: € 7.0 million). Realization of deferred tax assets totaling € 18.0 million (previous year: € 14.0 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 € 209.3 million (previous year: € 242.6 million) were recognized directly in equity. Of that amount, € 190.0 million (previous year: € 221.3 million) is attributable to actuarial gains and losses from the accounting of pension obligations, € -4.0 million (previous year: € -10,000) to changes in the fair value of securities and € 82,000 (previous year: € -558,000) to changes in the fair value of derivative financial instruments designated as cash flow hedges.

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

	2021 '000	2020 '000
B. Braun SE tax rate	29.3%	29.3%
Profit before income tax	408,556	416,071
Expected income tax at parent company's tax rate	-119,707	-121,906
Differences due to different tax rates	23,785	23,044
Due to changes in tax rates	-682	-1,174
Tax reductions due to tax-exempt income	23,622	43,412
Tax increases due to non-deductible expenses	-22,301	-24,619
Addition/deduction of trade tax and similar foreign tax items	1,876	2,599
Final withholding tax on profit distributions	-2,731	-1,938
Tax credits	-1,470	-1,689
Tax income/expense relating to previous periods	-2,201	1,162
Change to valuation allowances on deferred tax assets	-4,476	-14,172
Profit (loss) from financial investments recognized using the equity method	2,005	119
Other tax effects	-6,150	-19,405
Actual tax expense	**-108,430**	**-114,567**
Effective tax rate	26.5%	27.5%

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, 2021 or December 31, 2020 that could have diluted the earnings per share. Earnings per share totals € 0.31 (previous year: € 0.34).

Dividends paid in 2021 for the previous fiscal year totaled € 32 million (previous year: € 32 million). Dividends paid per share in 2021 totaled € 0.04 (previous year: € 0.04). The Executive Board and Supervisory Board are proposing a dividend of € 0.04 per share for FY 2021. The proposed dividend must be ratified by the Annual Shareholders' Meeting on March 22, 2022. 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:

	2021 '000	2020 '000
Expenses for raw materials, supplies and goods purchased	3,511,237	3,241,607

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 € 57.5 million (previous year: € 54.0 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 € 28.6 million (previous year: € 32.1 million).

Personnel expenditures/employees

The following personnel expenditures are recognized in the Statement of Income:

Personnel expenditures	2021 '000	2020 '000
Wages and salaries	2,465,321	2,367,714
Social security payments	375,126	355,081
Welfare and pension expenses	131,658	132,561
	2,972,105	**2,855,356**
Employees by function (annual average, including temporary employees)		
Production	43,107	42,416
Marketing and sales	13,447	13,500
Research and development	2,637	2,414
Technical and administration	6,057	5,887
	65,248	**64,217**
thereof part-time	(6,046)	(5,775)

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 final consolidation, as applicable. Employees of joint ventures are included in the total according to the percentage of interest.

In regard to first-time consolidated companies, an annual average of 493 employees was reported for 2021, compared to 113 for 2020.

13 Total audit fee

The following fees were recognized as an expense for services provided worldwide by the auditors of PricewaterhouseCoopers in 2021:

	2021 '000	2020 '000
Audit fees	5,354	5,463
thereof PricewaterhouseCoopers GmbH, Germany	(1,242)	(1,244)
Other certification services	51	37
thereof PricewaterhouseCoopers GmbH, Germany	-	(3)
Tax advisory services	1,531	1,841
thereof PricewaterhouseCoopers GmbH, Germany	(150)	(154)
Other services	2,588	2,581
thereof PricewaterhouseCoopers GmbH, Germany	(1,966)	(1,946)
	9,524	**9,922**
PricewaterhouseCoopers GmbH, Germany	(3,358)	(3,347)

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, 2020	**354,022**	**762,436**	**146,771**	**102,150**	**1,365,379**
Foreign currency translation	-4,507	-32,303	-12,413	-332	-49,555
Additions to scope of consolidation	32,993	400	0	0	33,393
Disposals from scope of consolidation	0	0	0	0	0
Additions	1,481	16,953	3,923	36,902	59,259
Transfers	-512	8,013	0	-2,974	4,527
Disposals of assets held for sale	0	-138	0	0	-138
Disposals	-2,845	-25,452	0	-3	-28,300
Dec. 31, 2020/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
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**
Accumulated amortization 2021	341	552,964	71,235	695	625,235
Accumulated amortization 2020	632	491,722	59,660	727	552,741
Carrying amounts Dec. 31, 2021	**406,952**	**294,638**	**79,283**	**50,667**	**831,540**
Carrying amounts Dec. 31, 2020	**380,000**	**238,187**	**78,621**	**135,016**	**831,824**
Amortization in the fiscal year	0	75,146	6,365	150	81,661
thereof unscheduled	0	12,760	0	150	12,910

In the fiscal year, amortization of intangible assets totaling € 81.7 million (previous year: € 91.7 million) was recognized in the Statement of Income as a functional cost. The unscheduled depreciation in the fiscal year primarily refers to impairment provisions for product registrations due to the closure of a factory in China.

The B. Braun Group capitalized € 6.8 million (previous year: € 22.8 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. The goodwill for the Out Patient Market division totaling € 22.0 million was attributed in full to the Avitum division:

	Hospital Care '000	Aesculap '000	Avitum '000	Total € '000
Dec. 31, 2020				
Carrying amount of goodwill	89,827	19,467	270,707	380,001
Annual growth rate	2.2%	2.1%	2.3%	
Discount rate	7.0%	6.9%	7.8%	
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%	

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.

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 pre-tax rates and reflect the specific risks of the relevant CGUs.

If the actual future gross margin had been 10% less than the gross margin estimated by Management on December 31, 2021, 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% 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, 2020	**2,845,800**	**3,984,621**	**950,002**	**451,376**	**1,033,940**	**9,265,739**
Foreign currency translation	-116,862	-148,687	-39,260	-41,506	-56,000	-402,315
Additions to scope of consolidation	5,458	8,295	546	-	61	14,360
Disposals from scope of consolidation	0	0	0	-	0	0
Additions	150,884	73,815	106,975	22,377	317,044	671,095
Transfers	72,274	124,642	10,809	10,860	-223,112	-4,527
Disposals of assets held for sale	-1,728	-159	-1,133	-	0	-3,020
Disposals	-27,362	-42,467	-46,457	-8,423	-1,118	-125,827
Dec. 31, 2020/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
Additions to scope of consolidation	24,834	2,246	4,689	0	0	31,769
Disposals from scope of consolidation	0	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	0
Disposals	-40,182	-67,188	-58,027	-9,481	-5,592	-180,470
Dec. 31, 2021	**3,179,819**	**4,315,583**	**1,090,070**	**448,830**	**1,170,306**	**10,204,608**
Accumulated amortization 2021	1,052,633	2,666,880	739,603	300,618	6,780	4,766,514
Accumulated amortization 2020	914,350	2,410,433	656,823	281,463	2,393	4,265,462
Carrying amounts Dec. 31, 2021	**2,127,186**	**1,648,703**	**350,467**	**148,212**	**1,163,526**	**5,438,094**
Carrying amounts Dec. 31, 2020	**2,014,114**	**1,589,627**	**324,659**	**153,221**	**1,068,422**	**5,150,043**
Amortization in the fiscal year	140,952	259,263	119,348	23,070	5,153	547,786
thereof unscheduled	1,231	508	8	0	5,147	6,894

In the fiscal year, depreciation of property, plant and equipment totaling € 547.8 million (previous year: € 529.7 million) was recognized in the Statement of Income as a functional cost.

The capitalized borrowing costs in the fiscal year total € 2.0 million (previous year: € 4.4 million). This calculation assumed an interest rate of 1.4% (previous year: 1.7%).

In the Statement of Financial Position, government grants for investments in the amount of € 22,000 (previous year: € 19,000) have been deducted from the carrying amounts of the relevant assets. The current carrying amount of property, plant, and equipment acquired with government grants is € 67.8 million (previous year: € 58.5 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 € 25.2 million (previous year: € 25.2 million).

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 number of varying 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, 2021 '000	Dec. 31, 2020 '000
Licenses, trademarks and similar rights	507	455
Buildings	403,508	381,786
Technical plants and machinery	33,383	31,579
Other plants, operating and office equipment	39,727	41,389
Net carrying amount	**477,125**	**455,209**

Additions to rights of use during FY 2021 totaled € 117.4 million (previous year: € 113.3 million).

The Statement of Income contains the following figures in relation to leases:

	2021 '000	2020 '000
Amortization of rights of use		
Licenses, trademarks and similar rights	-13	-13
Buildings	-69,901	-68,025
Technical plants and machinery	-11,383	-12,002
Other plants, operating and office equipment	-25,686	-28,135
	-106,983	**-108,175**
Interest expenses	-13,136	-12,032
Expenses relating to short-term leases	-7,621	-10,246
Expenses relating to leases for low-value assets not contained in the above short-term leases	-5,991	-7,733
Expenses relating to variable lease payments not contained in the leasing liabilities	-5,373	-5,048
Income from subleasing rights of use	416	594
Profits from leaseback transactions	0	0

Total lease payments in the fiscal year amount to € 136.5 million (previous year: € 144.8 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:

	2021 '000	2020 '000
Associated companies		
Carrying value of shares	75,375	109,027
Share of profit/loss	5,898	2,273
Share of net income	5,898	2,273
Joint ventures		
Carrying value of shares	816	859
Share of profit/loss	93	-3
Share of net income	93	-3

As of December 31, 2021, the carrying value of holdings in associated companies included goodwill totaling € 26.7 million (previous year: € 27.0 million). Liabilities to associated companies totaled € 6.5 million (previous year: € 9.2 million) and to joint ventures € 5.0 million (previous year: € 10.0 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, 2020	**526,577**	**57,793**	**2,170**	**5,071**	**5,792**	**597,403**
Foreign currency translation	-547	0	-29	-8	-47	-631
Additions to Scope of Consolidation	0	0	0	0	11	11
Disposals from Scope of Consolidation	0	-44,075	0	0	0	-44,075
Additions	232	24,607	2,593	0	1,968	29,400
Transfers	-23,169	23,916	0	7	-754	0
Appreciation	0	0	0	0	0	0
Disposals	-393,207	-6,331	0	0	-1,187	-400,725
Fair value adjustments	0	-3,321	0	-195	0	-3,516
Dec. 31, 2020/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**
Accumulated amortization 2021	773	94	0	2,626	137	3,630
Accumulated amortization 2020	0	95	0	2,628	138	2,861
Carrying amounts Dec. 31, 2021	**76,191**	**74,597**	**4,710**	**2,594**	**5,888**	**163,980**
Carrying amounts Dec. 31, 2020	**109,886**	**52,494**	**4,734**	**2,247**	**5,645**	**175,006**
Amortization in the fiscal year	773	0	0	-2	0	771

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, 2020							
Trade receivables	972,763	787,385	63,670	29,336	18,023	35,070	39,279
thereof leasing	22,303	22,303	-	-	-	-	-
Lifetime ECL	-892	-840	-2	-5	-8	-10	-27
Carrying amount	971,871	786,545	63,668	29,331	18,015	35,060	39,252

'000							
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

Lifetime expected credit losses (ECL) were calculating using gross receivables less receivables for sale through the ABS program as well as credit loss rates in a range of 0.02–0.27% (previous year: 0.02–0.11%). 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, 2020							
Trade receivables	258,863	149,681	18,765	10,799	7,005	10,097	62,516
Impairment provisions	-47,843	-8,093	-1,329	-955	-838	-1,054	-35,574
Carrying amount	**211,020**	**141,588**	**17,436**	**9,844**	**6,167**	**9,043**	**26,942**
'000							
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**

Impairments on trade receivables have changed as follows:

	2021 '000	2020 '000
Amount of impairment provisions as of Jan. 1	48,737	40,374
Foreign currency translation	399	-3,545
Additions	4,488	18,636
Utilization	-3,398	-3,064
Releases	-4,639	-3,664
Amount of impairment provisions as of Dec. 31	**45,587**	**48,737**
thereof for specific impairments	(43,798)	(47,843)
thereof lifetime ECL	(1,789)	(894)

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:

	2021 '000	2020 '000
Expenses for complete derecognition of trade receivables	4,538	3,170
Income from trade receivables previously derecognized	296	166

Fair value of collateral received totaled € 10.5 million (previous year: € 9.3 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 approx. 1% of all trade receivables reported.

As of December 31, 2021, B. Braun Group companies had sold receivables worth up to € 41.9 million (previous year: € 21.3 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. This includes, firstly, the maximum amount that B. Braun could conceivably have to pay back under the senior and third-ranking default guarantee assumed (€ 1.4 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 (€ 20,000; previous year: € 11,000). The fair value of the guarantee/interest payments due totaling € 879,000 (previous year: € 614,000) 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:

Min. lease payments for receivables from finance lease agreements	2021 '000	2020 '000
Less than 1 year	8,927	9,057
In Year 2	5,861	5,544
In Year 3	4,302	3,692
In Year 4	3,364	2,462
In Year 5	2,322	1,673
After 5 years	1,280	1,537
Gross investment	**26,056**	**23,965**
Interest amount	1,864	1,844
Total discounted, non-guaranteed residual value	283	181
Net investment	**24,475**	**22,302**

Gains realized by sale in the fiscal year totaled € 3.6 million.

The Group leases dialysis machines, infusion pumps and instrument sets under different operating leases. Total future lease payments under interminable operating leases are as follows:

Term structure of financial liabilities	2021 '000	2020 '000
Less than 1 year	49,320	41,166
In Year 2	31,309	28,471
In Year 3	20,962	21,390
In Year 4	13,153	14,988
In Year 5	7,400	10,184
Over 5 years	9,437	30,038
Total	**131,581**	**146,237**

19 Other assets

	Dec. 31, 2021		Dec. 31, 2020	
	Residual term < 1 year '000	Residual term > 1 year '000	Residual term < 1 year '000	Residual term > 1 year €'000
Other tax receivables	91,396	0	79,996	0
Receivables from social security providers	5,057	0	3,965	11
Receivables from employees	2,770	450	3,133	528
Advance payments	26,071	36,630	21,349	30,008
Accruals and deferrals	53,204	3,414	39,960	3,324
	178,498	**40,494**	**148,403**	**33,871**
Receivables from derivative financial instruments	6,643	0	17,379	0
Securities at amortized cost	14,628	0	15,817	0
Securities held for trading	40,983	0	33,551	0
Assets held for sale	0	0	0	0
Other receivables and assets	85,661	8,712	68,977	12,587
	147,915	**8,712**	**135,724**	**12,587**
	326,413	**49,206**	**284,127**	**46,458**

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, 2021 '000	Dec. 31, 2020 '000
Raw materials and supplies	444,329	372,833
Impairment provisions	-33,080	-28,290
Net raw materials and supplies	**411,249**	**344,543**
Works in progress	241,698	220,743
Impairment provisions	-11,612	-10,518
Net works in progress	**230,086**	**210,225**
Finished products, merchandise	1,108,274	994,701
Impairment provisions	-109,885	-99,281
Net finished products, merchandise	**998,389**	**895,420**
	1,639,724	**1,450,188**

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 overdraft facilities are shown under current financial liabilities as liabilities to banks.

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 bearer shares that are fully paid up. Each share without nominal value represents a calculated share of € 1.00 of the 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, 2020	**-4,743**	**3,102**	**-125,847**	**-127,488**
Changes recognized directly in equity (after taxes)				
Changes in fair value of securities	0	-3,294	0	-3,294
Cash flow hedging instruments	5,808	0	0	5,808
Changes due to currency translation	0	0	-234,735	-234,735
Total	**5,808**	**-3,294**	**-234,735**	**-232,221**
Dec. 31, 2020/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	121,299	121,299
Total	**-1,241**	**9,283**	**121,299**	**129,341**
Comprehensive income over the period	**-176**	**9,091**	**-239,283**	**-230,368**

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:

	Assets '000	Liabilities '000	Sales '000	
2020				
Almo-Erzeugnisse E. Busch GmbH, Germany	58,677	34,914	66,627	
B. Braun Austria Ges.m.b.H., Austria	107,037	25,738	69,794	
B. Braun Medical AG, Switzerland	445,344	179,737	358,159	
	611,058	240,389	494,580	
2021				
Almo-Erzeugnisse E. Busch GmbH, Germany	72,944	47,351	71,097	
B. Braun Austria Ges.m.b.H., Austria	114,022	25,869	74,323	
B. Braun Medical AG, Switzerland	513,665	192,169	383,557	
	700,631	265,389	528,977	

						Attributable to	
	Profit/loss '000	Other earnings (OCI) '000	Total earnings '000	Cash flow '000	Non-controlling interests %	Profit/loss '000	Dividend '000
	1,783	-3,078	-1,295	0	40	713	600
	13,359	-1,876	11,483	-69	40	5,344	2,400
	27,111	-44,453	-17,342	-556	49	13,264	5,571
	42,253	-49,407	-7,154	-625		19,321	8,571
	2,833	-2,622	211	-3	40	1,133	584
	16,746	-1,767	14,979	14	40	6,698	4,000
	45,113	-36,246	8,867	-8,843	49	22,105	5,344
	64,692	-40,635	24,057	-8,832		29,937	9,928

25 Provisions for pensions and similar commitments

	Dec. 31, 2021 '000	Dec. 31, 2020 '000
Provisions for pension commitments	1,645,501	1,728,194

Payments totaling € 45.8 million (previous year: € 48.9 million) are expected for FY 2022. Of those, € 9.6 million (previous year: € 13.4 million) will be in contributions to external plan assets and € 36.2 million (previous year: € 35.5 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 € 37.4 million (previous year: € 36.0 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 approx. 77% 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 approx. 11% 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 approx. 7% of Group pension commitments. In this case, the pensions have a lump-sum 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, 2021 '000	Dec. 31, 2020 '000
Present value of pension commitments	2,009,048	2,056,103
Fair value of external plan assets	-363,547	-327,909
Excess cover/shortfall	**1,645,501**	**1,728,194**
Net pension provisions	**1,645,501**	**1,728,194**
thereof assets	(3,470)	(2,045)
thereof liabilities	(1,648,971)	(1,730,239)

Pension expenses included in the Statement of Income consist of the following:

	2021 '000	2020 '000
Current service costs	80,712	78,871
Plan amendments/past service costs	-6,965	979
(Profit)/losses from plan settlements/lapsing	0	-3,895
Service costs	**73,747**	**75,955**
Interest expense on pension commitments	24,765	28,405
Interest income from external plan assets	-3,639	-4,890
Net interest expenses on pension commitments	**21,126**	**23,515**
Administrative expenses and taxes	1,226	665
Pension expenses on defined benefit plans	**96,099**	**100,135**
thereof operating profit	(74,973)	(76,620)
thereof financial income	(21,126)	(23,515)
Pension expenses on defined contribution plans	37,417	35,982
Pension expenses	**133,516**	**136,117**

One-off events in 2021 led to past service credit of € -7.0 million, which is primarily comprised of credits resulting from an adjustment of commutation rates in Switzerland (€ -8.4 million).

Pension commitments and external plan assets are reconciled as follows:

	Dec. 31, 2021 '000	Dec. 31, 2020 '000
Present value of the commitment at the beginning of the year	2,056,103	1,966,720
Current service costs	80,712	78,871
Plan amendments (past service costs)	-6,965	979
Effects of plan settlements/lapsing	0	-3,895
Interest expenses on pension commitments	24,765	28,405
Benefits paid	-55,412	-61,250
Settlement payments	0	-47,139
Employee contributions	5,120	4,958
Effects of changes in financial assumptions	-114,720	115,646
Effects of changes in demographic assumptions	-2,654	-3,192
Effects of experience adjustments	-2,446	-9,100
Effects of transfers	473	520
Effects of changes in the scope of consolidation	745	-516
Effects of foreign currency translation	23,327	-14,903
Present value of the commitment at end of year	**2,009,048**	**2,056,103**

	Dec. 31, 2021 '000	Dec. 31, 2020 '000
Fair value of plan assets at start of year	327,909	386,687
Interest income from external plan assets	3,639	4,890
Revaluation of external plan assets	15,146	5,740
Employer contributions	14,323	13,694
Employee contributions	5,120	4,958
Benefits paid and fund capital payments made	-22,175	-29,934
Settlement payments	0	-47,139
Effects of changes in scope of consolidation and transfers	736	0
Effects of foreign currency translation	18,849	-10,987
Fair value of plan assets at end of year	**363,547**	**327,909**

The plan assets consist of the following:

	Dec. 31, 2021 %	Dec. 31, 2020 %
Equities and similar securities	23	23
Bonds and other fixed-income securities	15	13
Insurance contracts	51	53
Liquid assets	1	2
Investment funds	10	9
	100	**100**

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

	Dec. 31, 2021 %	Dec. 31, 2020 %
Equities and similar securities	23	23
Bonds and other fixed-income securities	15	13
Liquid assets	1	2
Investment funds	10	9
	49	**47**

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

86% (previous year: 83%) 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, 2021 '000	Dec. 31, 2020 '000
Net pension provisions as of Jan. 01	1,728,194	1,580,033
Transfers	473	520
Payments	-48,787	-45,676
Pension expenses	96,099	100,135
Revaluations recognized in equity (OCI)	-134,966	97,614
thereof effects from changes to financial assumptions of the pension commitment	(-114,720)	(115,646)
thereof effects from changes to demographic assumptions of the pension commitment	(-2,654)	(-3,192)
thereof effects from experience adjustments of the pension commitment	(-2,446)	(-9,100)
thereof revaluation of external plan assets	(-15,146)	(-5,740)
thereof other effects	-	-
Effects of changes in the scope of consolidation	9	-516
Effects of foreign currency translation	4,479	-3,916
Net pension provisions as of Dec. 31	**1,645,501**	**1,728,194**

Pension commitments were calculated based on the following assumptions:

	Dec. 31, 2021 %	Dec. 31, 2020 %
Discount rate	1.5	1.2
Future salary increases	2.8	2.7
Future pension increases	1.6	1.6

Pension expenses were calculated using the following assumptions:

	Dec. 31, 2021 %	Dec. 31, 2020 %
Discount rate used to calculate interest expenses	1.2	1.5
Discount rate used to calculate current service costs	1.3	1.7
Future salary increases	2.7	2.8
Future pension increases	1.6	1.5

The percentages shown are weighted average assumptions. A discount rate of 1.54% was applied for Germany and 1.58% for the rest of the eurozone (previous year: 1.25% for the entire eurozone).

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, 2021 %	Dec. 31, 2020 %
Discount rate reduced by 25 basis points	5	5
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	4	4

Sensitivities related to decreasing effects on pension obligations are comparable.

The weighted-average duration of the obligation is 20 years (previous year: 21 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, 2020		**113,745**	**4,364**	**8,206**	**126,315**
Foreign currency translation		-2,825	-523	-39	-3,387
Changes in scope of consolidation		0	30	0	30
Utilization		-4,564	-858	-136	-5,558
Reversals		-709	-139	0	-848
Additions		13,784	511	2,870	17,165
Dec. 31, 2020/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**

Other current provisions	Personnel expenditures '000	Warranties '000	Uncertain liabilities '000	Other '000	Total '000
Jan. 01, 2020	**7,348**	**14,134**	**11,311**	**27,410**	**60,202**
Foreign currency translation	-498	-304	-703	-1,799	-3,305
Changes in scope of consolidation	9	11	0	22	42
Utilization	-1,924	-1,072	-1,302	-10,946	-15,244
Reversals	-954	-772	-3,016	-709	-5,451
Additions	2,349	6,032	5,563	10,353	24,297
Dec. 31, 2020/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**

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 € 569,000 (previous year: € 660,000). The impact of changes in the discount amount totals € -1.9 million (previous year: € 1.3 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, 2021 '000	Dec. 31, 2020 '000
Non-current liabilities		
Profit participation rights	115,354	102,977
Liabilities to banks	923,557	1,479,072
Liabilities from lease agreements	305,293	290,628
Liabilities from lease agreements with affiliated companies	26,089	24,889
Liabilities from borrowings from non-banks	52,497	38,239
	1,422,790	**1,935,805**
Current liabilities		
Profit participation rights	10,444	13,374
Liabilities to banks	820,456	463,456
Liabilities from lease agreements	86,948	76,673
Liabilities from lease agreements with affiliated companies	10,795	12,052
Liabilities from borrowings from non-banks	81,906	84,225
Liabilities from borrowings from affiliated companies	76,557	76,375
Liabilities from bills of exchange	12,958	13,475
Other financial liabilities	19,538	11,585
	1,119,602	**751,215**
Total financial liabilities	**2,542,392**	**2,687,020**

Term structure of financial liabilities:

	Dec. 31, 2021 '000	Dec. 31, 2020 '000
Due within 1 year	1,119,603	751,215
Due in 1–5 years	1,015,165	1,373,314
Due in over 5 years	407,624	562,491
	2,542,392	**2,687,020**

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% 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 October 2020, the B. Braun Group and a subsidiary in the United States signed an agreement with 14 banks for a syndicated loan of € 700 million that replaced the syndicated loan of € 520 million B. Braun Melsungen AG took out which would have been due in May 2021 ahead of schedule. 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 and LIBOR for the currency in question. 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). In addition, B. Braun was granted the right to extend the contract by one year on two separate occasions upon consent of the banks. The first extension (until October 2024) was agreed in September 2021 with the consent of all 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.

The syndicated loan was not utilized in FY 2021. This contains contractual provisions that permit the modification of the syndicated loan as a result of IBOR reform. The modifications are scheduled for 2022. IBOR reform is not expected to have any material impact on the net assets, financial position and earnings situation of the Group.

As of December 31, 2021, the Group had unused credit lines in different currencies totaling € 1.5 billion (previous year: € 1.6 billion).

Interest rates on euro loans were up to 3.89% 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, 2021 '000	Dec. 31, 2020 '000
Euro	1,928,833	2,097,087
US dollar	110,046	87,633
Other	503,513	502,300
	2,542,392	**2,687,020**

Of the other financial liabilities, € 26.0 million (previous year: € 24.6 million) is secured through mortgages. The borrowings from non-banks are unsecured loans.

The carrying amount of financial assets used as collateral for liabilities or contingent liabilities is € 0 (previous year: € 0). The collateral provided was assigned receivables. 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 within 10 years '000
Dec. 31, 2020						
Profit participation rights	116,351	13,509	9,417	38,125	56,000	0
Liabilities to banks	1,942,528	485,594	594,310	566,114	379,389	0
Liabilities from lease agreements	367,301	87,374	73,621	136,612	78,010	45,923
Liabilities from lease agreements with affiliated companies	36,941	15,182	9,344	15,331	485	0
Liabilities from borrowings from non-banks	122,464	84,656	1,925	31,790	4,998	0
Liabilities from ABS transactions and other financial liabilities	21,799	21,799	0	0	0	0
Trade accounts payable	450,309	448,696	2	1,611	0	0
Liabilities from derivative financial instruments	6,311	5,826	33	452	0	0
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

All instruments held as of December 31, 2021 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, 2021. 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, 2021 '000	Fair value Dec. 31, 2021 '000	Carrying amount Dec. 31, 2020 '000	Fair value Dec. 31, 2020 '000
Assets					
Trade receivables	AmC	1,181,623	-	1,137,513	-
	FVPL	39,027	39,027	45,375	45,375
Other receivables	AmC	104,771	-	88,334	-
Other financial assets	FVOCIw/o	70,427	70,427	48,121	48,121
	AmC	14,628	14,628	15,817	15,817
	FVPL	6,688	27,360	6,516	6,516
Financial assets held for trading	FVPL	40,983	40,983	33,551	33,551
Derivatives not in a hedge	FVPL	6,387	6,387	15,615	15,615
Derivatives in a hedge	N/A	256	256	1,764	1,764
Cash and cash equivalents	AmC	94,667	-	149,138	-
Liabilities					
Profit participation rights	AmC	125,798	-*	116,351	-*
Liabilities to banks	AmC	1,744,014	1,769,195	1,942,528	1,968,043
Liabilities from lease agreements	N/A	429,125	-	404,242	-
Liabilities from borrowings from non-banks	AmC	134,402	134,616	122,464	122,632
Other financial liabilities	AmC	12,958	-	13,474	-
Trade accounts payable	AmC	520,149	-	450,309	-
Other liabilities	AmC	306,470	-	274,594	-
Purchase price liabilities from corporate mergers	FVPL	9,183	9,183	6,471	6,471
Derivatives not in a hedge	FVPL	4,862	4,862	6,095	6,095
Derivatives in a hedge	N/A	689	692	216	216

	Measurement category per IFRS 9	Carrying amount Dec. 31, 2021 '000	Fair value Dec. 31, 2021 '000	Carrying amount Dec. 31, 2020 '000	Fair value Dec. 31, 2020 '000
Summary by measurement category:					
Assets					
Amortized cost	AmC	1,395,689	14,628	1,390,802	15,817
Fair value through profit or loss	FVPL	93,085	113,757	101,057	101,057
Fair value through other compre-hensive income without recycling	FVOCIw/o	70,427	70,427	48,121	48,121
Liabilities					
Amortized cost	AmC	2,843,791	1,903,811	2,919,720	2,090,675
Fair value through profit or loss	FVPL	14,045	14,045	12,566	12,566

AmC Financial assets or liabilities measured at amortized cost | **FVPL** Financial assets or liabilities measured at fair value through profit and 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	2021 '000	2020 '000
- Measured at amortized cost	-921	0
- Equity instruments measured in other comprehensive income as FVCOI	-17	-257
- Measured at FVPL by regulation	41,443	48,278
	40,505	**48,021**

Trade receivables totaling € 39.0 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 € 14.6 million were classified 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 € 70.4 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 fund-based corporate financing investments. Dividends in the amount of € 9.2 million were recognized from these financial investments in 2021.

Other assets comprise other receivables and other financial assets in the amount of € 157.1 million (previous year: € 132.9 million) as well as other loans in the amount of € 10.6 million (previous year: € 10.4 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, 2020				
Financial assets in category: FVPL				
Derivative financial assets not in a hedge	0	15,615	0	15,615
Derivative financial assets in a hedge	0	1,764	0	1,764
Other financial assets	6,516	0	0	6,516
Financial assets held for trading	33,551	0	0	33,551
Trade receivables	0	45,375	0	45,375
Financial assets in category: FVOCIw/o				
Financial assets	0	48,121	0	48,121
Financial liabilities of category: FVPL				
Purchase price liabilities from corporate mergers	0	0	-6,471	-6,471
Derivative financial assets not in a hedge	0	-6,095	0	-6,095
Derivative financial assets in a hedge	0	-216	0	-216
	40,067	104,564	-6,471	138,160
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	-9,183	-9,183
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	-9,183	149,031

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. A partial amount of € 8.4 million is performance-dependent based on the number of patients treated. If these parameters develop 10% more favorably (unfavorably) than expected, then the liability would increase by € 0 million (decrease by € 1.0 million). A partial amount of € 775,000 is performance-dependent based on sales and EBITDA development in the years following the acquisition. If these parameters develop 10% more favorably (unfavorably), then liability would increase by € 525,000 (decrease by € 775,000).

The € 2.5 million increase in liabilities over the previous year is attributable to the repayment of liabilities (€ -4.3 million), the creation of new liabilities following share acquisitions in the reporting year (€ 9.2 million), and the reappraisal of liabilities recognized in the Statement of Income (€ -2.4 million). This reappraisal of liabilities was recognized in the Statement of Income because the number of patients treated decreased due to the coronavirus pandemic and this was agreed as an adjustment parameter.

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, 2020				
Other financial assets	15,817	0	0	15,817
Liabilities to banks	0	1,968,043	0	1,968,043
Liabilities from borrowings from non-banks	0	122,632	0	122,632
	0	2,090,675	0	2,090,675
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

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, 2020						
Assets measured at cost	1,390,802	0	1,390,802	-29,554	57	1,361,305
Assets measured at fair value	149,178	0	149,178	-14,208	0	134,970
thereof FVPL	101,057	0	101,057	-14,208	0	86,849
thereof FVOCIw/o	48,121	0	48,121	0	0	48,121
Financial liabilities at amortized cost	2,919,720	0	2,919,720	-39,486	0	2,880,234
Liabilities measured at fair value (FVPL)	12,566	0	12,566	-4,264	0	8,302
Dec. 31, 2021						
Assets measured at cost	1,395,689	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	2,843,791	0	2,843,791	-7,049	0	2,836,742
Liabilities measured at fair value (FVPL)	14,045	0	14,045	-1,937	0	12,108

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, 2021 '000	Dec. 31, 2020 '000
Non-current liabilities		
Trade accounts payable	38	1,619
Liabilities to social security providers	6,967	13,202
Liabilities from derivative financial instruments	2,250	485
Liabilities to employees, management and shareholders	54,565	47,675
Accruals and deferrals	80	80
	63,862	**61,442**
Other liabilities	5,051	11,458
Subtotal other liabilities	**68,913**	**72,900**
thereof from financial liabilities	(4,872)	(4,184)
Current liabilities		
Trade accounts payable	520,111	448,690
Liabilities to social security providers	44,235	42,154
Liabilities to employees, management and shareholders	362,044	310,106
Accruals and deferrals	29,755	22,155
Other tax liabilities	104,998	102,299
	541,032	**476,714**
Liabilities from derivative financial instruments	3,301	5,826
Liabilities held for sale	0	0
Other liabilities	342,197	298,674
	345,498	**304,500**
Subtotal other liabilities	**886,530**	**781,214**
thereof financial liabilities	(314,008)	(282,546)
Total liabilities	**1,475,592**	**1,304,423**

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, 2021 '000	Dec. 31, 2020 '000
Uncertain liabilities	1,953	1,140
Guarantees	19,839	15,659
Contractual performance guarantees	33,229	29,512
	55,021	**46,311**

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 € 685,000 (previous year: € 3.0 million) and obligations to acquire property, plant and equipment total € 296.0 million (previous year: € 354.8 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 involves 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. The 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 risk

Foreign exchange 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, 2021 had been 10% stronger (weaker), profit before taxes—with all other variables remaining constant—would have been € 100,000 lower (higher; previous year: € 300,000). The other equity components would have been approx. € 0 lower (higher; previous year: € 0). If the euro rises (falls) in value by 10% 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 € 2.1 million (previous year: € 2.2 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 approx. 50% of its borrowings in fixed-rate instruments.

The Group had, in the past, also hedged its cash flow interest rate risk with interest rate swaps. The Group had no interest rate swaps at the end of FY 2021.

If market interest rates had been 100 basis points higher as of December 31, 2021, profit before taxes—with all other variables remaining constant—would have been approx. € 3.3 million lower for the full year (previous year: € 3.2 million). If market interest rates had been 50 basis points lower as of December 31, 2021, profit before taxes—with all other variables remaining constant—would have been approx. € 1.2 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 € 31.3 million (previous year: € 39.1 million).

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

	Level 1	Level 2	Level 3	Simplified approach
Dec. 31, 2020 '000	12-month ECL	Lifetime ECL (non-impaired)	Lifetime ECL (impaired)	Lifetime ECL
Not at risk	253,289	0	0	972,763
At risk	0	0	0	258,863
Total	253,289	0	0	1,231,626

	Level 1	Level 2	Level 3	Simplified approach
Dec. 31, 2020 '000	12-month ECL	Lifetime ECL (non-impaired)	Lifetime ECL (impaired)	Lifetime ECL
Not at risk	214,066	0	0	960,219
At risk	0	0	0	306,018
Total	214,066	0	0	1,266,238

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, 2021 '000	Dec. 31, 2020 '000	Dec. 31, 2021 '000	Dec. 31, 2020 '000	Dec. 31, 2021 '000	Dec. 31, 2020 '000
Forward foreign exchange contracts	1,277,811	1,073,093	14,770	26,234	1,340	11,349
Embedded derivatives	10,500	9,000	0	0	-283	-250
	1,288,311	**1,082,093**	**14,770**	**26,234**	**1,057**	**11,099**

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% 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, 2021 '000	Dec. 31, 2020 '000	Dec. 31, 2021	Dec. 31, 2020
EUR/BRL	21,400	22,100	6.8293	6.3725

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, 2021, the Group had designated hedging instruments with a fair value of € 256,000 (previous year: € 1.8 million) as other assets and of € 692,000 (previous year: € 216,000) 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:

	2021 '000	2020 '000
As of Jan. 1	1,548	-7,751
Profit or loss from effective hedges	-664	11,905
Reclassifications due to altered expectations regarding occurrence of underlying transaction	N/A	N/A
Reclassifications due to realization of underlying transaction	-1,314	-2,566
Reclassification due to a basis adjustment	N/A	N/A
As of Dec. 31	**–436**	**1,548**

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

B. Braun expects gains of € 256,000 and losses of € 692,000 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 net financial income and is € 0 (previous year: € 0). 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:

	2021 '000	2020 '000
Sale of goods and services		
Related parties	1,404	1,493
thereof B. Braun Holding GmbH & Co. KG	(11)	(8)
thereof associates	(1,393)	(1,485)
Goods and services purchased		
Related parties	70,316	99,445
thereof B. Braun Holding GmbH & Co. KG	(58,592)	(65,800)
thereof joint ventures	(0)	(20,511)
thereof associates	(11,474)	(13,134)
Key management personnel	250	0
	70,316	**99,445**

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

	Dec. 31, 2021 '000	Dec. 31, 2020 '000
Outstanding items from the sale of goods and services		
Related parties	3,951	7,314
thereof B. Braun Holding GmbH & Co. KG	(2,892)	(3,397)
thereof unconsolidated subsidiaries of B. Braun Holding	(0)	(0)
thereof joint ventures	(62)	(2,931)
thereof associates	(997)	(986)
Procurement obligations	69	69
Outstanding items from goods and services purchased and from borrowings		
Related parties	148,815	136,956
thereof B. Braun Holding GmbH & Co. KG	(119,215)	(119,544)
thereof unconsolidated subsidiaries of B. Braun Holding	(0)	(0)
thereof joint ventures	(13,224)	(8,368)
thereof associates	(16,376)	(9,044)
Key management personnel	54,667	56,654
	203,482	193,610

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:

	2021 '000	2020 '000
Fixed remuneration	3,144	3,107
Variable renumeration	3,779	4,216
Pension expense	1,011	931
Bonuses	206	411
Other	124	308
	8,264	**8,973**

Of the total, € 418,000 was attributable to the Chief Executive Officer as fixed renumeration and € 677,000 as variable remuneration from profit-sharing.

Pension commitments totaling € 18.8 million exist to active board members. Profit-sharing bonus commitments to board members reported under liabilities to employees, management and shareholders total € 3.8 million. A total of € 17.0 million has been allocated for pension commitments to former board members and their surviving dependents. Total remuneration amounted to € 747,000. Supervisory Board remuneration totaled € 860,000.

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 € 14.5 million (previous year: € 16.2 million). See Note 27 for detailed information about bonuses.

The members of the Executive Board and the Supervisory Board are listed on pages 4-5 and 151.

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 € 945.6 million illustrates the operating revenue surplus prior to funds commitment and is € 73.1 million lower than the previous year. The change is due primarily to the lower operating result as well as the change in long-term provisions, and other non-cash expenses and income.

Cash flow from operating activities totaling € 954.0 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 inflow of € 8.4 million. Net cash from operating activities is therefore € 156.2 million above the previous year's level.

35 Cash flow from investing activities

A total of € 686.1 million was spent in 2021 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 (€ 22.2 million), as well as dividends and similar income received (€ 32.1 million), resulting in a net cash outflow from investing activities of € 631.8 million. Compared to the previous year, this resulted in a € 285.2 million increase in cash outflow.

Investments made during the year were fully covered by cash flow from operating activities. The remaining free cash flow was € 322.2 million (previous year: € 451.3 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. In the reporting year, these additions totaled € 117.4 million (previous year: € 113.3 million).

36 Cash flow from financing activities

In FY 2021, cash outflows from financing activities were € -343.5 million (previous year: € -455.0 million outflow). The net balance of cash flowing in and out for borrowings and repayment of debt was € -299.4 million (previous year: € -408.5 million). Dividend payments and capital contributions by non-controlling interests result in a total cash outflow of € 42.4 million (previous year: € 39.9 million). At € 111.5 million, cash outflows are lower than the previous year, due 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, 2021	Cash changes	Non-cash changes			Dec. 31, 2021
			Acquisitions	Exchange gains (losses)	Change in the fair value	
	'000	'000	'000	'000	'000	'000
Non-current financial liabilities	1,517,311	-547,509	15,000	-8,748	0	976,054
Current financial liabilities	649,115	349,905	940	11,455	0	1,011,415
Non-current leasing liabilities	315,517	-106,789	123,714	-1,060	0	331,382
Current leasing liabilities	88,726	4,363	0	4,654	0	97,743
Non-current profit participation rights	102,976	7,523	0	0	4,855	115,354
Current profit participation rights	13,374	-9,156	0	0	6,226	10,444
Total liabilities from financing activities	**2,687,019**	**-301,663**	**139,654**	**6,301**	**11,081**	**2,542,392**

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, 2021, restrictions on cash availability totaled € 1.7 million (previous year: € 1.4 million). These restrictions are primarily related to security deposits and collateral for tender business.

Subsequent events

Following the end of the fiscal year, a purchase agreement for the sale of B. BRAUN AVITUM S.A.S., Colombia, was signed on February 18, 2022. The loss from deconsolidation will be in the low to middle single-digit millions of euros. The sold company reported € 11.3 million in revenue, earnings of € -1.1 million and a balance sheet total of € 16.6 million at the end of the fiscal year.

On February 24, 2022, Russia started a war in Europe by invading Ukraine. The European Union and the United States responded with severe sanctions. Given this intensifying conflict and the likelihood of energy prices increasing more, the financial markets are experiencing increased volatility. Additionally, grave changes in currency parity with the Russian ruble are already noticeable and will result in corresponding effects on the export economy. If Russia drops out as a trade partner, the German and European economies could have to contend with interrupted supply chains and cash flows, energy supply shortages, endangered foreign investments and the disappearance of an entire market. Counter-sanctions by Russia could also strain the business activities of foreign companies in the country. The situation continues to be closely monitored and initial steps have already been taken with the goal of identifying and offsetting negative effects as early as possible. Macroeconomic and geopolitical effects as well as effects on the net assets, financial position and earnings situation of the B. Braun Group cannot be assessed at this time.

Major shareholdings

Company name and headquarters	As of Dec. 31, 2021 Share in capital % 1)	Equity '000	Sales '000	Employees 4)
Germany				
Aesculap AG, Tuttlingen 2)	94.0	240,084	718,386	3,343
AESCULAP INTERNATIONAL GMBH, Tuttlingen 2)	94.0	43,994	0	0
AESCULAP SUHL GMBH, Suhl 2)	94.0	3,275	3,206	18
ALMO-Erzeugnisse Erwin Busch GmbH, Bad Arolsen	56.4	25,592	71,097	376
B. Braun Avitum AG, Melsungen 2)	88.3	196,936	549,965	1,086
B. Braun Avitum Saxonia GmbH, Radeberg 2)	88.3	19,975	104,626	1,023
B. Braun Gesundheitsservice GmbH, Hürth 2)	93.9	2,269	58,752	170
B. Braun Facility Services GmbH & Co. KG, Melsungen	94.0	-2,440	64	133
B. Braun Melsungen AG, Melsungen 2)	94.0	1,423,365	2,428,236	6,625
B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen 2)	94.0	150,501	0	0
B. Braun Surgical GmbH, Melsungen 2)	94.0	166,856	0	0
B. Braun Vet Care GmbH, Tuttlingen 2)	94.0	493	21,600	20
DTZ Dialyse Trainings-Zentren GmbH, Nuremberg 2)	88.3	35,044	18,386	229
INKO Internationale Handelskontor GmbH, Roth 2)	94.0	4,538	8,232	18
Medical Service und Logistik GmbH, Recklinghausen	100.0	400	5,084	1
NUTRICHEM DIÄT + PHARMA GMBH, Roth 2)	94.0	32,076	76,159	325
SCHÖLLY FIBEROPTIC GMBH, Denzlingen	65.8	123,266	42,936	195
TransCare Service GmbH, Neuwied 2)	93.9	1,634	19,658	165
Europe				
Aesculap Chifa Sp. z o.o., Nowy Tomyśl / Poland	93.1	155,654	213,414	2,317
Aesculap SAS, Chaumont / France	94.0	11,819	9,796	105
Avitum S.r.l., Sânandrei / Romania	88.3	9,111	27,150	570
B. Braun Adria d.o.o., Zagreb / Croatia	33.8	18,095	19,233	41
B. Braun Austria Ges. m.b.H., Maria Enzersdorf / Austria	56.4	88,153	74,323	137
B. Braun Avitum France SAS, Saint-Cloud / France	88.3	18,401	0	0
B. Braun Avitum Hungary Egészségügyi Szolgáltató Zrt., Budapest / Hungary	88.3	20,312	30,607	630
B. Braun Avitum Italy S.p.A., Mirandola/Italy	88.3	49,193	87,524	410
B. Braun Business Services Poland Sp.z o.o., Nowy Tomyśl /Poland	100.0	526	689	79
B. Braun Avitum Russland Clinics OOO, St. Petersburg / Russia	88.3	-835	28,900	1,021
B. Braun Avitum Russland OOO, St. Petersburg / Russia	88.3	76,143	53,744	65
B. Braun Avitum s.r.o., Bratislava / Slovakia	88.1	6,500	15,994	243
B. Braun Avitum s.r.o., Prague / Czech Republic	88.1	9,773	40,104	552
B. Braun Avitum Servicios Renales S.A., Rubí / Spain	90.6	13,227	13,455	173
B. Braun Avitum Turkey Sanayi Ticaret Anonim Sirketi, Ankara / Turkey	88.3	1,441	2,314	15
B. Braun Avitum (UK) Ltd., Sheffield / England	88.3	-952	28,452	211
B. Braun Hospicare Ltd., Co. Sligo / Ireland	94.0	170	23,467	109
B. Braun Medical AB, Danderyd / Sweden	94.0	5,037	55,142	58
B. Braun Medical AG, Sempach / Switzerland	47.9	326,740	383,557	1,019
B. Braun Medical A/S, Frederiksberg / Denmark	94.0	3,805	54,895	34

Company name and headquarters	As of Dec. 31, 2021 Share in capital % 1)	Equity '000	Sales '000	Employees 4)
B. Braun Medical A/S, Vestskogen / Norway	94.0	3,378	27,230	38
B. Braun Medical B.V., Oss / Netherlands	94.0	16,917	67,344	132
B. Braun Medical EOOD, Sofia / Bulgaria	56.4	5,132	16,641	104
B. Braun Medical International S.L., Rubí / Spain	94.0	487,219	0	17
B. Braun Medical Kft., Budapest / Hungary	56.4	40,440	106,211	1,640
B. Braun Medical, Unipessoal Lda, Barcarena / Portugal	94.0	20,834	62,185	144
B. Braun Medical LLC, St. Petersburg / Russia	94.0	45,518	148,096	508
B. Braun Medical Ltd., Dublin / Ireland	94.0	6,436	46,755	60
B. Braun Medical Ltd., Sheffield / England	94.0	72,949	203,895	708
B. Braun Medical N.V., Diegem / Belgium	94.0	2,719	44,794	88
B. Braun Medical Oy, Helsinki / Finland	94.0	6,087	42,566	51
B. Braun Medical S.A., Rubí / Spain	94.0	118,358	311,374	1,349
B. Braun Medical S.A.S., Saint-Cloud / France	94.0	113,470	352,970	1,446
B. Braun Medical s.r.o., Bratislava / Slovakia	65.8	12,789	27,046	29
B. Braun Medical s.r.o., Prague / Czech Republic	65.8	25,331	75,944	223
B. Braun Medikal Dis Ticaret A.S., Sariyer Istanbul / Turkey	94.0	6,112	20,247	137
B. Braun Milano S.p.A., Milan / Italy	94.0	31,046	143,460	231
B. Braun Sterilog (Birmingham) Ltd., Sheffield / England	94.0	-1,593	12,627	224
B. Braun Sterilog (Yorkshire) Ltd., Sheffield / England	94.0	-1,575	8,259	153
B. Braun Surgical S.A., Rubí / Spain	94.0	58,304	187,254	876
B. Braun VetCare S.A., Rubí / Spain	94.0	6,620	17,134	28
B-PACK S.p.A., San Pietro Mosezzo / Italy	94.0	13,490	39,091	94
Gematek OOO, St. Petersburg / Russia	94.0	16,199	11,641	215
LLC MCP-Medicare, St. Petersburg / Russia	88.3	256	12,231	411
LLC "Nephros", Krasnodar / Russia	88.3	2,112	13,712	406
SC B. Braun Medical S.R.L., Sânandrei / Romania	58.8	9,515	52,077	79
Suturex & Renodex S.A.S., Carsac-Aillac / France	94.0	20,640	18,882	150
North America				
Aesculap Inc., Center Valley / USA	89.8	190,264	246,153	511
Aesculap Implant Systems LLC, Center Valley / USA	89.8	-67,752	37,988	79
B. Braun Interventional Systems Inc., Bethlehem / USA	89.8	13,759	44,639	49
B. Braun Medical Inc., Bethlehem / USA	89.8	755,772	1,305,792	6,268
B. Braun of America Inc., Bethlehem / USA	89.8	217,764	0	0
B. Braun of Canada Ltd., Mississauga / Canada	89.8	6,680	26,851	24
Central Admixture Pharmacy Services Inc., Santa Fe Springs / USA	89.8	119,822	360,294	766
Asia-Pacific				
Ahlcon Parenterals (India) Limited., New Delhi / India	90.4	-10,311	18,314	816
B. Braun Aesculap Japan Co Ltd., Tokyo / Japan	94.0	57,782	137,663	482
B. Braun Australia Pty. Ltd., Sydney / Australia	94.0	20,205	90,664	145
B. Braun Avitum Philippines Inc., Taguig City / Philippines	94.0	26,805	53,337	675
B. Braun Avitum (Shanghai) Trading Co. Ltd., Shanghai / China	88.3	23,872	179,475	404
B. Braun Korea Co. Ltd., Seoul / South Korea	94.0	23,226	88,967	133
B. Braun Medical (H.K.) Ltd., Hong Kong / China	94.0	25,997	70,378	31
B. Braun Medical (India) Pvt. Ltd., Mumbai / India	94.0	37,613	52,741	689
B. Braun Medical Industries Sdn. Bhd., Penang / Malaysia	94.0	676,318	455,557	7,532

Company name and headquarters	As of Dec. 31, 2021 Share in capital % 1)	Equity '000	Sales '000	Employees 4)
B. Braun Medical (Shanghai) International Trading Co. Ltd., Shanghai / China	94.0	27,691	248,546	925
B. Braun Medical Supplies Inc., Taguig City / Philippines	94.0	16,051	21,466	154
B. Braun Medical Supplies Sdn. Bhd., Petaling Jaya / Malaysia	94.0	39,663	49,644	163
B. Braun Medical (Suzhou) Company Limited, Suzhou / China	94.0	38,627	63,764	493
B. Braun Pakistan (Private) Ltd., Karachi / Pakistan	94.0	1,715	16,501	114
B. Braun Singapore Pte. Ltd., Singapore / Singapore	94.0	70,368	32,857	51
B. Braun Taiwan Co. Ltd., Taipei / Taiwan	94.0	4,635	24,842	52
B. Braun (Thailand) Ltd., Bangkok / Thailand	94.0	15,618	34,004	146
B. Braun Vietnam Co. Ltd., Hanoi / Vietnam	94.0	82,354	90,267	1,414
PT. B. Braun Medical Indonesia, Jakarta / Indonesia	93.1	62,343	59,182	435
Latin America				
B. Braun Aesculap de México S.A. de C.V., Mun. Santa Cruz Atizapán / Mexico	94.0	17,723	25,846	301
B. Braun Medical de México S.A.PI. DE C.V., Mun. Santa Cruz Atizapán / Mexico	94.0	8,900	50,599	70
B. Braun Medical Peru S.A., Lima / Peru	94.0	18,833	30,044	447
B. Braun Medical S.A., Bogotá / Colombia	94.0	10,959	34,804	189
B. Braun Medical S.A., Buenos Aires / Argentina	94.0	32,116	36,405	246
B. Braun Medical S.A., Quito / Ecuador	94.0	16,035	19,642	120
B. Braun Medical SpA, Santiago de Chile / Chile	80.9	11,999	52,714	165
Laboratorios B. Braun S.A., São Gonçalo / Brazil	94.0	98,049	146,721	1,325
Africa and the Middle East				
B. Braun Avitum (Pty) Limited, Johannesburg / South Africa	94.0	2,575	12,659	324
B. Braun Medical (Pty) Limited, Johannesburg / South Africa	94.0	9,280	56,652	428
E. Owen and Partners, Johannesburg / South Africa	94.0	412	20,162	19
Other shareholdings				
Babolat V.S., Lyon / France 3)	31.3	88,080	177,000	360

1 Indirect holding

2 Entities with profit-and-loss transfer agreement

3 Consolidated at equity

4 Average

Values correspond to financial statements prepared in accordance with IAS/IFRS. Amounts from foreign companies were converted using the closing mid-rate on December 31 for equity and average exchange rate of the reporting year for sales.

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, 2021, 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, 2021 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, 2021.

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, 2021, and of its results of operations for the financial year from January 1 to December 31, 2021, 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 2, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

Report of the Supervisory Board

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.

These sessions focused in particular on select acquisitions, R&D projects, and the steps taken to address the coronavirus pandemic and its effects. The Supervisory Board also passed resolutions to amend the bylaws of the Executive Board regarding policies on major decisions and to lift the ban on multiple representation for board members, and it approved a mandate and remuneration agreement. As part of the Group's strategy, the Digital Excellence department and the Sustainability Report for 2020 were presented, and a strategy update was given. The Supervisory Board received the 2020 personnel report, discussed and adopted both the earnings expectations for 2021 and the forecast for 2022, and also deliberated on transactions requiring its approval under 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 2020 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 Supervisory Board also received and discussed a report on ongoing impairment tests. The audit committee reported on these topics during the Supervisory Board sessions and put forward its proposals.

The Human Resources committee met four times in 2021. In its session on March 22, 2021, 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, base remuneration and the pension plan. The Supervisory Board approved the allocation and the resolutions in its session on March 23, 2021. In its session on September 14, 2021, the Human Resources department presented the strategy roadmap to the Human Resources committee. In its session on December 7, 2021, the Human Resources committee recommended to the Supervisory Board the appointment of Dr. Jens von Lackum as a deputy member of the Executive Board for a three-year term starting on April 1, 2022. The Supervisory Board approved the recommendation accordingly and confirmed the appointment in its subsequent session. In addition, resolutions to amend the Executive Board's employment contracts were also discussed. The Supervisory Board followed these recommendations and adopted the resolutions accordingly. Discussions regarding general Human Resources topics as well as the approval of board members' positions and ancillary activities were other notable components of the 2021 Human Resources committee sessions.

B. Braun SE's financial statements and management report for the 2021 fiscal year, the Group's consolidated financial statements, and the consolidated management report as prepared by

All Supervisory Board members were tested for the coronavirus prior to taking this photograph.

→ First row (from left):

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

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

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

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

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

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

→ Second row (from left):

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

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

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

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

→ Third 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

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

→ Not pictured:

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

MICHAEL GUGGEMOS*
Employee of the Hans Böckler Foundation, Düsseldorf

*Elected by the employees

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 23, 2021. The auditor raised no objections and issued unqualified audit opinions.

The Supervisory Board's term ended at the conclusion of the annual meeting on March 23, 2021, resulting in the departure of Prof. Dr. Ludwig Georg Braun, Barbara Braun-Lüdicke, Hans-Carsten Hansen and Dr. Joachim Rauhaut.

The annual meeting appointed Friederike Braun-Lüdicke, Head of Culture & Diversity at B. Braun in Kassel, Prof. Dr. Karl Friedrich Braun, Senior Physician at Charité Hospital in Berlin, Dr. Frank Heinricht, Chairman of the Management Board of Schott AG in Mainz, and Dr. Tobias Polloczek, Attorney-at-law/Partner at CMS Hasche Sigle in Frankfurt, to the Supervisory Board. Kathrin Dahnke, Prof. Dr. Markus Büchler, Prof. Dr. Thomas Rödder and Prof. Dr. Oliver Schnell were also reappointed to the Supervisory Board to represent the shareholders.

Olaf Elixmann, Lars Elmenthaler, Alexandra Friedrich, Michael Guggemos, Thorsten Nöll, Maria Schwarz, Mike Schwarz and Sabine Süpke were appointed to the Supervisory Board to represent the Group's employees.

At its inaugural session following the annual meeting, the Supervisory Board appointed Prof. Dr. Thomas Rödder as Chairman and Alexandra Friedrich as Vice Chairwoman. The Supervisory Board formed a mediation committee (Friedrich, Mr. Schwarz, Prof. Dr. Rödder, Prof. Dr. Schnell), an audit committee (Dahnke, Friedrich, Guggemos, Dr. Heinricht) and a Human Resources committee (Dr. Polloczek, Prof. Dr. Rödder, Süpke). The statutory auditor participated in the discussions of the Supervisory Board and the audit committee 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 2021 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 2022

The Supervisory Board

Glossary

A

AI
Acronym for Artificial Intelligence. AI is a separate area of study in computer science that deals with human thought, decision-making and problem-solving processes in order to reproduce and replicate them using computer-based processes.

ASEAN
Acronym for Association of Southeast Asian Nations. An association in Jakarta, Indonesia, that works to improve economic, political and social cooperation. It is also working on security, cultural and environmental matters.

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

C

CDMO
Acronym for Contract Development and Manufacturing Organization. A company in the pharmaceutical industry that contracts with other companies to provide comprehensive services, from drug development to manufacturing.

CDO
Acronym for Chief Digital Officer. An executive position in a company with the responsibility for planning and managing the digital transformation of that company.

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

CMS
Acronym for Centers for Medicare & Medicaid Services. A federal agency that is part of the United States Department of Health and Human Services.

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

D

DPO
Acronym for Days Payables 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
Acronym 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
Acronym for Earnings Before Interest and Taxes. Key performance indicator.

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

EHDS
Acronym for European Health Data Space. An initiative in the EU whose purpose is to create a stronger link between national health care systems through the secure and efficient exchange of health data.

EMAS
Acronym for Eco-Management and Audit Scheme. The Eco-Management and Audit Scheme was developed by the European Union and is a publicly available system consisting of environmental management and auditing for organizations that seek to improve their environmental performance.

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.

F

FMD
Acronym for Falsified Medicines Direction. A legal framework introduced by the European Union to improve the protection of public health within the European Union.

G

GDP
Acronym for Gross Domestic Product.

GDPR
Acronym for General Data Protection Regulation.

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

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

GVWG
Acronym for a German Health Care Advancement. A law intended to improve care in Germany through, e.g., increasing nursing care allowances, short-term nursing and better conditions for nursing staff.

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.

HERA
Acronym for Health Emergency Preparedness and Response Authority. A European authority for health care emergency measures.

I

IEC/TR 62653
A standard of the International Electrotechnical Commission/ Technical Report (IEC/TR). This norm covers the technical recommendations for safely using medical devices in extracorporeal renal replacement therapy.

IFRS
Acronym for International Financial Reporting Standards. Standards for companies published by the International Accounting Standards Board (IASB).

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

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

ISMS
Acronym for Information Security Management System. A system of procedures and policies in an organization to permanently define, control, monitor and maintain as well as continuously improve information security.

ISO 9001
An international standard for quality management created by the International Organization for Standardization (ISO). It defines the requirements of a quality management system for prevention, detection and evaluation of risks as well as correcting and continuously improving a company's performance.

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
An international standard for environmental management created by the International Organization for Standardization (ISO). It defines the requirements of an environmental management system with which an organization can improve its environmental performance, meet legal and other obligations, and achieve environmental protection targets.

ISO 45001
An international standard by the International Organization for Standardization (ISO) released in March 2018. It describes requirements for an occupational health and safety management system and guidance on implementation. Work-related accidents and illnesses are a burden on workers, their families and companies. The ISO 45001 standard is therefore intended to ensure greater safety in the workplace worldwide.

ISO 50001
An international standard for energy management systems created by the International Organization for Standardization (ISO). The revised version, ISO 50001:2018, has been available since August 2018. The standard sets a framework in which individual commitment by the company or organization is required.

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.

IVDR
Acronym for In Vitro Diagnostic Regulation. A regulation from the European Union establishing requirements for manufacturers of medical devices that are used to medically examine samples from inside the human body.

K

KPI
Acronym for Key Performance Indicator. A primary measure of success or performance.

KRITIS
Acronym for a German IT security law for the protection of critical infrastructures.

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
Acronym for Medical Device Regulation. A new European Union's regulation for medical devices (EU) 2017/745, that was adopted in 2017 and entered into force in May 2021.

MDSAP
Acronym for Medical Device Single Audit Program. A program whose goal is to develop, manage and monitor a common standard for regulatory quality management audits of manufacturers of medical devices that is recognized by several countries.

MENA
Acronym for Middle East and North Africa.

R

ready-to-use
Requiring no preliminary steps or preparation for use.

S

Scope 1 emissions
Direct greenhouse gas emissions caused by the activities of an organization or its subsidiaries. Sources of emissions include heat, cold and steam production, company vehicles, and leaks from air-conditioning systems.

Scope 2 emissions
Indirect greenhouse gas emissions from power, heat and steam that companies purchase from utilities.

SDGs
Acronym 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.

Second and dual sourcing
A purchasing strategy in which two manufacturers or suppliers are qualified for delivery of the same product or goods.

T

Thermal energy
Energy in the form of heat.

Thermal recycling
A process for utilizing combustible waste to generate energy through direct combustion in which at least heat is recovered.

W

Water consumption
The sum of all water taken and integrated into a product, used in the context of production, generated as waste, steamed or evaporated, consumed by humans or animals, or contaminated such that it can no longer be used by others and, therefore, was not returned to surface water, groundwater or seawater, or passed on to third parties during the reporting period.

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 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.

WHO
Acronym for World Health Organization.

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 indicators from the GRI guidelines on sustainability reporting. The table provides an overview of the GRI core aspects indicated in the report.

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Thank you

to all our colleagues who collaborated in the creation of the 2021 Integrated Annual Report. This report was only published digitally due to sustainability considerations. Photographic rights belong to B. Braun SE.

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