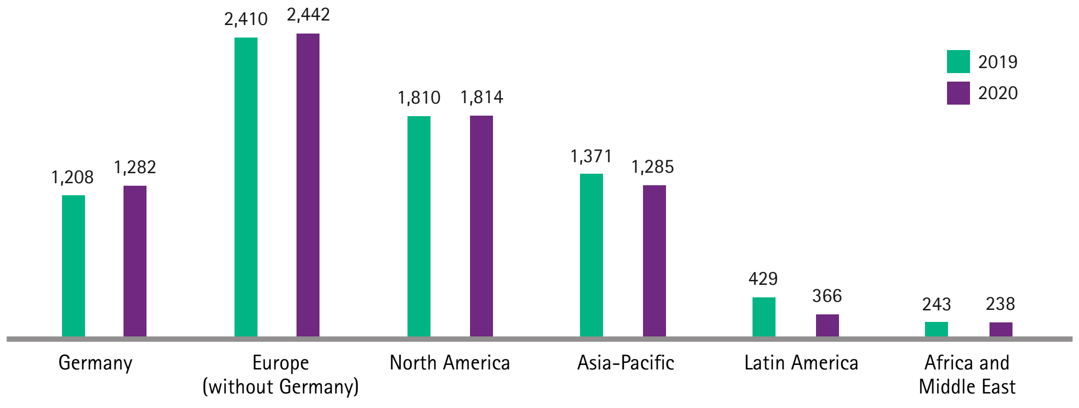
B|BRAUN
SHARING EXPERTISE

# ANNUAL 2020 REPORT

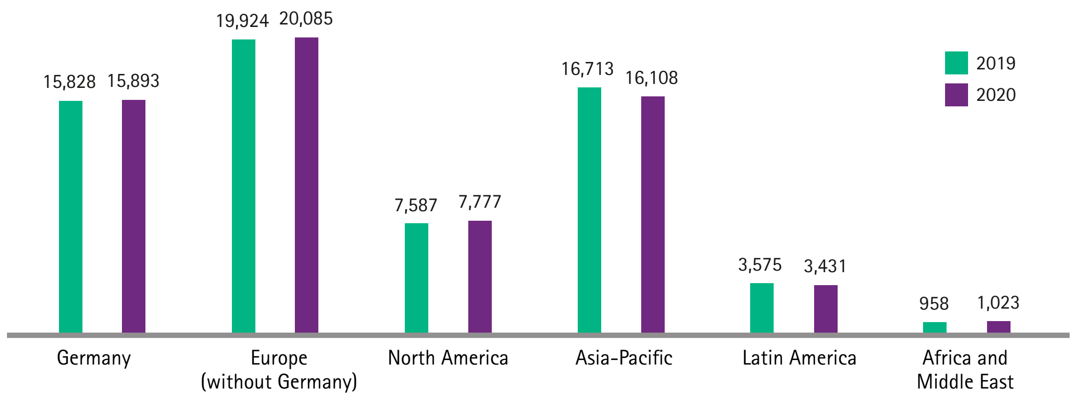
STATEMENT OF INCOME

| | 2019 EUR million | 2020 EUR million | Change in % |
|---|---|---|---|
| Sales | 7,471.3 | 7,426.3 | -0.6 |
| Cost of goods sold | 4,444.9 | 4,503.2 | 1.3 |
| Gross profit | 3,026.5 | 2,923.1 | -3.4 |
| Functional expenses | 2,551.1 | 2,428.1 | -4.8 |
| Selling and general administrative expenses | 2,186.6 | 2,058.6 | -5.9 |
| Research and development expenses | 364.5 | 369.8 | 1.5 |
| Interim profit | 475.4 | 495.0 | 4.1 |
| Profit before taxes | 309.0 | 416.1 | 34.7 |
| Consolidated net income | 197.3 | 301.5 | 52.8 |
| EBIT | 388.8 | 481.8 | 23.9 |
| EBITDA | 1,079.1 | 1,103.2 | 2.2 |

SALES BY REGION
(in EUR million)




EMPLOYEES BY REGION




# CONTENT

ANNA MARIA BRAUN, LL.M. | CEO

DR. STEFAN RUPPERT | Human Resources, Legal Affairs and Labor Relations

MARKUS STROTMANN | B.Braun Avitum Division

# MANAGEMENT BOARD

DR. MEINRAD LUGAN | Hospital Care and Out Patient Market Divisions

DR. JOACHIM SCHULZ | Aesculap Division

DR. ANNETTE BELLER | Finance, Taxes and Central Services

Dear Readers,

2020, the year of the pandemic, challenged us greatly and demonstrated the unique responsibility B. Braun has to patients and medical practitioners across the globe, as both a manufacturer of medical devices and pharmaceutical products and a provider of medical services. We have proven our

## RELIABILITY through the pandemic.

## CONFIDENCE for the next decade.

resilience, driven by our focus on the long term. Our decades-long commitment to sustainable business practices, a broad portfolio and a trusted international presence have kept us on solid ground in these turbulent times.

The coronavirus pandemic has touched B. Braun in a variety of ways. While sales in our Aesculap division and in our Basic Care business fell considerably due to postponement of non-essential operations in hospitals around the world, we were able to offset some of these declines with increased demand in other areas, including infusion pumps and hygiene management. This allowed our sales, which totaled € 7.4 billion, to remain steady.

Over the last year, we continued to focus on disciplined reduction of our costs. Digitalization of our processes and the measures taken to limit the effects of the pandemic allowed us to work more efficiently. While our positive profitability trend for last year is a positive development, we must continue to utilize our resources effectively and optimize our structures and processes in 2021. The merger of the B. Braun Avitum and Outpatient Market divisions, which we announced in January, is a game changer. This new division, Avitum, aligns our strengths in outpatient nephrology and cardiology, with our expertise developing products for patients living with chronic conditions.

While we know that the pandemic is not yet behind us, we are looking to our future with confidence. The coronavirus will have a lasting impact on health care systems around the world. There is a deeper appreciation for health care and a renewed confidence in new technologies, paving the way for strengthened international cooperation and faster digitalization ("The crisis as catalyst").

The changing landscape of health care presents new opportunities for our business. With B. Braun—the next decade, we have developed a strategic framework for accelerating digitalization and developing key technologies to deepen our partnerships with customers. As a family-owned company, we want to ensure sustainable growth also in the next decade. We are harnessing our strength and expertise to develop smart treatment systems that will deliver actionable insights to our customers aimed at improving outcomes in intensive care, surgery, and outpatient services. Already in 2020, we launched digital solutions for advising and training our customers and for further connecting our employees. ("Digital is the new normal").

Even in the face of uncertain times, our employees never lost sight of our responsibility to medical practitioners and the patients they serve, all the while developing our vision for the next decade. We owe all of our employees a special thanks: their motivation, flexibility and commitment ensured that our products and services reached our customers, despite strained supply chains and global restrictions ("Committed to the fight against corona").

The speed with which more than 64,000 of our colleagues were able to adapt to unusual working situations and find new ways of cooperating is a testament to our capacity for change—the true spirit of *Sharing Expertise*. This courage to face adversity and accept change is an expression of a culture characterized by trust, accountability and diversity. It is the foundation upon which we will continue to develop solutions that protect and improve the health of people around the world—into next decade.

Anna Maria Braun
Chief Executive Officer

In a crisis, we need people who step up, and take on responsibility. Who do more than is asked of them. Who support those who cannot support themselves. B. Braun employees showed all of this in the last year. They felt the effects of the crisis early on: the lack of PPE, the shortage of ICU beds, and the hardships of doctors and nurses—and they did something about it.

# COMMITTED to the fight against corona

B. Braun employees from around the world talk about their commitment, representing their team and their many colleagues with similar stories.





EVA SÁDLOVÁ | 49
Sales representative,
Hospital Care division,
Teplice / Prague

Eva Sádlová travels to hospitals in the Czech Republic almost every day for B. Braun to demonstrate devices and give customers technical support. This means she also experienced the pandemic through the eyes of hospital staff. In October 2020, those eyes were tired, worn out and distressed. So, she decided to do something that went far beyond her work in sales: She helped out as a volunteer nurse at a hospital in Teplice.

■ **Ms. Sádlová, why did you decide to take on this responsibility and help?**

My job at B. Braun is to know how hospitals and hospital staff are doing. I've been with my customers for many years and I'm close to them. When I saw how bad things were going for them, I wanted to do everything I could to help.

■ **What gave you the idea of volunteering as a nurse?**

I'm a trained pediatric nurse, so I knew that I could actually help. It had been 25 years since I had last worked in nursing, though, so I was also a little nervous.

■ **What was your experience as a nurse?**

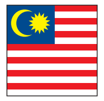
My very first shift was 12 hours long. It was very hard work and, when I got home, I was completely spent. COVID-19 was everywhere. A huge number of nurses had the coronavirus themselves and had to quarantine. But when I looked at the faces of the patients and nursing staff, I was so happy I was able to help.

■ **How did you manage to get through that most difficult time?**

The doctors and nursing staff, my customers, motivated me. They do so much good every day during their shifts. Usually, I would just be visiting at the hospital and would only see part of their daily grind. With this insight, I am able to appreciate their work even more and am able to better understand what they need.

■ **What gives you hope?**

The vaccinations. The situation at the hospitals is slowly starting to get better because more and more doctors and nurses are getting vaccinated. That's our way out of this crisis.



## MALAYSIA | FROM EXHIBITION CENTER TO EMERGENCY HOSPITAL

CLINTON WALKER | 50
Business manager, Hospital Care division, B. Braun Medical Supplies, Petaling Jaya / Serdang

In the fall of 2020, as the infection rates in Malaysia were increasing, the former agricultural convention center MAEPS was repurposed as an emergency hospital. A total of 10,000 beds for quarantine cases, 30 beds for the seriously ill and 6 ventilator stations for ICU patients needed to be created as quickly as possible. Clinton Walker, business manager at B. Braun Medical Supplies in Malaysia, and his team equipped the 30 beds in the high-dependency unit with infusion pumps for the Malaysian government in less than a month, under difficult conditions.

■ Mr. Walker, what challenges did you face in providing the equipment?

At that time, the whole world needed infusion pumps because all the hospitals were stocking up due to the rising infection rates. This made distribution itself the first challenge. Aside from that, the MAEPS had become an epicenter of the pandemic in Malaysia, it was already being used as a quarantine center when we came to set up the ICU. So, we tried to do as much as we could in a single day: delivery, installation, and technical training for the doctors and nursing staff. All together, it took us four visits to set up all the beds.

■ What was the situation like at the MAEPS hospital for you and your team?

There were mostly factory workers, the virus had spread particularly quickly among them—at the factories and in the residential facilities where most of them slept, since they were here from other countries as guest workers. We saw it as our task to care for them as well as possible in this difficult situation.

■ Why did you and your team decide to take on this responsibility?

My team and I wanted to do our part to bring the pandemic to an end as quickly as possible. We knew that what we were doing would slow the spread of the virus, protecting our country, our families and our friends.

■ How did you manage to get through that most difficult time?

My team gave me strength. It was very special to see how our devices helped the doctors, nurses and patients with our own eyes. We saw the progress immediately, since everything had to happen so fast: The pumps we installed had seen heavy use by the time we came back, a couple of days later.



## SPAIN | FAST HELP WITH MORE VENTILATORS

SAMIR AZDOUDI | 33
Pharmaceutical project engineer, Rubí / Barcelona

Samir Azdoudi was constantly hearing in the news that hospitals in Spain urgently needed more ventilators in April 2020. When he found out that the Leitat Technological Center and the CARES Foundation in Barcelona were looking for volunteers to help manufacture ventilators, he signed up on the spot. Starting in April, together with his colleagues Cristian Torres and Alejandro Jose Molina, he spent the next month and a half working on ventilators in Barcelona.

■ Mr. Azdoudi, how did you help manufacture the ventilators?

I was responsible for the electronic parts, like the controls; Alejandro Jose and Cristian were in charge of calibrating and testing the devices. Together, we completed a total of 400 ventilators. In our last week, we taught the employees there how to perform our technical work so they could continue working without us. The ventilators are now in mass production and are already being used in several ICUs.

■ Why did you and your team decide to take on this responsibility?

When my know-how and my skills can help build a machine that helps other people, it's a gift for me. B. Braun made it possible for my two colleagues and I to volunteer to work on the ventilators.

■ How did you manage to get through that difficult time?

We knew exactly why we were doing this work. Every evening, a van came and took all the ventilators that we had just assembled straight to the hospitals. That was very motivating, since the more we made, the more would soon be in the ICUs. We noticed the impact our assistance made, right away.

■ What gives you hope?

April 2020 was a difficult time for Spain: We were in lockdown and working from home; the streets were empty. When I would get to the Technology Center, suddenly every day I saw people helping each other, they were committed to fighting this pandemic. That gave me hope.

## UNITED STATES | LESS RISK WITH EXTRA-LONG IV EXTENSION SETS

At the start of the coronavirus pandemic, PPE in the United States was scarce. To bypass the problem, ICU nurses found a simple yet very effective method: They extended the IV sets and cables for the infusion pumps, allowing them to move the pumps outside the patient rooms in the COVID-19 wards. Nurses no longer had to enter the room every time they had to make adjustments on the pump or change IV solutions, which lowered the requirements for PPE and helped lowered the risk of transmission. When B. Braun's medical affairs team led by Dr. Angela Karpf found out about this solution, they worked with other functions to identify the right extension sets and IV tubings, and to ensure these extra-long IV tubings were available.

DR. ANGELA KARPF | 55
Corporate vice president
of Medical Affairs,
Bethlehem, PA

■ Dr. Karpf, how did you find out about the idea of using extra-long IV sets to limit the risk of infection?

The sales and training teams at B. Braun are our eyes and ears: Even during the crisis, they were still there at the hospitals and in constant contact with customers. In March 2020, they saw that a lot of infusion pumps were standing outside of the patients' rooms—and we realized that more and more hospitals were asking for extra-long IV sets.

■ How were you able to help the doctors, nurses and patients with this solution?

We immediately identified the right IV sets and ensured to get enough available to help as many ICUs as possible. To us, getting them wasn't the only important thing, it was also important that the kits were suitable for this kind of use and were safe. We also wanted to supply training materials, since most nursing staff only very rarely use extra-long IV extension sets. The Medical Affairs, Research & Development, Marketing, and Operations departments at B. Braun as well as the production facilities in the Dominican Republic worked together on all of these aspects. On March 28, we got it done. It was really admirable teamwork.

■ Why did you and your team decide to take on this responsibility?

For the safety of the nurses and the patients. When we saw that we could help with a solution, we didn't hesitate for a second.

■ What gives you hope?

I've noticed that we can do anything as a team. That we, as an organization, can put our heads together to find solutions so quickly and to recognize and overcome potential hurdles. With this knowledge, I feel ready for the next challenges this pandemic or other crises could bring.



## PHILIPPINES | RIDING A BICYCLE TO PATIENTS

EDLEE BATANG | 29
Dialysis technician, Quezon City

How do you get where you are needed when the rest of the world is at a standstill? This is what dialysis technician Edlee Batang, and the rest of the staff at the B. Braun renal care center on Quezon Avenue had to figure out last year. From the middle of March to the end of May 2020, it was practically a total lockdown: To curb the coronavirus, only those in essential occupations were allowed to be out and about during this phase. That is why many of the streets were closed off and public transit, which many of the staff normally used, was unavailable.

■ Mr. Batang, how did you manage to get to your patients every day despite the lockdown?

We had the idea of using bicycles. Many of us already had one at home and my colleagues loaned me money to buy one. I still use it today, since traffic is still restricted.

■ What is your commute like by bike?

It takes me two hours to get to work every morning, my alarm goes off at 3:30 AM so I can get to my patients on time. The commute was pretty exhausting at first, but now I enjoy the exercise.

■ Why did you decide to take on this responsibility?

Our patients have shown me that they need me, and they appreciate my commitment. That's how I feel the responsibility that I carry.

■ How did you manage to get through that most difficult time?

While I'm at work, I'm surrounded by a group of people who will catch me if I fall, and who help me when I need it most: my friends and colleagues.

■ What gives you hope?

Although I can't see my family much because of the lockdown, I know that I'm doing this work for them, as well. I do everything I can in the fight against COVID-19 so my little nephews can soon get back to having a normal life.

CLICK HERE!

Would you like to meet other B. Braun employees who have been involved in the fight against COVID-19?

The corona pandemic caught the world unprepared – and presented healthcare systems with major challenges. New processes had to prove themselves, and resources were temporarily in short supply. It quickly became clear that healthcare providers and industry, scientists and healthcare professionals had to show special dedication, while remaining agile and continuously meeting the challenges. More than a year after the pandemic began, the virus is not yet under control, but there is a perspective. Part of that is that the crisis is creating change that will benefit everyone. Three theses on how the corona pandemic is acting as a catalyst.

# THE CRISIS as catalyst

- Digitalization of healthcare is advancing faster – and openness in the population to digital technologies is increasing.
- Data-based research and approval processes increase the speed of innovation – and promote international cooperation.
- In the pandemic, policymakers and the public are learning to value the healthcare system anew – and are willing to invest in sustainable solutions.



## ENCOURAGING FIGURES

The year 2020 from the perspective of healthcare systems

### By 9 percent

the population's trust in national healthcare systems increased globally between 2018 and 2020.

### More than 30,000 articles

on COVID-19 were published as preprints in 2020. Depending on the database, that is, between 17 and 30 percent of the publications. Pre-publication contributed to the research results could be disseminated much more quickly.

### 6.3 billion US dollars

have been made available to the international vaccination alliance COVAX so far. The money is being used to procure vaccines for the poorest 92 countries. By early March 2021, 12 million doses had already been distributed.

### 26.5 billion dollars

were invested in 2020 in companies working on digital solutions in healthcare. An increase of 45 percent on the previous year.

### The year 2021

has been designated as the International Year of Health and Care Workers by WHO in appreciation and gratitude for their dedication in the fight against the COVID-19 pandemic. At the same time, WHO calls for greater support and protection for them.

Want to know how the coronavirus pandemic became the fuel for change and which catalysts are at work during the crisis?

CLICK HERE!

Digitalization is taking hold of all areas of life. The healthcare system is no exception. Healthcare providers and industry have been working on innovative digital solutions for a long time. Under the difficult conditions of the pandemic, these had to prove themselves - at the same time, other areas of the healthcare system were digitalized courageously but prudently. We at B. Braun were also confronted with major challenges. How can sales be designed digitally? What changes when training courses are consistently digitized? And how can we collaborate efficiently remotely? We provide answers to these questions, report on major tasks, creative ideas and new paths.

# DIGITAL is the new normal

» The sales manager and the customer have not met once. Before the pandemic, that would have been completely unthinkable.

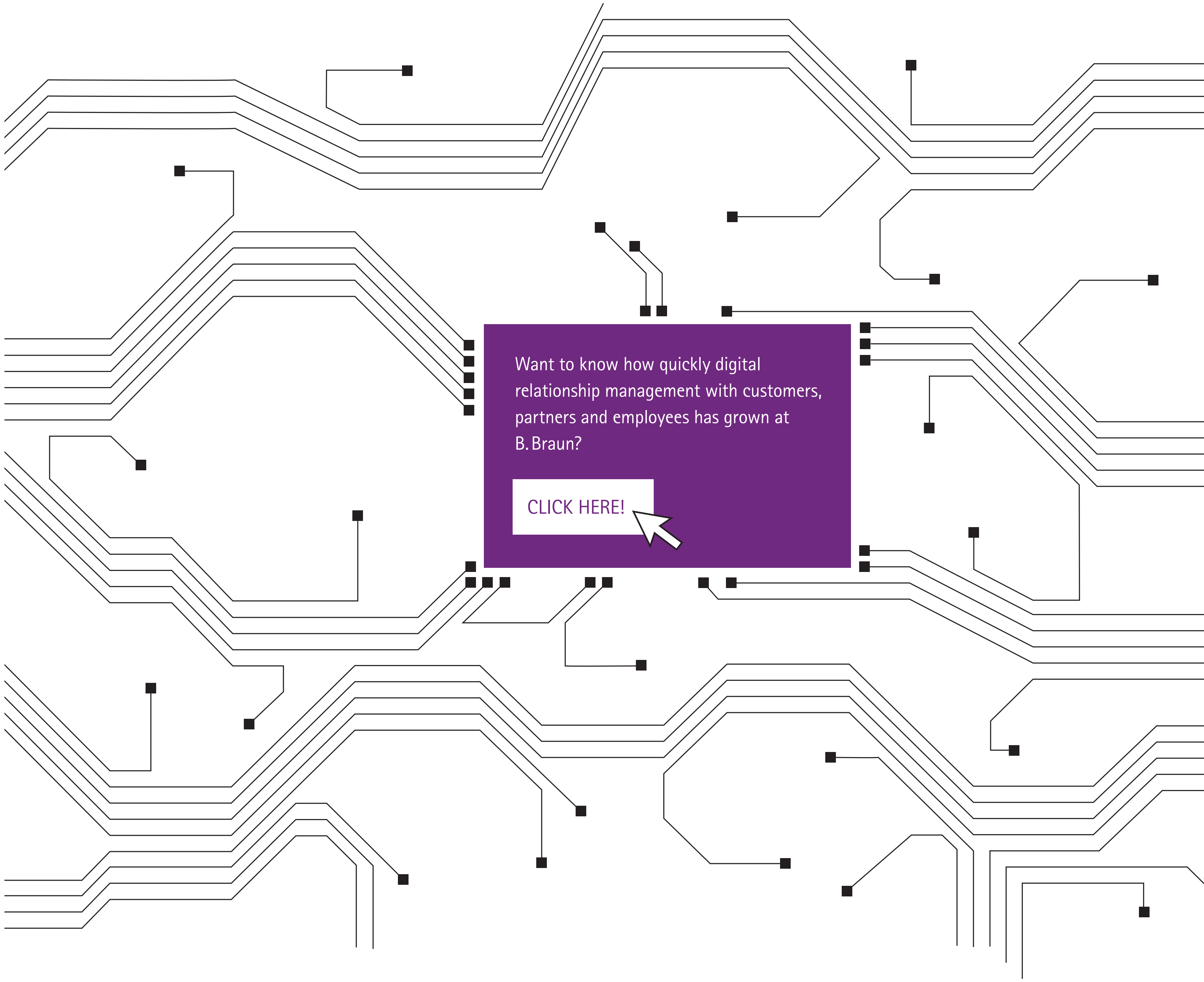
Catherine Bidaut works as sales representative at B. Braun in France.

» We said to ourselves: We'll just try it digitally now.

Manuel Stiel and his team are responsible for global technical training at B. Braun's Avitum and Hospital Care divisions.

» Until recently, we traveled to the countries or regions and had meetings, such as regional meetings. Now, more than ever, we are in regular digital exchange with our colleagues, which strengthens collaboration.

Tanja Bauer heads Global Business Development for the Aesculap Academies.



# GROUP MANAGEMENT REPORT

# FIVE-YEAR OVERVIEW

| | 2016 € million | 2017 € million | 2018 € million | 2019 € million | 2020 € million |
|---|---|---|---|---|---|
| **Sales** | **6,471.0** | **6,788.9** | **6,908.1** | **7,471.3** | **7,426.3** |
| **Cost of goods sold** | **3,608.1** | **3,833.7** | **3,971.9** | **4,444.9** | **4,503.2** |
| **Functional expenses** | **2,250.6** | **2,366.6** | **2,403.0** | **2,551.1** | **2,428.1** |
| Selling, general and administrative expenses | 1,959.2 | 2,050.7 | 2,079.5 | 2,186.6 | 2,058.2 |
| Research and development expenses | 291.4 | 315.9 | 323.5 | 364.5 | 369.8 |
| **Interim profit** | **612.3** | **588.5** | **533.2** | **475.4** | **495.0** |
| **Operating profit** | **582.2** | **546.4** | **495.8** | **434.8** | **461.2** |
| **Profit before taxes** | **527.8** | **513.7** | **451.6** | **309.0** | **416.1** |
| **Consolidated net income** | **396.0** | **411.5** | **328.4** | **197.3** | **301.5** |
| **EBIT** | **597.4** | **574.9** | **520.6** | **388.8** | **481.8** |
| **EBITDA** | **975.0** | **985.1** | **952.5** | **1,079.1** | **1,103.2** |
| | | | | | |
| **Assets** | **7,981.8** | **8,525.9** | **9,224.4** | **10,088.4** | **9,720.1** |
| Intangible assets (incl. goodwill) | 623.3 | 757.0 | 818.3 | 854.5 | 831.8 |
| Property, plant, and equipment | 3,987.3 | 4,196.4 | 4,589.3 | 5,244.1 | 5,150.0 |
| Other financial investments | 50.3 | 62.0 | 63.3 | 68.0 | 65.1 |
| Inventories | 1,135.4 | 1,178.5 | 1,344.4 | 1,370.2 | 1,450.2 |
| Trade receivables | 1,089.1 | 1,148.0 | 1,141.8 | 1,233.5 | 1,178.9 |
| **Equity** | **3,172.0** | **3,436.4** | **3,649.0** | **3,720.6** | **3,641.0** |
| **Liabilities** | **4,809.9** | **5,089.6** | **5,575.4** | **6,367.8** | **6,079.1** |
| Pension obligations | 1,300.8 | 1,269.0 | 1,332.1 | 1,580.0 | 1,728.2 |
| Financial liabilities | 1,992.1 | 2,224.5 | 2,502.1 | 3,034.2 | 2,687.0 |
| Trade accounts payable | 442.9 | 483.9 | 532.1 | 506.8 | 438.2 |
| | | | | | |
| **Investments in property, plant, and equipment, intangible assets and financial investments incl. business acquisitions** | **806.7** | **969.2** | **921.6** | **894.6** | **782.8** |
| **Depreciation and amortization of property, plant, and equipment and intangible assets** | **377.7** | **410.2** | **431,9** | **599.2** | **621.4** |
| | | | | | |
| **Personnel expenditures** | **2,388.1** | **2,552.8** | **2,651.8** | **2,828.9** | **2,855.4** |
| **Employees (annual average)** | **56,849** | **59,851** | **62,675** | **64,210** | **64,217** |
| **Employees (as of December 31)** | **58,037** | **61,583** | **63,571** | **64,585** | **64,317** |





# ABOUT THE B. BRAUN GROUP

## BUSINESS MODEL

B. Braun is one of the world's leading manufacturers of medical technology and pharmaceutical products as well as a provider of medical services. As of December 31, 2020, 64,317 employees in 64 countries were working for the company. Our customers are providers of essential inpatient and outpatient health care services, in particular hospitals, medical practices, pharmacies, long-term care, and emergency medical services—but also patients and their family members directly. With high-quality system solutions, we continually set new, pioneering standards for the health care industry, and seek to protect and improve the health of people around the world.

The B. Braun product range comprises a total of 5,000 products, 95% of which are manufactured by the company. Our range of products includes products for infusion, nutrition and pain therapy, infusion pumps and systems, surgical instruments, suture materials, hip and knee implants, dialysis equipment and accessories, as well as ostomy, disinfection and wound care products. With our services and consulting, we improve processes in hospitals, renal care centers and medical practices as well as make procedures safer and treatments more efficient. B. Braun also helps patients and their families prepare for home care. At the Aesculap Academy, we hold academic courses every year on the safe use of products as well as classic product training for hospitals and outpatient care. In the reporting year, we reached over 350,000 medical practitioners in around 2,600 courses.

2020, the year of the pandemic, particularly showed just how essential the B. Braun company is: our customers could depend on us to supply urgently needed medical devices. Social distancing requirements in many countries due to the pandemic greatly limited face-to-face customer interactions. However, in close collaboration with our customers, we swiftly found digital solutions to continue to supply and advise them during the crisis.

## B. BRAUN THERAPEUTIC AREAS AND APPLICATIONS

| | |
|---|---|
| Abdominal Surgery | Neurosurgery |
| Cardio-Thoracic Surgery | Nutrition Therapy |
| Continence Care and Urology | Orthopaedic Surgery |
| Diabetes Care | Ostomy Care |
| Extracorporeal Blood Treatment | Pain Therapy |
| Infection Prevention | Spine Surgery |
| Infusion Therapy | Sterile Goods Management |
| Interventional Vascular Therapy | Wound Management |

We have divided our products and services into 16 therapeutic areas and applications managed across four divisions: B. Braun Hospital Care, B. Braun Aesculap, B. Braun Out Patient Market and B. Braun Avitum

### B. Braun Hospital Care

The Hospital Care division considers itself a leading supplier for infusion, nutrition and pain therapy. We offer a complete portfolio of infusion therapy products, from single use products to complex medical device systems. Our products set standards for quality, efficiency and safety; with the Ecoflac® plus IV container, the Intrafix® Safety IV administration set and the Introcan Safety® IV catheter making us a market leader. Our products are supplemented by the ProSet portfolio of services, which uses customized sets to optimize the implementation of complex infusion systems. The Space and Compactplus product lines provide hospitals with infusion pump systems for various application scenarios, especially in ICUs, which means they were in high demand during the pandemic in 2020. The B. Braun Online Suite software solution allows the infusion pumps to be connected to hospital IT systems, setting the foundation for data-driven infusion management. In the area of pain therapy, the focus is on the practice and applications of regional anesthesia, where we are a world leader. Our innovative Onvision® Needle Tip Tracking makes the process easier for users and safer for patients. Our anesthesia and pain therapy portfolio is made complete with a range of intravenous drugs. With the successful fast-track registration of the sedative dexmedetodmidine in Europe, we have been able to offer an alternative treatment for patients on mechanical ventilation. Good nutritional status in a patient is a prerequisite of any successful therapy. The B. Braun portfolio contains parenteral and enteral nutrition products as well as drink solutions, which are used for preclinical, inpatient and home treatment. In the reporting year, we launched a redesign of the Nutriflex® three-chamber bag to improve administration. The Remune™ oral nutritional supplement helps especially in the treatment of undernourished cancer patients. In the therapeutic areas of the Hospital Care division, our products are used in inpatient and outpatient settings around the world. We are experiencing growing interest in our system partnership concept, where we work with our customers to improve processes in hospitals and along the entire clinical treatment pathway, creating long-term added value.

### B. Braun Aesculap

The Aesculap division is a partner for surgical and interventional treatment concepts in inpatient and outpatient care. Aesculap focuses on the following therapeutic areas: abdominal surgery, cardiothoracic surgery, orthopedic surgery, spine surgery, neurosurgery, interventional vascular therapy and sterile goods management. We are a system partner in sterile goods management, combining consultation services to optimize processes with an extensive portfolio of surgical instruments and sterile container systems. Solutions for value retention and management, along with IT platforms for managing OR supply with sterile products, round out our service offering. In the abdominal and cardiothoracic surgery therapeutic areas, we are developing minimally invasive treatment concepts that—with the EinsteinVision® 3D camera system and specialized suture materials and consumables, for example—can lead to better treatment results. In interventional vascular therapy, innovative products such as the SeQuent® Please NEO drug-eluting balloon catheter or the Coroflex® ISAR NEO polymer-free stent make better treatment options possible for patients with vascular diseases. With customized sets, we aid hospital teams in making processes in the catheterization lab more efficient. In the orthopedic surgery and spine surgery therapeutic areas, treatment can be improved using intraoperative navigation, minimally invasive surgical techniques and material coatings that help prevent infection or allergic reactions. Product platforms such as Ennovate®, CoreHip® and Plasmafit® offer hospitals a broad spectrum in the treatment of orthopedic indications. For neurosurgery, our Yasargil aneurysm clips, Miethke shunts and a digital platform for the Aesculap Aeos® surgical microscope comprise a wide portfolio that helps neurosurgeons with their day-to-day challenges. Motor systems used in these therapeutic areas round out our complete package for performing surgical interventions. Process solutions for surgery planning, sterile goods processing





and digital data integration can improve process efficiency. We are also establishing quality-based concepts, such as for orthopedic and colorectal treatment pathways. This means process reliability and quality can be combined with better treatment results and economical solutions.

### B. Braun Out Patient Market

The Out Patient Market division is focused on meeting the needs of patients with chronic diseases. Aside from hospitals, our customers include physicians in private practice, outpatient and inpatient care services, pharmacies, and patients and their families. The division offers products and services in the therapeutic areas of hygiene management, continence care and urology, wound management, ostomy care and diabetes management. During the pandemic in 2020, the demand for hygiene management products was especially high, and we were able to consistently supply our customers with products for hand and surface disinfection as well as with surgical and examination gloves. In the therapeutic area of continence care and urology, we develop urostomy products and innovative catheters, such as the easy-to-use disposable catheters in the Actreen® series. The products in our wound management range are designed to take care of surgical, acute and chronic wounds. B. Braun's sophisticated range of products for slow-healing wounds aids in the natural wound healing process in an individualized and stage-specific way. Our holistic approach to consultation and support combines high quality with cost-effectiveness.

### B. Braun Avitum

B. Braun's Avitum division is one of the world's leading providers of products and services for people with chronic and acute kidney failure. As a system partner in extracorporeal blood treatment, B. Braun Avitum focuses on three areas: hemodialysis, acute dialysis and apheresis. With products and services along the entire value chain that combine with the complete B. Braun portfolio, we make it possible to provide comprehensive care to patients with kidney failure. Locally adapted treatment concepts help us optimally balance first-class care and affordability, enabling us to make necessary dialysis treatments accessible to an increasing number of people around the world. We operate a network of more than 360 renal care centers in Europe, Asia-Pacific, Latin America and Africa, providing care for over 30,000 patients. At our clinics, medical practitioners are available to advise dialysis patients. We are striving to consolidate our market position with the goal of high product quality and availability as well as an extensive program of user training, technical support and IT solutions.

## CORPORATE GOVERNANCE

The higher-level family-owned holding company for strategic management includes the Group's accounting, controlling, treasury, tax, legal, internal audit, 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 the shares in B. Braun Melsungen AG, Aesculap AG and B. Braun Avitum AG. The corporate bodies of B. Braun SE are the Management Board, the Supervisory Board and the Annual Shareholders' Meeting.

The members of the Management Board have clearly assigned spheres of responsibility and are jointly responsible for the company's success. As of April 1, 2020, Dr. Stefan Ruppert, as a deputy member of the Management Board, assumed responsibility for the human resources and legal departments, also taking the role of Director of Labor Relations from Anna Maria Braun. After 32 years at B. Braun, Caroll H. Neubauer retired on August 31, 2020. He was first appointed to the Management Board as Director of Legal Affairs in 1991. From 1996 to 2020, he was in charge of B. Braun's business affairs in North America. The new CEO of B. Braun North America is Dr. Jean-Claude Dubacher. On the Management Board, this region is overseen by Anna Maria Braun.

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 Management 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. Prof. Dr. h. c. Ludwig Georg Braun, who managed the company for 34 years, has served as Chairman of the Supervisory Board since 2011.

Through its subsidiaries and holdings, B. Braun operates in 64 countries. The B. Braun SE Group includes 290 (previous year: 292) fully consolidated companies. Of the holdings, 26 (previous year: 29) are consolidated using the equity method of accounting. Major manufacturing locations are located in Melsungen, Berlin, Dresden, Glandorf, Roth, Tuttlingen (Germany), São Gonçalo (Brazil), Suzhou (China), Santo Domingo (Dominican Republic), Nogent (France), New Delhi (India), Mirandola (Italy), Tochigi (Japan), Penang (Malaysia), Nowy Tomyśl (Poland), Timişoara (Romania), Crissier, Escholzmatt, Sempach (Switzerland), Rubí (Spain), Gyöngyös (Hungary), 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 compliance 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 strategic period that started in 2015 ended in the reporting year. During this period, we resolved to increase sales by 5 to 7 percent every year and to improve our EBITDA margin (2015: 14.3 percent). In addition, we sought to further increase profitability through process optimizations and active cost management. Our extensive investment program is intended to be financed predominantly from our own earning power.

With annual sales having increased by an average of 5.2 percent through 2019, we are within our strategic expectations. Due to exchange rate trends and the pandemic, we were unable to increase sales in the reporting currency in the fiscal year. This reduces average annual sales growth for the most recent strategic period to 4.1 percent. We were able to consistently maintain our EBITDA margin above 14 percent, with the exception of 2018 (13.8 percent), and achieved 14.9 percent by the end of the strategic period. Process and cost optimizations have had a positive effect, whereas increases in production costs of individual plants put strain on our earnings. About 80 percent of our extensive investment program has been financed with our own funds. Despite an increase in absolute debt of approximately € 1 billion compared to 2015, we have been able to decrease our leverage ratio from 2.1 in 2015 to 1.8 in 2020. Overall, this means we have been able to achieve the key goals from our 2020 strategy. We continue to see the potential for earnings optimization, for example, by downsizing corporate structures, getting new products to market sooner and reducing startup costs for new production facilities. Nevertheless, what has been accomplished is a solid foundation for the next strategic period.





In the reporting year, we developed 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. This is why we will continue to drive digitalization forward and make key technologies, such as robotics and biotechnology, useful both for us and for our customers. Digital systems help us optimize our structures and accelerate processes. Using a smart system of intensive care therapies, digital solutions for the operating room and an optimized orientation for our Provider and Home Care business, we seek to support our customers even better—medical practitioners most of all. We leverage our strength and expertise to develop treatment systems that offer them added value, and protect and improve the health of people around the world. All the while, our values—innovation, efficiency and sustainability—continue to shape the way we do business. At the same time, we promote 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 grow sustainably in the next decade. This is based on a financial framework that we have defined for an initial period up to 2025: Our sales should grow 5 to 7 percent every year and our EBITDA margin should be above 15 percent. We will also continue to invest heavily in research and development. To achieve the goals in our strategic framework, an additional step will see divisions, central services and national organizations drawing up detailed development plans with clear milestones.

In conjunction with the new strategy, we already began adapting our corporate structure on January 1, 2021. By consolidating the divisions B. Braun Avitum and Out Patient Market into the division Avitum, we will bundle our strengths in outpatient nephrology and cardiology as well as in patient care for people with chronic conditions. We also plan to further optimize our global sales organization to support our customers even faster and more purposefully.

## SECURING THE FUTURE

In 2020, we again invested over € 1 billion in new production 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 € 369.8 million (previous year: € 364.5 million) in research and development. Additions to financial assets and property, plant, and equipment (including capitalized development expenditures) for the reporting year amounted to € 782.8 million (previous year: € 894.6 million).

### Research and development

Research and development activities in the B. Braun Group are concentrated in the centers of excellence (CoEs), where research, development, production and registration departments for specific therapeutic areas are combined and closely coordinated. Our CoEs are located in Melsungen, Berlin, Tuttlingen (all in Germany), Boulogne (France), Penang (Malaysia), Sempach (Switzerland), Rubí (Spain) and Allentown, PA (US).

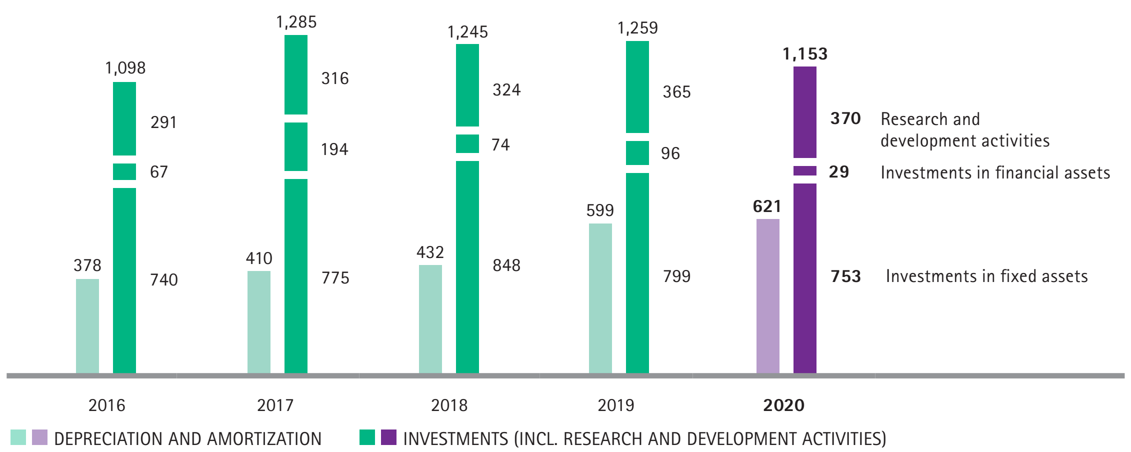
The Hospital Care division focuses its research and development on improving safety for patients and users. We develop ready-to-use versions of drugs in infusion containers and prefilled syringes that reduce user error, protecting both nurses and patients. We also continue to improve our products for vascular complete access to make their use even safer. With our new product developments, we are pursuing the goal of optimizing hospital processes and ensuring economical health care, which is why we are working on networked solutions for integrating and connecting our new generation of infusion pumps, Space$^{PLUS}$, into hospital ecosystems. Standard WiFi functionality allows for seamless treatment documentation in electronic patient files. The pumps on the hospital network allow continuous access to central drug libraries. Dose recommendations tailored to the patient are precisely administered to efficiently minimize potential medication errors.

The Aesculap division combines internal and external innovations to create added value for core surgical and interventional processes. We have established research structures that ensure continuous exchange with customers from the early development stage on, which can lead to faster solutions. Our customers benefit from products that facilitate high-quality, safe, ergonomic use and help to optimize hospital processes. In the 2020 reporting year, we were able to bring key development projects to completion. These include additively manufactured implants such as 3D-printed cages or hip socket replacements, whose coated dual mobility inlays redefine the concept of corrosion prevention. Our Ennovate spinal system is a platform that covers the entire spectrum of treatment options. We are utilizing the potential of digitalization with the Aesculap Aeos® surgical microscope for robot-assisted 3D visualization, which is also the starting point for other future areas of application. By networking our systems, we are setting the groundwork for data-driven therapeutic approaches and customized, cross-sector treatment concepts.

The Out Patient Market division continues to steadily develop product ranges in the therapeutic areas of wound care, continence care and urology, and ostomy care, with a focus on greater tolerability and environmental friendliness. One example is our catheters: Patients with a urinary tract condition use a total of about 2,000 catheters per year, generating a substantial amount of plastic waste. The improved Actreen® urinary catheter reduces the impact on the environment: It is lighter than comparable products, is PVC-free, has minimal packaging and is 100 percent recyclable. This reduces waste by a factor of 2.4. With our services, we also look out for innovative solutions that make life easier for both nurses and their patients: Even before the pandemic, we were working with comprehensive approaches to improving hygiene in hospital processes and actively preventing post-surgical infections. In the reporting year, we improved on these approaches and now offer detailed hygiene analyses of surgery processes to complement our customized product range.

The goal of the research and development activities at the B. Braun Avitum division is to improve treatment quality and efficiency in extracorporeal blood treatment. In 2020, we quickly developed innovative therapeutic approaches for treating COVID-19 patients, since the kidneys are the second most commonly affected organ in severe cases. For acute dialysis, an enhanced treatment method combines renal replacement therapy with the elimination of carbon dioxide from the patient's blood (OMNIset® ECCO2R). This reduces stress on the patient caused by mechanical ventilation, while also allowing the lungs to be in a partial resting state. Since May 2020, we have been able to offer citrate anticoagulation for an acute treatment method (CVVHDF). In 2020, we also continued our research into sustainability and digitalization. New control technology enhances the networking of reverse osmosis systems for dialysis water treatment.

INVESTMENTS IN FINANCIAL ASSETS, PROPERTY, PLANT, AND EQUIPMENT, AND RESEARCH AND DEVELOPMENT
In € million








The "Internet of medical things" (IoMT) will bring about more and more online medical technology in the future. Across divisions, we continued to work on our digital health cloud platform, where medical devices like the Space[PLUS] pump system or the Aesculap Aeos® digital surgical microscope are connected to online applications, to not only store and analyze data, but also optimize logistics and treatment processes. Data protection and secured access concepts play an important role here. We will actively participate in this development using new, digital processes in the areas of customer relationship management (CRM) and product lifecycle management (PLM). At the same time, we are working on standardizing and further digitalizing our processes in conjunction with the continued development of our ERP system (S4 Hana).

Our B. Braun Innovation Hub bundles, structures and manages our innovation approaches across the Group. It is a network of employees across all areas of the company who coordinate innovation projects with university research groups, hospitals and startups. The Innovation Hub provides ongoing information on the latest ideas and technologies, and assists the evaluation of these ideas. Through partners such as the German investment firm High-Tech Gründerfonds, Trendlines out of Israel and German Accelerator Lifescience in the United States, B. Braun receives a continuous influx of ideas and startups from medical technology innovation centers worldwide. Our partners focus on various developmental levels of ideas development, from the seed phase to exit. The Accelerator program offers customized support to selected startups in the form of expertise, market access and financing. B. Braun and the startup founders test the ideas for customer demand, technical feasibility and market prospects. The goal is to translate innovative ideas into successful business models more quickly and present them as market-ready solutions.

## Investments

In the 2020 reporting year, total additions to property, plant, and equipment, intangible assets and financial assets, as well as additions to investments in associated companies and acquisitions of fully consolidated companies amounted to € 782.8 million (previous year: € 894.6 million). Of that total, € 113 million (previous year: € 70 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 depreciation and amortization totaling € 621.4 million (previous year: € 599.2 million).

The Hospital Care division continued expanding production capacity in Gyöngyös (Hungary). In Berlin (Germany), expansion of infrastructure and production capacity was completed. In the United States, extensive investments were made in the Allentown, PA and Daytona Beach, FL locations, expanding production capacity. Our investments in the Irvine, CA plant also allowed us to complete the changes mandated by the FDA in 2017, restoring full production capacity at this location. Expansion of capacity in pharmaceuticals as well as for intravenous sets, intravenous access products and other accessories continued worldwide. In Spain, the Aesculap division completed the automation of its closure technologies manufacturing. The expansion of the cleanroom in Tuttlingen (Germany) continues as planned. In Midrand (South Africa), construction of a new plant for products in the Out Patient Market, Hospital Care and B. Braun Avitum divisions were very near to completion. At the location in Sempach (Switzerland), construction of a new plant for producing disinfection products started in May. We continued to optimize our global network of renal care centers in the reporting year, divesting our centers in Poland and expanding existing centers. In selected countries, we have constructed or acquired new centers. At the production location in Spangenberg (Germany), we are investing in an optimized factory concept.

Investment commitments in the amount of € 357.8 million had already made as of the reporting date. These investments are largely attributable to ongoing replacement and expansion investments in the above-mentioned locations.

# ECONOMIC REPORT

## MACROECONOMIC AND INDUSTRY-SPECIFIC ENVIRONMENT

### Performance of the global economy[1]

The global economy is in a recession due to the COVID-19 pandemic. The gross domestic product (GDP) in many countries shrank considerably in the first half of 2020 while unemployment rose. Government intervention, however, prevented unemployment from rising even more. Temporary trade and investment restrictions were put in place and some border closures occurred, which hampered global trade. Commodities prices also sagged. Global GDP in Q1 2020 fell by an estimated 3 percent. In China, where the pandemic originated, economic activity in Q1 slowed by 10 percent compared to the same period in 2019. Among the top national economies, those in Europe experienced a greater drop in economic activity than the United States or Japan due to stricter measures that were enacted earlier. The crisis has laid bare the vulnerability of domestic output from the sourcing of inputs from geographically distant providers, above all for complex global value chains.

In Germany, measures taken to contain the pandemic in the spring of 2020 resulted in a significant downturn in economic activity, though reduced working hours and fiscal stimuli produced a stabilizing effect. The supplemental budget for 2020 passed by the federal government in March of that year totals € 156 billion and provides for an additional expenditure of € 123 billion. The governing coalition also decided on the basic points of an economic stimulus and crisis management package in early June 2020 that provides for additional expenditures and fiscal measures. Although Q3 showed some recovery, GDP for the entire year of 2020 fell by 5.0 percent.

CHANGE IN GROSS DOMESTIC PRODUCT
in %

| | 2019 | 2020 |
|---|---|---|
| **Europe** | **1.6** | **–7.0** |
| France | 1.5 | -9.8 |
| Germany | 0.6 | -5.0 |
| Great Britain | 1.5 | -9.8 |
| Italy | 0.3 | -10.6 |
| Poland | 4.1 | -3.6 |
| Russia | 1.3 | -4.1 |
| Spain | 2.0 | -12.8 |
| **North America** | **1.9** | **-4.9** |
| Canada | 1.7 | -7.1 |
| USA | 2.2 | -4.3 |
| **Asia-Pacific** | **4.6** | **-2.2** |
| China | 6.1 | 1.9 |
| India | 4.2 | -10.3 |
| Indonesia | 5.0 | -1.5 |
| Japan | 0.7 | -5.3 |
| Malaysia | 4.3 | -6.0 |
| **Latin America** | **–0.2** | **-8.1** |
| Argentina | -2.1 | -11.8 |
| Brazil | 1.1 | -5.8 |
| Chile | 3.3 | -8.2 |
| Mexico | -0.3 | -9.0 |
| **Africa and the Middle East** | **2.3** | **-3.6** |
| Kenya | 5.4 | 1.0 |
| South Africa | 0.2 | -8.0 |

The transition phase for the United Kingdom's exit from the European Union (EU) was complete at the end of the reporting year. The parties signed a cooperation agreement, which provisionally entered into force on January 1, 2021, including a free trade and security agreement that generally maintains their economic relationship. However, the start of 2021 saw new customs regulations that resulted in

[1] OECD Economic Outlook, June 2020 and German Council of Economic Experts Economic Outlook for 2020 and 2021



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significant delays in the cross-border exchange of goods. The pandemic struck the countries of Europe to different degrees at different times and substantial measures were taken at the national and European levels to contain the virus. This led directly to production losses of 25 to 30 percent compared to times of normal economic activity, with the service industry being hit the hardest. At the start of the lockdown, GDP in Q1 2020 fell 3.6 percent compared to the previous quarter. The European Central Bank (ECB) responded with measures to shore up lending by banks and maintain liquidity. While several European nations did show recovery trends in Q3 2020 compared to the previous quarter, GDP in Europe over the entire reporting year still decreased 7.0 percent.

In Russia, businesses suffered from the prolonged coronavirus lockdown and the treasury has hit by low oil prices. In April 2020, GDP shrank 28 percent compared to the same month of the previous year. The shutdown of businesses and the decline in oil price resulted in a decline in economic output of around $ 33 billion. Although real wages rose about 6 percent in January and February, many people lost their jobs when the economy went into lockdown. Foreign capital is currently only trickling into Russia, and the country's foreign trade also dropped off significantly.

The pandemic has put tremendous pressure on the US economy. Demand for goods and services was swiftly reduced to the essentials. A state of emergency was declared in March 2020, with businesses being supplied with liquidity to prevent closure. Unemployment rose and was on target for the 20-percent mark at the end of April 2020. Since mid-March, 26.5 million people had lost their jobs, bringing the total number of registered unemployed to over 30 million. GDP fell 9 percent in Q1 compared to the previous year. Investments were put on hold in most sectors, with the exception of online retailers and medical product manufacturers. Government-ordered closures of retail stores, restaurants and recreational facilities led to a plunge in fixed trade volume, intensified by the population's declining purchasing power. Politically, 2020 was characterized by the presidential election. The previous administration's refusal to accept the results of the election led to great uncertainty, though the domestic situation calmed when the new government formally took office in January 2021.

The Asia-Pacific region has gained economic clout on the world stage in recent decades and is the most dynamic region on the planet. In the face of a difficult global outlook due to the coronavirus, China utilized extensive fiscal and monetary instruments to support businesses with extra liquidity and preserve jobs as well as encourage consumer spending from its population. After a difficult start in 2020, China's industrial production rebounded by 3.9 percent in April compared to the same month of the previous year, exceeding expectations. However, the first four months of 2020 saw a total of 10.4 percent less investment in assets compared to the same period the previous year. Imports in April 2020 also fell 14.2 percent compared to the same month of the previous year. Despite this, China's economy was able to recover over the course of 2020, achieving an overall increase in GDP. Japan's economy was greatly impacted by the pandemic, most notably with a double-digit drop in GDP from March to June. Multiple lockdowns and entry restrictions caused domestic and foreign demand to fall considerably. Production, deliveries, investment propensity and consumer spending all decreased in 2020. Industrial companies recorded their biggest drop in orders in seven years. India's foreign trade also felt the effects of the pandemic. As early as March, imports tumbled by 29 percent and exports by 35 percent compared to the same month of the previous year. Due to the low demand for consumer and manufactured goods, inventories in many industries accumulated and capacity utilization in the manufacturing industry decreased. In mid-May 2020, the government proposed a stimulus and financial package totaling € 250 billion, primarily to support microenterprises as well as small to medium-sized enterprises with programs such as soft loans. The package also focused on cash and in-kind transfer benefits for low-income social groups.

In Latin America, a study by the UN Secretary-General's Department of Economic and Social Affairs predicted declining incomes on average, continuing inequality and a rise in poverty, coupled with renewed financial instability, growing political uncertainty and a reduction in global trade. In Brazil, unemployment rose significantly despite government aid measures. A high level of uncertainty put a lasting strain on the investment climate. Restrictions due to coronavirus predominantly affected businesses in the service industry, which make up over 70 percent of Brazil's economic output. In the industrial sector, over 80 percent of businesses recorded sales losses due to a lack of demand. An unfavorable exchange rate also raised the prices of the most commonly imported capital goods. The pandemic hit Mexico's economy with a production halt in critical industries, lower demand from abroad, a lack of consumers for its vital tourism industry and low oil prices. The decline in industrial production of 4.9 percent in March 2020 would herald the country's deep recession. With support for the economy nowhere in sight, businesses were forced to lay off vast numbers of workers. The recession that had been dominating Argentina since mid-2018 continued in 2020, and it was exacerbated by the pandemic. How the economy will trend critically depends on whether the new government is able to renegotiate the national debt.

The economic impact of the pandemic has been enormous for many African countries and the financial leeway for economic countermeasures is marginal. South Africa responded early to the pandemic but nevertheless recorded a deep decline in GDP in the first half of 2020. Bailout packages and slashes in interest rates corresponding to around 10 percent of GDP are aimed at supporting the economy. Compared to South Africa, Kenya's lockdown was mild, with parts of the economy able to remain active, though heavy national debt meant the government lacked the funds for extensive stimulus programs. Previous government measures comprised tax breaks and loan guarantees for businesses. The national economies in the Middle East and southwestern Asia are becoming increasingly unsteady and the pandemic could exacerbate the already serious crisis in some countries. Even before this global state of emergency, the region was struggling with numerous problems: Corruption, high unemployment with a rapidly growing population, war and political tension have compounded poverty and underdevelopment in most countries. Economic power fell by more than 10 percent in 2020.

### Performance of the health care industry

In the reporting year, the health care industry was one of the hardest hit by the pandemic. Acute treatment of COVID-19 patients pushed hospitals around the world to the breaking point. At the same time, elective surgeries had to be postponed or even canceled, further straining the already difficult financial situation of many hospitals, since a large part of these surgeries are a critical component of covering costs. Several countries enacted different support programs to prevent hospitals from becoming insolvent. The pandemic also highlighted the regional differences in the availability of medical care. Above all, the intensive care of COVID-19 patients challenged health care systems around the world. Manufacturers of medical supplies, medical devices and drugs were also heavily impacted by the pandemic, with increased demand for products used to treat COVID-19 forcing a ramp-up in production capacity. Supplying the resources necessary for this effort was challenging, as numerous global supply and value chains were interrupted by temporary export restrictions (including for personal protective equipment [PPE]). After the initial weeks of the pandemic, many governments took swift action to strengthen local production capacity and build up emergency supplies. The effects of the pandemic on the future structure of global value chains in the health care industry cannot be assessed in full at this time. At the same time, manufacturers of products for elective surgeries (such as hip and knee implants) experienced considerable decreases in sales, resulting in production stoppages, reduced working hours and layoffs. A sustained recovery is only expected once the pandemic is over. For pharmaceutical manufacturers and biotech companies worldwide, the development of



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vaccines against COVID-19 was one of the biggest challenges. At the end of 2020, the first vaccines were administered following conditional approval in compliance with regulatory agencies. The largest global vaccination campaign in history is expected to continue through to 2022 due to vaccine availability and impending logistical challenges.

Aside from managing the pandemic, the digitalization and outpatientization of treatment pathways are the major factors facing the health care industry. Medical advancements and persistent cost pressure are pushing more and more treatments from the inpatient to the outpatient setting, and hospital stays continue to get shorter. Digitalization will promote this trend and open up opportunities, in rural areas using telemedicine, for example, to ensure good medical care. For several years now, the world has seen different initiatives and investment programs put into motion that, in some countries (such as in Scandinavia), have already been implemented. Further implementation was slowed somewhat in 2020 due to a shift in priorities from the pandemic. At the same time, the pandemic made it clear how important efficient and digital processes are in health care. This can lead to accelerated implementation in the medium term.

Germany's health care industry proved itself resilient even in the crisis of 2020. Care for COVID-19 patients was ensured while government support measures were able to stabilize hospitals financially. The Future of Hospitals Act, passed by the Bundestag in September 2020, provides for a total of € 4.3 billion to expand digital infrastructures in hospitals. In addition to digitalization, the shortage of skilled labor poses a serious challenge in this industry. Making medical professions more attractive seems to have been met with broad political and social approval due to the coronavirus, though specific and lasting measures have proven elusive thus far. The continued rising demand for medical devices from Germany kept growth steady for manufacturers. Especially in crisis mode, German manufacturers found success thanks to supply capability and consistently high quality. The debate that has started about the local manufacturing of medical care products can strengthen Germany as a location for the pharmaceutical and medical technology industries.

Europe's health care industry was also able to take advantage of the opportunities digitalization revealed in the reporting year. France pursued numerous projects to increase the use of digital services in the health care industry. Prior to the pandemic, the government had estimated a total of € 500 million to digitalize the country's health care industry by 2022. In mid-July 2020, it presented a package of measures totaling over € 6 billion in investment funds for hospitals. In the United Kingdom, billions in government spending on new hospitals expanded the country's health care industry. Currently, however, the pandemic has highlighted a gap in intensive care facilities. The market for eHealth solutions is growing, since the government is increasingly establishing the necessary parameters for innovative enterprises and is forcing digital solutions for health care. Construction of a total of 31 planned municipal hospitals around the country is progressing well. With the outbreak of the virus, the completion of ongoing projects was given increased priority. These projects are being implemented as public–private partnerships. The United Kingdom's exit from the EU poses challenges to the health care industry as well. At the moment, the effects of Brexit on the country's health care industry are manageable due to numerous transitional arrangements. While a new national system for approving medical devices and drugs may be geared toward the EU, manufacturers still need to be prepared for increased regulatory burden. Poland's health care system continues to be underfunded, with European funding being a critical driver of growth in the industry, aiding in the purchase of new equipment as well as in the construction of new hospitals. The bulk of medical technology used in Poland is imported; the percentage of imports is estimated to be over 95 percent. Poland's government is firmly pushing the digitalization of the country's health care forward. It considers this a major opportunity for a system suffering from not just a lack of funding but, more than anything, a lack of doctors. Sick leave forms and prescriptions are already issued electronically Russia's basic medical care reform and its national project "Health" are proceeding de spite the pandemic, with money being spent on the construction of hospitals and the manufacture of medical technology. Between January and April 2020, the manufacture of X-ray, rehabilitation and diagnostic equipment rose 50.7 percent compared to the previous year's period, to around € 111 million. The manufacture of medical instruments and devices grew between January and April 2020 by 11.8 percent compared to the previous year's period. To manufacture medical technology and drugs to fight COVID-19, the government temporarily reappropriated funds intended for upgrading basic services to speed up the manufacture of ventilators, PPE and vaccines. This has resulted in a delay in the planned renovation of hospitals. In general, Spain has a well-equipped health care system. The public sector represents € 74 billion in health spending per year, the private sector another € 31 billion. The two combined represent 9 percent of the country's GDP. The government that took office in January 2020 seeks to upgrade Spain's health care system, with a focus on more modern medical technology and digitalization. Special attention is being paid to efficient, safe technology with proven benefits.

The topic of telemedicine and eHealth was also driven forward in North America's health care industry. The health care industry in the United States experienced increased appreciation after COVID-19 laid bare the system's deficiencies. The country's regulatory authority, the FDA, has issued a series of emergency approvals since the start of the crisis, resulting in novel concepts for ventilators, test kits and test vaccines coming to market quickly. Duty reliefs were enacted for certain medical products. The field of telemedicine saw dynamic development: Under the latest amendments, patients are not required to pay out of pocket for virtual consultations or coronavirus tests during the crisis. Polls are suggesting a permanent shift, with a clear majority of US users of telemedicine services expressing high satisfaction. With executive orders such as "Buy American", the US administration also seeks to reduce the nation's dependence on imported consumables, medical technology and pharmaceuticals.

In the Asia-Pacific region, the health care industry grew substantially in the reporting year due 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 increasing percentage of elderly people. After the country had spent several years relying on cooperation with the private sector to upgrade its health care industry, China is currently about to change its strategy. Legal regulations, like those on volume-dependent public procurement, are attempting to significantly drive down medical technology prices, which primarily impacts foreign manufacturers. Chronic diseases account for 87 percent of all deaths in the country. To better utilize resources and improve national health care, the government is now relying on the expansion of IT infrastructure in the health care industry, on digital aids, online platforms for eHealth, and increasingly on the use of big data and artificial intelligence (AI). The pandemic has only sped up the trend toward digital health. Statista Research Development estimated China's online health care industry to be over € 3 billion in 2020, even before the outbreak of COVID-19. This can reach patients in rural areas and the capacities of specialized hospitals can be better utilized. The government has also announced more investments in digital hospital infrastructure. The first legal foundations for reimbursing or partially reimbursing health care services provided online as part of China's basic health insurance have already been laid. In the future, even more digital services will be reimbursed. The possibilities arising out of digital health are enormous, especially for large insurance companies, which have access to large quantities of patient data and dominate the traditional insurance business of risk analysis. By using big data and AI as well as bundling various offerings for specific services, they can continue to strengthen their relationships with patients. Cooperation with large insurance companies should also become more and more important to medical technology providers in addition to adapting to the ecosystem established by the major Internet companies. For India's health care industry, the pandemic is a wake-up call. The public health sector is currently planning 90 hospital projects with an investment volume of $ 900 million. The pandemic has further increased Japan's demand for medical technology and drugs. Domestic production should be strengthened overall, since the country, with a rapidly aging population, relies on a high percentage of imports in some segments. The island nation is also attempting to compensate for a lack of nurses by using robot nurses and assistants. The expansion of public health insurance in the ASEAN countries,





such as Indonesia and Malaysia, resulted in growing demand for health care services and products. At the same time, private households themselves invested, if only at a low level, a greater share of their income in their health. This led to growing imports, since the region itself predominantly produces consumer goods, less-sophisticated medical electrical devices and hospital furniture. Telemedicine also gained importance in Southeast Asia in the reporting year in order to improve care in remote parts of the region. Basic care is provided by publicly funded facilities, which were also the source of the greatest demand for medical technology products. The biggest growth, however, was in private health care facilities.

Latin America's health care systems struggled with increased cost pressure and higher demand. Brazil's population development argues for sustained market growth, however, low market prices are making the market unattractive despite growth opportunities. In addition, the pandemic has heavily shaken an otherwise crisis-proof industry. The market research institute IQVIA expects an increase in sales in national currency of just 4 percent for 2020 and 10 percent for 2021. Converted to euros, the market volume for 2020 is set to decline, since the Brazilian real depreciated dramatically. According to IQVIA, Brazil was the world's seventh-largest market in 2018, behind the United States, China, Japan, Germany, France and Italy. With annual growth rates of 5 to 8 percent, IQVIA expects that the country will rise to fifth by 2023, surpassing Italy and France. The critical situation with the nation's finances has limited the Ministry of Health's budget, with expenditures for vaccines and drugs taking up an increasingly larger portion. In Brazil, online retail and delivery apps are showing highly dynamic development. The purchase of pharmaceutical products online more than doubled in the first half of 2020. However, it still accounts for less than 5 percent of sales by the major retail chains. Weak purchasing power is reinforcing the trend toward generics and more affordable medical technology, usually of lower quality. Mexico's government attempted to urgently adapt its neglected health care system to the pandemic, fast-tracking the completion of hospitals under construction, hiring new personnel and awarding no-bid contracts to purchase needed medical technology. To finance these endeavors, the Ministry of Health initially spent around $ 1.7 billion from an emergency fund starting in March 2020. Unfortunately, in many cases there was no longer a budget for equipment not directly needed for COVID-19 treatment, including diagnostic and orthopedic technology. Argentina's recession was also felt in the health care industry in the reporting year, since the social security funds had fewer contributions due to declines in real income and employment. Nevertheless, to be able to efficiently utilize the existing infrastructure, the government relied more on measures to digitalize health care. Colombia's health care system faced enormous challenges in 2020 from both an aging population and immigration from Venezuela. The country continued to rely on imports to meet the increased need. Demand will continue to rise in the coming years with the construction of new hospitals. The insolvency of health insurance companies and the steep discounts necessary on outstanding invoices from service providers such as dialysis clinics are negatively affecting confidence in the stability of the health care system.

In the last two decades, Africa has made significant progress in terms of life expectancy and reducing infant mortality. Nevertheless, health care on the continent continues to exhibit substantial deficiencies compared to other regions of the world. The next 30 years will pose additional challenges to the local health care systems, as a growing child population coincides with a higher percentage of elderly people. Due to limited funding, public health care barely has the capacity to adequately respond to the additional need. Additionally, the percentage of public expenditures on the health sector lags behind both when compared to developed countries and in comparison to the African Union's 2001 Abuja Declaration. The health sector in South Africa is relatively well positioned to manage the pandemic but must increase its capacities; hospitals could only slowly expand their treatment options for COVID-19 patients. In Kenya, the pandemic shone a light on the limited capacities of the health sector. Additional capital from abroad should mainly improve basic medical care. The Kenyan government lacks the funds for extensive investments due to a high level of debt, though some market observers are expecting investments in laboratory facilities. Health care in the Middle East is characterized by several international cooperative efforts. Numerous foreign health care providers operate independent hospitals and assist local hospitals with their expertise. The industry also relies on foreign support when it comes to eHealth. The health budget of the United Arab Emirates (UAE) in 2020 was $ 1.3 billion (+6.9 percent compared to 2019). As part of its AI strategy, the UAE intends to invest the equivalent of $ 2 billion, including digital health. The principal investor in digital health is the public sector, whose financial leeway is greatly limited due to the impact of the pandemic. Greater involvement of the private sector will be decisive for successful implementation.

## PERFORMANCE AND FINANCIAL POSITION

### Business performance

In the 2020 reporting year, B. Braun sales grew 2.2 percent at constant exchange rates. This is outside of our strategic growth range of 5 to 7 percent, however, given the pandemic, the sales trend for 2020 is satisfactory. Depreciations of the US dollar and the Russian ruble as well as South American currencies such as the Brazilian real and Argentinian peso particularly affected the development of the reporting currency. The same applies to the price decline of the Chinese renminbi during the year. Sales in the reporting currency fell 0.6 percent to € 7.4 billion (previous year: € 7.5 billion). The Hospital Care, Out Patient Market and B. Braun Avitum divisions showed good increases in sales, which were largely within the targeted growth range when adjusted for currency effects. The Aesculap division was unable to offset the negative effects of the pandemic due to elective surgeries being postponed in many countries. Despite orders having since stabilized, sales in this division for the reporting year were significantly less than in the previous year. In contrast, products from the areas of infusion systems, compounding, infection prevention and injectable drugs sold very well, and products for disinfection and hygiene as well as corresponding PPE were in high demand.

Our domestic market of Germany performed well in the reporting year, with the increase in sales reaching our targeted growth range. The development in Europe was largely positive. Italy, Russia, the United Kingdom, Scandinavia and Switzerland in particular saw local sales increases. Sales in France, Poland, Belgium and the Netherlands, on the other hand, were weaker than in the previous year. Sales in US dollars in North America were good, however they remained at the previous year's level in the reporting currency. The Asia-Pacific region was unable to reach the previous year's level. Nearly every Asian country recorded a decline in sales due to the pandemic, with China in particular seeing a considerable loss. Only South Korea and Australia showed increases compared to the previous year. In Latin America, development in local currencies was satisfactory. Mexico and Chile achieved good growth rates. Brazil and Colombia were also able to achieve slight increases. Business performance in Argentina was again seriously strained in 2020 due to inflation. Due to the devaluation of Latin American currencies compared to the euro, those nations performed poorly in the reporting currency. In the Africa and Middle East region, we continued to increase sales, however, the increase was hampered in the reporting currency by negative exchange rate effects.

We were able to increase our operating profit in the reporting year, reaching the goal of improved earnings we set for ourselves. While cost increases in our production and growing regulatory requirements continued to put a strain on earnings, it was possible to reduce our cost level for sales and administration with a declining gross margin from a lack of business in Aesculap. In addition to actively controlled measures to improve process efficiency, this reduction was facilitated primarily by the restrictions on travel and sales activities put in place to contain the pandemic. The changes to our plant in Irvine, CA (US) mandated by the FDA in 2017 were completed in the reporting year through close cooperation with the agency and the corresponding





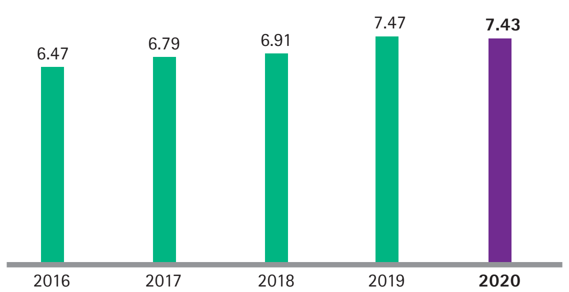
warning letter was lifted. Currently, we are working on overhauling/expanding production at the location in Daytona Beach, FL (US) and we expect FDA approval in 2021. Also in the United States, the value of the capitalized development costs for Novocart 3D was adjusted in the amount of € 20.1 million. Our pharmaceutical plant in Berlin experienced an incident resulting in property damage and a production stoppage. Final valuation of the damage is still pending. EBITDA at constant exchange rates for 2020 is 4.4 percent above the previous year, totaling € 1,126.3 million (previous year: € 1,079.1 million). Despite this clear improvement, we were unable to reach our goal of € 1.2 billion.

Of the key performance indicators used to manage operations, interim profit and EBIT, only interim profit reached the projected target range of € 500 million to € 550 million. This corridor could not be reached for EBIT despite a significant increase compared to the previous year. Given the pandemic, however, we are nevertheless satisfied with this earnings trend. In absolute figures, these management indicators at constant exchange rates totaled

## KEY PERFORMANCE INDICATORS

| | 2019 | 2020 | Change in % |
|---|---|---|---|
| Sales (in € million) | 7,471.3 | 7,426.3 | –0.6 |
| Gross margin (in %) | 40.5 | 39.4 | |
| Net profit margin after taxes (in %) | 2.6 | 4.1 | |
| Interim profit (in € million) | 475.4 | 495.0 | 4.1 |
| Profit before taxes (in € million) | 309.0 | 416.1 | 34.7 |
| Profit before taxes (adjusted in € million) | 400.2 | 416.1 | 4.0 |
| Consolidated net income (in € million) | 197.3 | 301.5 | 52.8 |
| Consolidated net income (adjusted in € million) | 288.5 | 301.5 | 4.5 |
| EBIT (in € million) | 388.8 | 481.8 | 23.9 |
| EBIT (adjusted in € million) | 480.0 | 481.8 | 0.4 |
| EBITDA (in € million) | 1,079.1 | 1,103.2 | 2.2 |
| EBITDA margin (in %) | 14.4 | 14.9 | |
| Equity ratio (in %) | 36.9 | 37.5 | |
| Equity ratio including loans from shareholders (in %) | 37.6 | 38.3 | |
| Equity ratio net of effects of IAS 19 (in %) | 42.4 | 43.9 | |
| Net financial debt (in € million) | 2,951.9 | 2,537.9 | –14.0 |
| Debt-equity ratio (Net financial debt/EBITDA) | 2.7 | 2.3 | |
| Research and development expenses (in € million) | 364.5 | 369.8 | 1.5 |
| Investments in property, plant, and equipment, intangible assets and financial investments (in € million) | 894.6 | 782.8 | –12.5 |
| Depreciation and amortization of property, plant, and equipment and intangible assets | 599.2 | 621.4 | 3.7 |
| Net working capital (in € million) | 2,051.2 | 2,165.7 | 5.6 |
| Personnel expenditures (in € million) | 2,828.9 | 2,855.4 | 0.9 |
| Employees (as of December 31) | 64,585 | 64,317 | –0.4 |

## SALES DEVELOPMENT
in € billion




€ 509.0 million (interim profit) and € 491.3 million (EBIT), respectively, or 7.1 percent and 26.4 percent above the previous year, respectively. Even when allowing for the adjustment in value of the shares in Rhön-Klinikum AG in the previous year (€ 91.2 million), the previous year's result was still exceeded. Consolidated net income at constant exchange rates rose to €307.3 million (previous year: € 197.3 million). The pandemic had a considerable impact on demand in the reporting year. Increasing demand for disinfection and hygiene products as well as PPE was observed for single use products. Infusion therapy products also saw high demand, particularly pump systems for COVID-19 patients in intensive care. In contrast, we took losses in the areas of basic care (Hospital Care) and implants (Aesculap).

The B. Braun Group remains in good, stable financial condition, even during the pandemic. At present, we are not aware of any other factors that could materially have a negative impact on the Group's position.

### Earnings

**B. Braun Group's sales growth**

In FY 2020, B. Braun Group sales totaled € 7,426.3 million (previous year: € 7,471.3 million), for a 0.6 percent decrease (2.2 percent at constant exchange rates) over the previous year.

At the operational division level, Hospital Care, Out Patient Market and B. Braun Avitum made a positive contribution to our sales. The Hospital Care and Out Patient Market divisions posted strong growth rates of 3.5 percent and 5.8 percent, respectively. B. Braun Avitum's sales rose by 1.0 percent, while the Aesculap division took a loss of 11.4 percent due to the lack of elective surgeries.

Germany experienced good growth at 6.1 percent. In Europe (excluding Germany), sales growth at constant exchange rates remained stable at +3.8 percent, with Italy, Russia, the United Kingdom, Scandinavia and Switzerland in particular seeing good growth locally. However, due to currency exchange rate trends, some countries with foreign currencies performed considerably poorer when converted to euros. France, Belgium, the Netherlands and Poland were unable to achieve the previous year's sales level. North America was able to exceed the previous year's sales in US dollars by 2.1 percent, with sales just exceeding the previous year by 0.2 percent in the reporting currency. In the Asia-Pacific region, B. Braun was unable to reach the previous year's sales at constant exchange rates (-4.4 percent). China (including Hong Kong), India and Indonesia in particular fell below the previous year in local currency, with negative currency exchange rate effects due to a strong euro putting additional strain on sales in the reporting currency. In Malaysia, we just barely reached the previous year's sales level in local currency. Australia and South Korea had positive growth despite the negative exchange rate effects also prevalent in those countries. In the Latin America region, we increased sales in local currencies by 3.5 percent. Argentina, Mexico and Chile saw good sales increases in their currencies. Every country in Latin America (especially Argentina) were impacted by strong, negative fluctuations in exchange rates compared to the euro, which is why sales in the reporting currency fell 14.8 percent compared to the previous year. In the Africa and Middle East region, we experienced 2.0 percent in growth in local currencies, however, sales in the region ended up 2.3 percent below the previous year in the reporting currency.

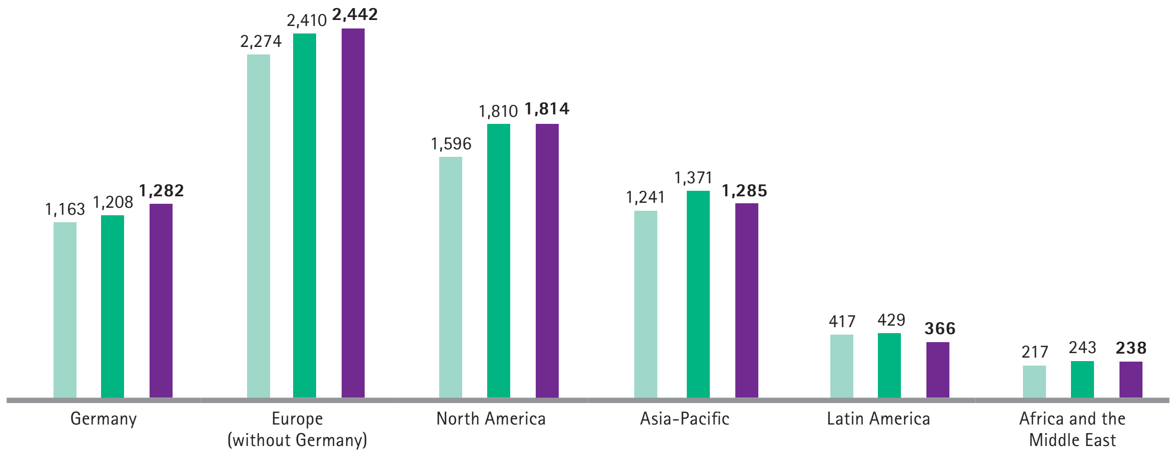
**Business performance of the B. Braun Hospital Care division**

The Hospital Care division increased sales 3.5 percent to € 3,459.8 million (previous year: € 3,343.0 million), though the division was burdened by negative currency exchange rate effects. When adjusted for currency effects, the division's growth rate was 6.8 percent. Our infusion pumps were a critical driver of this growth, as demand rose sharply due to the pandemic. The addition of extra capacity in the United States for patient-specific nutrition solutions further increased sales. However, demand for basic care products, IV catheters, infusion sets and regional anesthesia products declined. Growth was also negatively impacted by currency exchange rate effects in Latin America, Eastern Europe and Asia-Pacific, with government interventions in Ec-

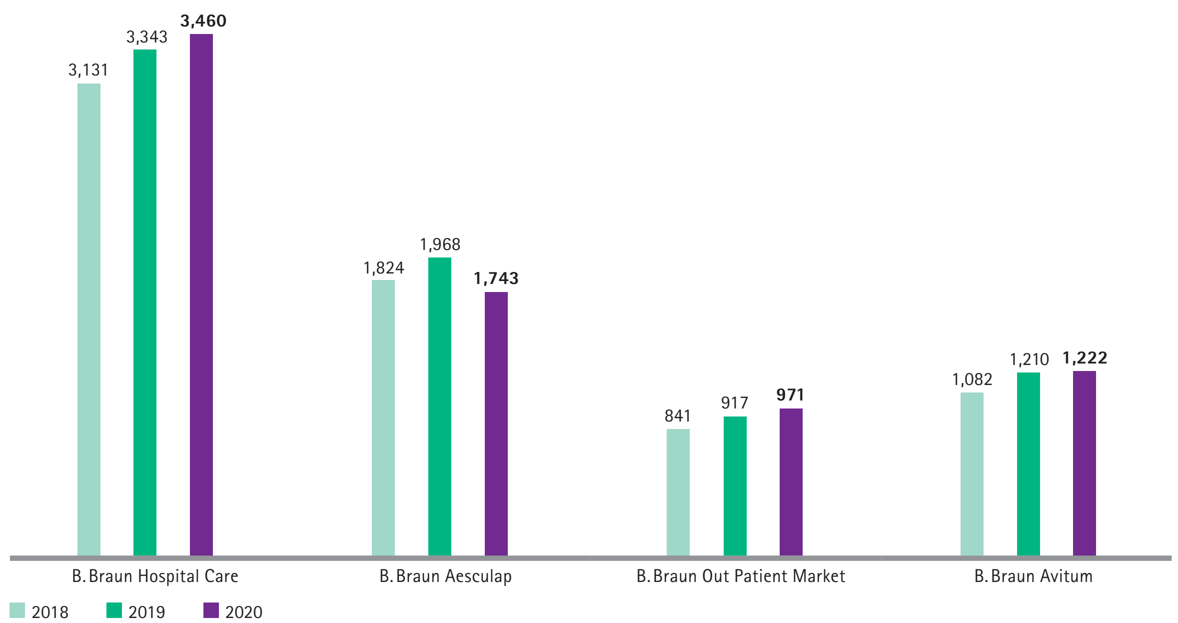


GROUP MANAGEMENT REPORT
Economic Report

## SALES BY REGION
In € million




## SALES BY DIVISION
In € million



uador, Colombia and Peru restricting necessary price increases that would have offset these effects. Growing regulatory requirements and higher production costs also prevented better development.

### Business performance of the B. Braun Aesculap division

In the last fiscal year, the Aesculap division reported sales of € 1,742.9 million (previous year: € 1,968.2 million), falling 11.4 percent (9.5 percent at constant exchange rates) below the previous year. This decline in sales was the result of postponements or cancellations of elective surgeries due to the pandemic. The core markets of Germany, the United States and China all recorded losses. Sales of implants (knee, hip and spine) and surgical supplies (suture materials and laparoscopy products) declined, however, products for access ports saw increases. The digital microscope Aeos® was successfully launched in the market. The steps taken worldwide to reduce costs were unable to offset the poor sales caused by the pandemic and implementation of the European Medical Device Regulation (MDR) further dampened earnings.

### Business performance of the B. Braun Out Patient Market division

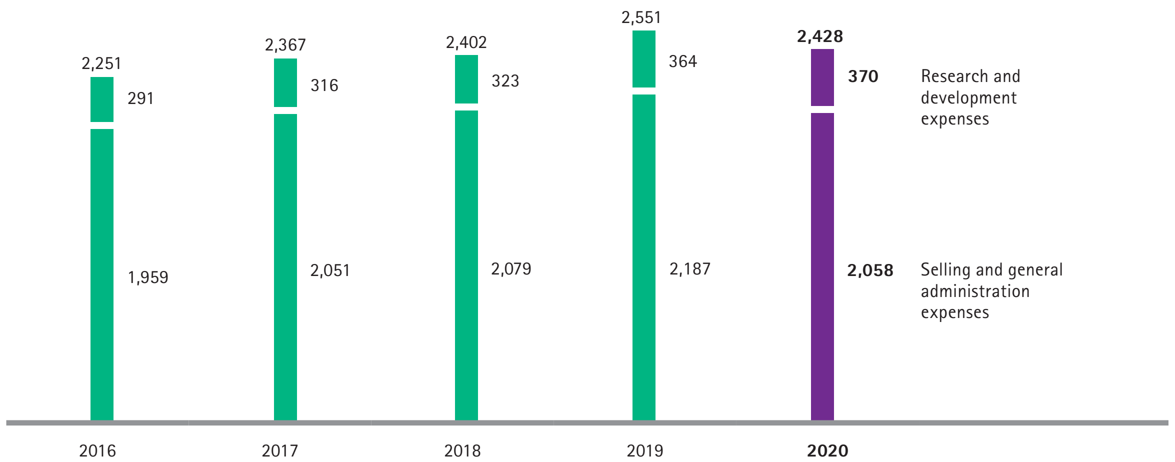
The Out Patient Market division reported sales of € 970.9 million (previous year: € 917.3 million), rising 5.8 percent (7.9 percent at constant exchange rates) above the previous year. This growth was primarily achieved with our infection prevention products. By contrast, sales in the areas of wound care and ostomy care fell below the previous year. Sales development was also burdened by currency exchange rate trends, predominantly in South America and Eastern Europe. In Ireland, B. Braun surgical masks launched successfully, and possible expansion to other countries is currently being examined.

### Business performance of the B. Braun Avitum division

Sales in the B. Braun Avitum division increased by 1.0 percent in the reporting year (4.5 percent at constant exchange rates) to € 1,221.9 million (previous year: € 1,210.1 million). The primary growth markets were China, the United Kingdom and Mexico. Due to the pandemic, sales of acute dialysis products rose considerably, with increases in the sales of dialyzer cartridges and HD concentrates. Sales of dialysis machines increasingly improved over the course of the year. In contrast, several projects relating to water treatment systems could not be started due to the pandemic. Our network of renal care centers saw growth of 1.5 percent at constant exchange rates. Adjusted for sales and acquisitions, organic sales growth came in at 4.8 percent. The decline in sales due to the sale of our

## FUNCTIONAL EXPENSES

In € million







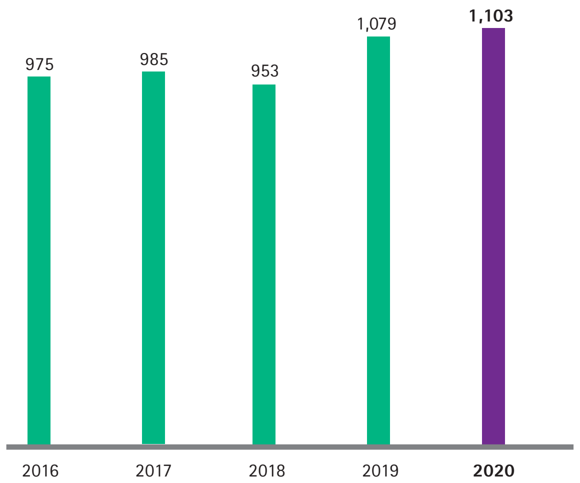

centers in Poland was offset. Our overall good development was negatively affected by the weakness of the currencies in Latin America and Russia as well as additional material costs for PPE and increased personnel expenditures.

### Development of gross profit

Gross profit in the 2020 reporting year fell 3.4 percent to € 2,923.1 million (previous year: € 3,026.5 million). Gross margin shrank 1.1 percentage points to 39.4 percent (previous year: 40.5 percent) due to startup costs for our new plants and increased production costs in Germany along with the locations in Irvine, CA (US), Nogent (France) and Midrand (South Africa). Furthermore, production also experienced growing regulatory requirements and increased costs for audits associated with them.

## EBITDA

In € million




### Development of functional expenses

Selling expenses decreased 7.0 percent to € 1,695.0 million (previous year: € 1,823.1 million). Higher cargo rates due to the pandemic also increased costs. At the same time, we managed to save considerably on costs through optimized sales and logistics structures, though mostly through reduced travel, and fewer trade fairs and events due to the pandemic. The ratio of selling expenses to sales therefore decreased significantly by 1.6 percentage points. Administrative expenses in the fiscal year came to € 363.2 million (previous year: € 363.4 million), remaining at the previous year's level. At constant exchange rates, administrative expenses were 2.7 percent higher than the previous year. We aim to maintain this low cost level by consistently implementing further process and cost optimization measures, with a major component being the continued expansion of our shared service organization in conjunction with additional process automation. The first projects using modern technology, such as robotic process automation, are already underway.

Research and development expenditures rose slightly in the reporting year. Non-capitalized research and development expenses were up by 1.5 percent to € 369.8 million (previous year: € 364.5 million), with € 26.1 million (previous year: € 14.2 million) in adjustments of the value of development projects. In addition, development expenditures totaling € 22.8 million (previous year: € 21.4 million) were capitalized as intangible assets.

### Development of other operating income and expenses

Other operating income and expenses for the reporting year totaled € -33.8 million (previous year: € -40.7 million), a difference of € 6.8 million. Costs to hedge exposure in foreign currencies dropped € 7.8 million to € -25.7 million (previous year: € -33.5 million), in contrast to an increase in value adjustments to receivables compared to the previous year. In return, the sale of our provider business in Poland made a positive contribution to discontinued consolidation. Income was realized in connection with earnout payments from past acquisitions.

### Development of net financial income

Net financial income, including investment income, improved in FY 2020 by € 80.7 million to € -45.1 million (previous year: € -125.8 million). Interest expenses totaled € 51.7 million, falling € 6.6 million from the previous year (€ 58.3 million). At € 9.6 million, interest income was higher compared to the

[2] The difference between additions to fixed assets and cash outflow from investing activities as attributable to cash relevant investments and currency translation effects.

previous year (€ 7.7 million). Additionally, investment profits (including profits from equity method investments) were significantly higher (€ +66.7 million), totaling € 20.9 million (previous year: € -45.9 million). This was essentially the result of the adjustment made in FY 2019 on the carrying value of the investment in Rhön-Klinikum AG. We sold off our shares in Rhön-Klinikum AG in the reporting year.

### Development of earnings figures

Interim profit increased to € 495.0 million (previous year: € 475.4 million). EBIT in the reporting year reached € 481.8 million, just barely exceeding the previous year's level (previous year adjusted: € 480.0 million). Depreciation increased to € 621.4 million (previous year: € 599.2 million), for an EBITDA of € 1,103.2 million. EBITDA increased 2.2 percent over the previous year. The EBITDA margin increased by 0.5 percentage points to 14.9 percent of sales (previous year: 14.4 percent of sales).
Profit before taxes improved 34.7 percent, reaching € 416.1 million (previous year: € 390.0 million). Income taxes for the fiscal year amounted to € 114.6 million, up € 2.9 million from the previous year (€ 111.7 million). The effective tax rate in the reporting year was 27.5 percent (previous year: 36.1 percent). Consolidated net income totaled € 301.5 million, up 52.8 percent from the previous year (€ 197.3 million).

## Financial position

### Liquidity

Operating cash flow totaled € 797.8 million (previous year: € 815.0 million), down € 17.2 million from the previous year. Cash flow from investment activities[2] fell € 452.6 million in the fiscal year to € 346.6 million (previous year: € 799.2 million), resulting in a clearly positive free cash flow of € 451.3 million (previous year: positive free cash flow of € 15.8 million). Accordingly, cash flow for investments in plant, property and equipment as well as intangible assets totaled € 677.1 million (previous year: € 768.9 million) and € 24.1 million (previous year: € 59.5 million) for investments in financial assets and business acquisitions. At the same time, B. Braun received dividends and dividend equivalents in the amount of € 14.1 million (previous year: € 15.3 million). The sale of our interest in Rhön-Klinikum AG brought in another € 304 million. Net loan repayments for the reporting year was € 408.5 million (previous year: net € 41.7 million in borrowing). Overall, cash and cash equivalents rose by € 66.8 million as of the reporting date, to € 149.1 million (previous year: € 82.4 million). Stable cash flow from operations in conjunction with open, firmly committed credit lines gives B. Braun adequate liquidity at all times.

### Asset structure

As of December 31, 2020, the total assets of the B. Braun Group decreased to € 9,720.1 million (previous year: € 10,088.4 million), a decrease of 3.7 percent. At constant exchange rates, total assets increased 1.1 percent, reflecting investments in property, plant, and equipment that exceeded depreciation and more working capital.

Non-current assets decreased 6.2 percent to € 6,605.9 million (previous year: € 7,040.0 million). Due to a consistently high level of investment, total property, plant, and equipment increased in the reporting year by 3.0 percent at constant exchange rates, though a strong euro resulted in a 1.8 percent decrease in the reporting currency to € 5,150.0 million (previous year: € 5,244.1 million). Financial assets decreased 65.2 percent to € 175.0 million due to the sale of our shares in Rhön-Klinikum AG. Inventories as of the reporting date amounted to € 1,450.2 million, up 5.8 percent (11.6 percent at constant exchange rates) over the previous year (€ 1,370.2 million). Inventory coverage as of the reporting date was 16.7 weeks (previous year: 16.0 weeks). Trade receivables dropped by 4.6 percent (+2.7 percent at constant exchange rates) to € 1,182.9 million (previous year: € 1,240.0 million). Trade receivables DSO were reduced by 4 days to 61 days compared to the previous year (65 days).

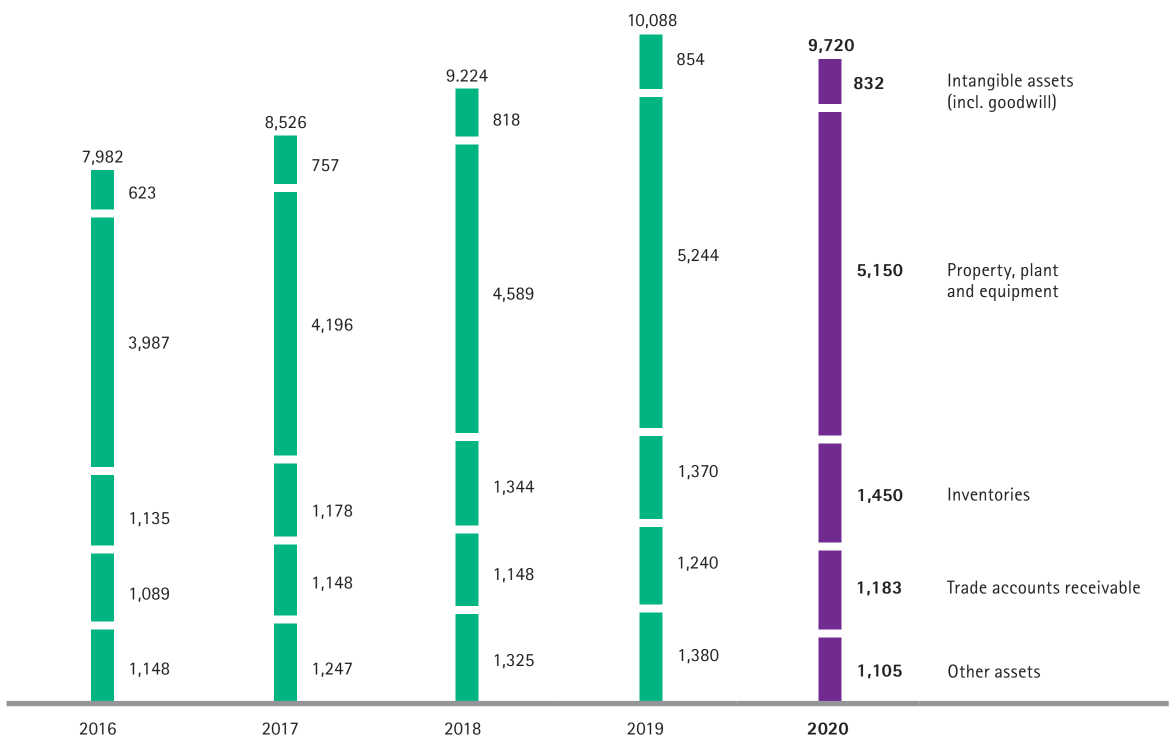
### Financing structure

Equity decreased by 2.1 percent (+5.0 percent at constant exchange rates) to € 3,641.0 million (previous year: € 3,720.6 million). The equity ratio was 37.5 percent (38.3 percent at constant exchange rates), 0.6 percentage points over the previous year's level (36.9 percent). Taking into account shareholder loans, this corresponds to an equity ratio of 38.3 percent, meeting our goal from the previous year of over 38 percent. In the reporting year, the actuarial interest rate for pension provisions fell to 1.25 percent (previous year: 1.5 percent), for a rise in actuarial losses of € 97.6 million. According-

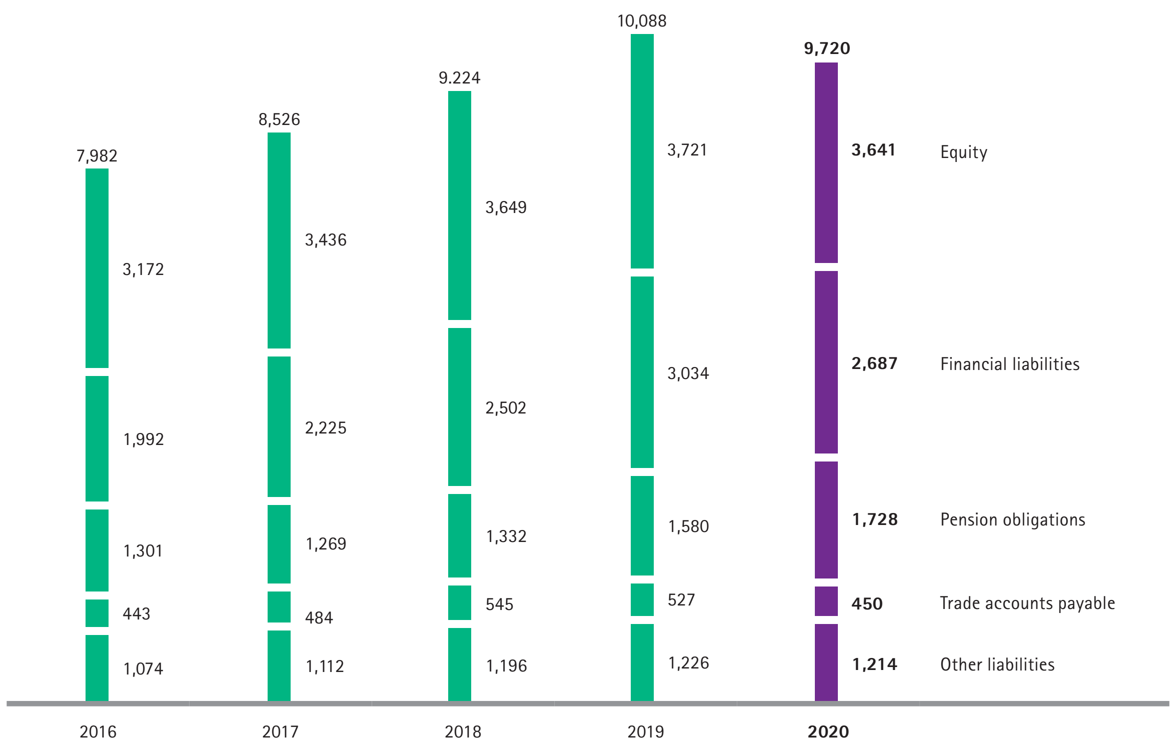




STRUCTURE OF STATEMENT OF FINANCIAL POSITION: ASSETS
In € million




STRUCTURE OF STATEMENT OF FINANCIAL POSITION: EQUITY AND LIABILITIES
In € million



ly, total provisions for pensions and similar commitments increased by 9.4 percent to € 1,728.2 million (previous year: € 1,580.0 million). The low interest rate necessitated an increase in pension provisions. Adjusted for the effects in the period from 2011 to 2020 from the revaluation of pension commitments, equity totals € 4,263.9 million. This results in an equity ratio of 43.9 percent, which is close to our strategic target of 45 percent. Financial liabilities decreased 11.4 percent to € 2,687.0 million (previous year: € 3,034.2 million). Non-current financial liabilities fell 15.8 percent to € 1,935.8 million (previous year: € 2,298.2 million). Current financial liabilities, in contrast, rose 2.1 percent to € 751.2 million (previous year: € 736.0 million). Financial liabilities from leasing sank in the fiscal year by € 28.3 million to € 404.2 million (previous year: € 432.5 million). Most Group financing is conducted in euros, however, there are also small loans in various foreign currencies. As of the reporting date, 57.6 percent (previous year: 61.9 percent) of financial liabilities to banks and insurance providers carry a fixed interest rate. Less financial debt and increased cash and cash equivalents mean that net financial debt (including IFRS 16) fell € 414.0 million to € 2,537.9 million (previous year: € 2,951.9 million). Trade accounts payables fell 13.5 percent to € 448.7 million (previous year: € 524.9 million). At the same time, trade payables DPO dropped 7 days to 37 days (previous year: 43 days).

Outside financing is obtained exclusively from banks we deem reliable and the range of measures includes syndicated and bilateral credit lines, promissory notes and an asset-backed securities program. As of the reporting date, B. Braun has available lines of credit in the amount of € 1,592.0 million (previous year: € 1,251.1 million). We have met all of the required financial performance benchmarks agreed upon with our banks. In 2020, we were able to place our planned refinancing instruments. Financing measures in the reporting year included B. Braun SE taking out a new syndicated line of revolving credit in the amount of € 700 million that has replaced an existing syndicated line of credit taken out by B. Braun Melsungen AG for € 520 million. B. Braun SE also assumed promissory notes from B. Braun Melsungen AG totaling € 883.0 million under the established terms as part of an assumption of obligations. The asset-backed securities program was largely financed by the backup line of credit during the reporting year.

## Non-financial performance indicators

### Number of employees

As of December 31, 2020, the B. Braun Group employed 64,317 personnel, 0.4 percent less than in the previous year (64,585). The slight decrease was due to targeted adjustments and optimized processes in production and in the sales organizations of individual national subsidiaries, along with the sale of our renal care centers in Poland, without which our number of employees would have risen slightly.

At the end of the year, a total of 15,893 people were working for B. Braun in Germany (+0.4 percent). This increase was due to the acquisition of additional renal care centers and an increase in hirings for the production of dialyzer cartridges. The number of employees in Europe (excluding Germany) also rose slightly, by 0.8 percent to 20,085 (previous year: 19,924). This was due to an expansion of business activities, particularly in Russia, where we acquired existing renal care centers and established new ones, as in previous years. There was a need for temporary employees in our logistics centers in Spain, and in technical and administrative areas. To meet the increased demand due to the pandemic, temporary employees were hired for production in Italy. In France, rising sales resulted in an expansion of production and, with it, an increased need for personnel.

In North America, we increased production capacity and expanded our research and development activities, resulting in an increase in employees by 2.5 percent to 7,777 (previous year: 7,587). In the Asia-Pacific region, B. Braun had 16,108 employees, 3.6 percent fewer than the previous year (16.713). In Malaysia, we adapted pharmaceutical production to a decrease in demand and exploited synergies in other areas. In India and China, lower demand resulted in a decrease in employees. In Latin America, the number of employees sank 4.0 percent to 3,431 people (previous year: 3,575). Improved production efficiency through restructuring and retirement schemes reduced the number of employees in Brazil. The number of employees in Colombia increased due to expanded production and dialysis business.

In Africa and the Middle East, a total of 1,023 people were working at B. Braun at the end of the reporting year, 6.8 percent more than the previous year (958). The construction of a production facility in Kenya that began operations in April 2020 and a new pharmaceutical factory in South Africa increased the number of employees in these countries.

### Vocational training

B. Braun trains young people in Brazil, Germany, France, Malaysia, Poland, Switzerland and Vietnam. In these countries, a total of 1,110 (previous year: 1,105) people were undergoing vocational training in the reporting year. A total of 360 young people (previous year: 384) completed their training and 289 (previous year: 291) accepted offers to join B. Braun.

At B. Braun's locations in Germany, we train young people in a variety of commercial, technical and scientific occupations. Overall, B. Braun offers 27 various positions requiring certified apprenticeships, which is provided in a dual education system. To learn the theoretical knowledge they need, apprentices attend vocational school every week or in blocks. At B. Braun, they work in a variety of departments to connect their theoretical knowledge with practice. Across Germany, there are currently 783 (previous year: 802) people in apprenticeships. In the reporting year, a total of 105 apprentices (previous year: 91) took the option of undertaking a course of study in one of 14 different majors alongside their training. Of the 236 apprenticeship graduates overall (previous year: 232), a total of 209 (previous year: 201) accepted offers to join B. Braun.

### Thanks to the employees

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. Especially in 2020, the year of the pandemic, B. Braun was able to rely on the flexibility, personal commitment and high motivation of its employees:

EMPLOYEES BY REGION

We had employees volunteer to work at other plants and locations to help handle spikes in production. Our employees in warehousing and logistics ensured smooth operations, making it possible to maintain high supply capability. Employees in sales found pragmatic solutions to let us deliver products to our customers, despite the pandemic. Administration employees arranged for urgently needed PPE in the face of strained supply chains. And employees working in offices switched to working at home and video-conferencing from one day to the next. We extend our sincere thanks to all our employees for their work and for their willingness to take on new tasks. This willingness will also be the basis for positive business performance in the future. We thank the employee representative committees and trade unions for their always fair and constructive collaboration.

### Quality and environmental management

B. Braun operates an extensive and connected quality management system certified by accredited notified bodies. It consists of a multi-step process that covers international requirements, regulations, and laws, and integrates applicable standards for material, product, 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 ISO 13485 criteria in all reporting countries that manufacture medical devices. ISO 13485 verifies that a high-quality management system is in place that evaluates, analyzes and continuously improves on quality in developing, manufacturing, storing and selling medical devices. In many countries, we are also certified under ISO 9001, a basic standard in quality management that includes all industrial sectors. We implement new or modified global standards in cross-divisional projects and integrate them into this system. We also integrate regulatory requirements from national markets into the system, such as the Medical Device Single Audit Program (MDSAP), which monitors the quality of medical devices in Australia, Brazil, Japan, Canada and the United States. We currently include our German and Swiss locations in the MDSAP and are successively expanding the certification of other international locations. With our global quality management system, we ensure that all locations in the production network operate according to the same principles. The result is products and services that not only meet national quality requirements, but often go far beyond them. The latest legal standards include the EU's regulation on medical devices (MDR), which was meant to take effect as of May 2020. It supersedes the previous Medical Device Directive (MDD) and has an impact on numerous processes regarding the development, manufacture, and sale of medical technology. With its higher requirements, the MDR effectively improves product quality; for example, with stricter requirements on conducting clinical trials, an expanded scope for qualifying and validating manufacturing processes, restructuring responsibilities for technical documentation, and enhanced measures for market surveillance. 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 audited under the MDR implementation guidelines. This makes us one of the first companies in Germany to receive an MDR certificate and we consider ourselves well equipped to implement the regulation by May 2021. 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 invested around € 20 million to retrofit 30 production lines, 30 warehouses and 700 packages in Europe and North America to meet track and trace requirements, allowing us to register the serial numbers of every drug we have produced since the inception of the directive on February 9, 2019 on a central EU database. With this, B. Braun fulfilled all track and trace regulations when the directive took effect.

The B. Braun Management Board and the European Works Council have agreed to joint rules for environmental protection. All European subsidiaries in the B. Braun Group are committed to adhering to unified standards that exceed the statutory regulations in the respective countries. In this way, we can achieve comparable systems for operational environmental protection across Europe. The binding certifications for all European B. Braun production subsidiaries include ISO 14001 for environmental management and ISO 50001 for energy management. Also outside of Europe, numerous B. Braun companies have already certified locations in accordance with these ISO standards. Some locations have even been awarded the Eco Management and Audit Scheme (EMAS) certificate, such as in Spain and Austria. To complement the management approaches in the ISO 14001 certification, EMAS focuses on publicly available environmental reporting with tangible action plans and data. In Switzerland, we are a member of the Energy Agency of the Swiss Private Sector (EnAW). As part of the "Effizienz+" program, we have optimized our processes in this country to use the energy needed for production even more efficiently. All employees, in accordance with their position, receive regular training on occupational safety and health, first aid, and what to do in case of a fire. We design workplaces to be ergonomic and, if possible, low-noise, and develop occupational safety and health plans to strengthen our culture of safety. All technical departments of the company must meet strict legal and regulatory requirements, supplemented by B. Braun's own standards for occupational safety and health, and monitored by regular audits. Some B. Braun locations have already been certified under ISO Standard 45001, which will supersede the longtime standard OHSAS 18001 in 2021. Both certifications are considered the highest standard for managing occupational safety and health. Whereas OHSAS 18001 focuses exclusively on procedures within a company, ISO 45001 looks at company processes and how they interact with the business environment. In the United Kingdom, we are implementing the comparable plan-do-check-act system set forth in the HSG65 national standard. The Melsungen location has also obtained the seal of approval for systematic safety from Germany's statutory accident insurance provider for the raw materials and chemicals industry (BG RCI). 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". Renal care centers qualified under these standards are authorized to use the Good Dialysis Practice certificate. B. Braun is also a member of the German Chemical Industry Association (VCI) and follows its guidelines for responsible conduct, with the goal of independently improving health, safety and the environment.

Despite high quality standards and preventive measures, a product can, on a rare occasion, be defective or be used incorrectly. Complaints are received by our local sales organizations, then analyzed and evaluated in Melsungen and Tuttlingen. From there, investigations are ordered at the production locations in question, then our experts develop solutions on site as required.

### Customer accountability and product responsibility

B. Braun protects and improves the health of people around the world—with safe, high-quality products and services. Our customer groups—hospital management, doctors, nurses, pharmacists and, not least, patients—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 about progress, increase safety and strengthen partnerships for better patient care.

With the "B. Braun for Safety" project, which was launched in 2013, we have strengthened our partnerships with a variety of organizations and associations, including cooperation with the European Association of Hospital Managers, the umbrella organization for hospital management in Europe. Through joint projects, we increase awareness of the risks of use and contribute to safe and high-quality patient care over the long term.

B. Braun is actively working in the German Medical Technology Association (BVmed), the European

Medical Technology Association (MedTech Europe) and the Asia Pacific Medical Technology Association (APACMed) on new medical standards and rules, including on the topic of safety. B. Braun Management Board member Dr. Meinrad Lugan is chairman of the board of BVMed and sits on MedTech Europe's Operations Management Committee. Dr. Gabriela Soskuty, Senior Vice President Global Government Affairs & Market Access, represents us as on the board of the German Pharmaceutical Industry Association (BPI). Dr. Jean-Claude Dubacher, chairman and CEO of B. Braun in North America, sits on the boards of the German American Chamber of Commerce and the medical technology association AdvaMed. Lam Chee Hong, President of the Asia-Pacific region, represents B. Braun on the Management Board of the Asia Pacific Medical Technology Association (APACMed).

Part of our safety concept is to continuously improve the design of our products and packaging: Easily visible, harmonized color codes indicate the size of the product or what material 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. Our work in this area has been recognized by multiple product design awards.

Our Data Protection department establishes the B. Braun data protection strategy, defines goals and establishes standard processes. B. Braun's data protection experts ensure compliance with legal requirements and internal standards, 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. The requirements in the EU's General Data Protection Regulation (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.

More networking brings with it potential risks to critical infrastructure (KRITIS), such as at hospitals and the production facilities of manufacturing companies, which are important to the community.

Lawmakers are responding to this development with new regulations, such as the IT Security Act in Germany. At B. Braun, a chief information security officer (CISO) coordinates all information security activities and measures. We have set a goal of establishing an information security management system (ISMS) in accordance with international standard ISO/IEC 27001. We also work with Germany's Federal Office for Information Security (BSI) to conduct voluntary tests of connected medical technology products in order to use the knowledge obtained to further increase the safety of product software.





# 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 fundamentally pursue a cautious corporate strategy and avoid any uncontrollable potential risks, with risk management and controlling being 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

One substantial risk is the future developments in the coronavirus pandemic. If the number of new infections cannot be kept low, a more prolonged state of vulnerability can be expected. Fresh outbreaks of the virus can impede or even temporarily halt individual production facilities and supply chains. If the crisis were to continue to persist, it would be more difficult for governments to mitigate its impact with public borrowing and publicly funded support programs. In the eurozone, Member States that were already heavily in debt before the pandemic are faced with a significant challenge. If the economic consequences of the pandemic cannot be contained, there is a risk of renewed doubt in the solvency of individual Member States. This means the risk of a financial crisis has risen. Should government assistance measures expire before the economy has achieved sustainable recovery, there is a risk of business insolvencies that could weaken the financial position of banks and institutional investors, which could narrow the options for outside and equity financing.

The trade conflict between the United States and China holds a risk of permanently straining international economic relations. The first punitive tariffs on goods from China in June 2018 were the prelude to an escalating trade dispute between the world's two largest economies, resulting in global uncertainty. There is a risk that businesses will refrain from investing and consumers will put off purchases. This would put considerable strain on export-oriented companies. Price increases or low product availability can also prove detrimental to private households. With the new administration in the United States, Europe can assume a more open and reliable dialog. Even if some of the protectionism that grew in recent years remains, the risk of extra duties on imports from Europe is likely to be lower.

The probability of individual macroeconomic risks becoming reality appears high and can impede the growth of B. Braun.

### Industry risk

The health care industry is of major importance to national economies while also being largely unaffected by economic trends. This means the health care industry can have a stabilizing effect on aggregate demand and on the labor market. The health care industry is also on a course of expansion overall. With B. Braun's portfolio of single use products, stable sales can generally be earned, whereas the capital goods it produces are more vulnerable to macroeconomic development. We are currently observing a somewhat divergent development as the pandemic progresses. Despite massive strains on government budgets, especially from support payments related to business closures, products such as infusion pumps, which are needed in ICUs, are in high demand while the sale of single use products necessary for procedures such as elective surgeries are in decline. Economic development is usually also reflected in areas in which the patients must pay for health services out of pocket. The significant increases in costs within the industry have resulted in virtually every national health care system taking steps to save money. China, for example, introduced volume-dependent public procurement, which has had a negative effect on prices. Individual countries also continue extending payment targets. This will only increase due to secondary effects resulting from the pandemic. Once the pandemic phase has been overcome, it is expected that government budgets will limit spending in order to reduce the debt generated by the pandemic. This can impact health care budgets, curtailing the solvency of our customers. It is possible that our DSO will worsen, so we are preparing with an appropriate receivables and liquidity management scheme. Some markets are seeing a trend of foreign manufacturers receiving no or only limited access to public procurement opportunities, especially when domestic manufacturers can offer comparable products. To secure access to global sales markets, B. Braun is continuing to expand its regional presence.

According to the "Hospital Rating Report 2020" by the RWI-Leibniz Institute for Economic Research, German hospitals have continued the poor economic performance of the previous year, with 13 in the "red zone" with an elevated risk of insolvency. It is likely that the renewed decline in the number of inpatient cases has been a crucial factor in poorer financial positions. This is exacerbated by a shortage of skilled labor and the growing outpatientization of medicine. Funding under Germany's Hospital Financing Act has decreased over time. In terms of case numbers, an appreciable one-off decrease of at least 6 percent is expected this year due to the postponement of elective procedures. It is expected that just 50 percent of the postponed elective inpatient procedures will be performed in 2021 and 2022. Additionally, by the year 2030, hospital stays are likely to have shortened further, which would decrease the need for hospital beds. Should this trend continue and wages continue to increase, the percentage of hospitals in the green rating zone would fall from 64 percent to 54 percent by 2025.

The potential of digitalization can be utilized even better, especially in health care administration. Many health care facilities are still predominantly analog in organization or use isolated digital applications or in-house developments, leaving synergistic effects and process simplifications between the various health care players unutilized. Introducing a nationwide digital infrastructure brings with it the challenges and opportunities of getting everyone to cooperate and network with one another. At the same time, solutions for the specific needs of individual interest groups must be integrated, while ultimately meeting all data protection requirements.

Thus, the structural risks for businesses operating in the health care industry remain elevated overall. Should these risks become reality, it may impact the earnings of B. Braun.

### 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, potential supply shortages were recorded in the reporting year that were essentially related to the pandemic. In addition to PPE and hygiene/cleaning products, 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 avert these risks, so that at no time did any appreciable production delays or interruptions occur. Our long, trusting and fair cooperation with our suppliers was also a key factor.



GROUP MANAGEMENT REPORT
Risk and Opportunities Report

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 2021. 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.

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.

There are no risks from ongoing processes that could jeopardize the company's continued existence.

### Human resources risk

In the reporting year, the pandemic sped up the digital transformation of professional life. Within a short period of time, the majority of B. Braun employees in administration were working from home. New digital formats have shaped our working culture, both within the company and in our contact with customers. We are guiding our employees through these changes with appropriate IT solutions and training. The extensive offering at the B. Braun Business School, as well as regional and local employee development programs, offer prospects for professional development. A digital portfolio makes it possible to shape individual learning pathways in a needs-based, self-regulated and flexible manner. To face the demographic trend of an aging workforce, succession planning ahead of time is an important component of our strategic human resources planning, alongside continuous in-house training and development, and the hiring of new employees.

We expect the pandemic will influence and likely alter our working culture. This crisis has already shown that the fast pace of digital transformation can also be an opportunity to break new ground when it comes to working together. In the coming years, expanding our employees' digital skills will be emphasized considerably, as well.

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, including, in particular, 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 customers' ability to pay. We currently see no elevated risk of default. However, the persistence of the pandemic, accompanied by the rising debt of individual countries, may lead to an increase in the default risk of individual customers, especially public ones. There is also a risk that our suppliers' liquidity situation could become strained and could, in the worst-case scenario, threaten their viability.

As part of development projects, costs were capitalized to some extent, 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 opportunities and opening up new business prospects through innovation.

### Opportunities from positive economic development

Economic conditions affect the development of B. Braun's business. 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 range 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 mass (bulk) 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. Opportunities also present themselves when modifying the way we interact with our customers: a more comprehensive and faster exchange of information about customer requirements and the solutions we offer, along with digital sales 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 the trend toward privatization in the field of health care services, 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

The ideas of our employees today can be the innovations of tomorrow. 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 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 identifiable risks or dependencies that could threaten the viability of the B. Braun Group for the foreseeable future. The Group's net risk position rose slightly from the previous year due to the pandemic, however, once again, no risks were identified that could jeopardize the company's continued existence. Even though the pandemic affected B. Braun in different areas, the reporting year has proved the resilience of B. Braun's business model. 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 2020. The pandemic will have a strong influence in 2021 and it must be assumed that our slightly elevated risk position will continue. 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. Volatility on foreign exchange markets may also continue to increase in 2021. While the risks on the procurement markets remain unchanged, IT risks may continue to rise and it should be assumed that advances in networking and digitalization, both on the user side as well as in production, could lead to an increase in these risks.

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[3]

The coronavirus pandemic led to a global recession in 2020. The progression of the pandemic has been highly dynamic, characterized by significant heterogeneity between countries. The development of the global economy depends greatly on how the pandemic continues as well as on efficient containment measures, effective treatment methods and vaccines. If the number of new infections cannot be kept low, a considerably more prolonged state of vulnerability is expected. The impact the mutations of the coronavirus that have begun spreading since the start of the new year will have cannot yet be predicted at this time. Also likely to be decisive in the course of events is how uniform future growth will be around the world, so that the recovery of individual economies is not thwarted by a lack of demand for exports. With regard to production cutbacks, a scarcity of inputs could also prevent production. Monetary and fiscal policy are likely to provide stimulus. Many countries and central banks, especially the United States Federal Reserve and the European Central Bank, have enacted extensive measures.

In Germany, economic development over the course of 2021 will occur in two parts: Stabilization at a low level is expected at the start, followed by recovery. Overall, Germany's economy should resume growth, with 4.2 percent expected in 2021. This should bring GDP back to pre-pandemic levels in 2022 at the earliest. Unemployment will continue to rise in the coming months and will only begin slowly receding over the course of 2021. The world's poor foreign trade environment will continue to harm German exports in 2021.

Of the major economies in the eurozone, France, Italy and Spain were hit hardest by the pandemic and its economic effects. Recovery in 2021 appears possible but also depends on how the pandemic progresses and the restrictions on economic activity that come with it. How much cross-border tourism will be possible and actually occurs is likely to be critical to development, since tourism is a major industry in some Member States. Europe is expected to resume growth in 2021 with 4.7 percent, nevertheless GDP at the end of the year is likely to be below pre-pandemic levels. An appreciable rise in unemployment is expected in the eurozone in the wake of the crisis, with the upward job market trend of recent years coming to an end for the time being. Development in the individual Member States should vary due to different levels of economic impact and existing institutional differences. For the eurozone overall, an annual unemployment rate of 9.3 percent is expected for 2021 compared to the 7.5 percent of 2019.

#### FORECASTED CHANGE IN GROSS DOMESTIC PRODUCT
in %

| | 2020 | 2021 |
|---|---|---|
| **Europe** | **-7.0** | **4.7** |
| France | -9.8 | 6.0 |
| Germany | -5.0 | 4.2 |
| Great Britain | -9.8 | 5.9 |
| Italy | -10.6 | 5.2 |
| Poland | -3.6 | 4.6 |
| Russia | -4.1 | 2.8 |
| Spain | -12.8 | 7.2 |
| **North America** | **-4.9** | **3.3** |
| Canada | -7.1 | 5.2 |
| USA | -4.3 | 3.1 |
| **Asia-Pacific** | **-2.2** | **6.9** |
| China | 1.9 | 8.2 |
| India | -10.3 | 8.8 |
| Indonesia | -1.5 | 6.1 |
| Japan | -5.3 | 2.3 |
| Malaysia | -6.0 | 7.8 |
| **Latin America** | **-8.1** | **3.6** |
| Argentina | -11.8 | 4.9 |
| Brazil | -5.8 | 2.8 |
| Chile | -8.2 | 4.0 |
| Mexico | -9.0 | 3.5 |
| **Africa and the Middle East** | **-3.6** | **3.1** |
| Kenya | 1.0 | 4.7 |
| South Africa | -8.0 | 3.1 |

Russia is able to turn to extensive financial reserves in order to stabilize its economy, as its National Wealth Fund has accumulated around $ 168 billion (as of May 1, 2020). For 2021, the Ministry of Economic Development is predicting an increase in GDP of 2.8 percent. Unemployment will remain high (5.7 percent on average in 2020). The Central Bank is expecting a decline in exports if oil prices and demand for fuels and raw materials continues to be low.

Despite the pandemic, the United States enjoyed considerable economic growth in the second half of 2020 that is highly likely to extend far into 2021. An increase in GDP of 2.3 percent is predicted for Q1 2021, with GDP likely returning to the pre-pandemic level at the end of the year. Money is being invested in the expansion of broadband Internet, especially 5G, as well as in business networks, server farms, and computer hardware and software. Industry 4.0 solutions in particular are in high demand. Government spending is expected to rise, first to directly contain the crisis and then to boost economic activity in the market, with targeted spending on expanded health protection and on infrastructure. The CARES Act has already disbursed $ 25 billion for the construction of hospitals, social services, nursing homes, mass accommodations, housing, airports, railways, bridges and roads. The new administration will begin moving the country out of the age of fossil fuels and laying the foundation for decarbonizing transportation, energy and industry. This means extensive investing in green structural transformation is inevitable. With regard to trade policy, the United States is expected to resume making a stronger contribution to the international trade system.

After economic performance in the Asia-Pacific region shrank in 2020 for the first time in 60 years due to the pandemic, growth of 6.9 percent is expected in 2021. China emerged invigorated from the pandemic and was able to further expand its global position. This can be traced back to an intensive pandemic response and stimulus measures such as a reduction in social security taxes for businesses as well as investments in infrastructure. China's economy is expected to grow 8.2 percent in 2021. The nation continues to be attractive to foreign investors. Chinese exports increased substantially in the final months of 2020 and will continue to rise in 2021, especially medical products (masks, disinfectants) and electronics, including computers and home office equipment. India's economy shrank for the first time in decades due to the pandemic. The government attempted to counter with stimulus measures and reforms. The IMF predicts the country's economy will grow 8.8 percent in 2021. However, the fiscal impact of the pandemic has been enormous, with India's debt-to-GDP ratio rising to just above 90 percent as a result. The vast majority of India's workers are in the informal sector, meaning they are not covered by social programs. Neither government aid nor savings can compensate for a lack of income. Japan's economy should recover slightly in 2021, growing by 2.3 percent, though a return to the pre-pandemic level is only expected in two to three years due to new waves of coronavirus that have also struck here. While Japan's vital consumer market and investing will rise in 2021, nevertheless, growth stimuli are still rather weak. The government and the Bank of Japan will support economic growth through fiscal and monetary policy measures, which will further increase public debt.

The United Nations Economic Commission for Latin America and the Caribbean (ECLAC) has projected an economic setback for the region from which the countries will only gradually recover. As a result of this development, many households are facing the threat of poverty. Brazil's government was able to cushion the blow of the pandemic to a degree with a comprehensive aid package, which will somewhat slow its recovery in 2021 compared to the rest of

[3] German Council of Economic Experts Economic Outlook for 2020 and 2021 and IMF World Economic Outlook, October 2020

the region. The extra government spending increased gross public debt, which will severely limit the government's room to maneuver in 2021 and 2022. Unemployment will remain high. Mexico's government, when compared to other countries, has been extremely cautious in its support of the economy. Medium-sized and large enterprises must get by without tax relief, emergency loans or compensation for reduced working hours. Accordingly, unemployment has risen. The depreciation of the Mexican peso has also made foreign goods more expensive. Argentina's economy will recover slightly from its low level in 2021. Extensive investments are likely to continue to be withheld given the continued weak business sentiment and high interest rates, while inflation will impact consumer spending.

Africa is a promising continent, with some countries experiencing above-average growth rates. The pandemic, however, thrust Africa into a recession in 2020 and only a marginal recovery is predicted in 2021. A deep plunge in consumer spending and a lack of liquidity for businesses are straining economic growth. Lower oil prices will lower import costs while a general drop in prices for raw materials and precious metals will have a negative impact. The countries of the Middle East are expected to see a recovery in their economic situation in 2021. Expansion is expected in the larger national economies in particular. These predictions are based on reforms, increasing investments, a stable tourism industry and reduced political risks in the countries in question. However, the growth outlook of smaller countries in the region is uncertain, since business and consumer confidence depends on reform efforts in these locations. The weakness of the banking industry and high public debt also have a negative effect on the economy of these countries. Bilateral trade agreements and political initiatives to resolve current conflicts could provide stimulus.

### Expected development of the health care industry

The global health care industry will continue to expand in the coming years due to a growing and aging population, the rise in chronic diseases, the expansion of the necessary infrastructure, improvement in preventive care models, higher incomes from the growth of the middle class in developing countries, and the expansion of health care systems and the markets arising from them. Health care spending is expected to increase 5 percent each year through to 2023. The Middle East, Africa and Asia in particular are expected to see increases exceeding 7 percent. Global health care spending as a percentage of GDP through to 2023 is likely to be around 10.2 percent, reflecting both economic improvements and cost containment efforts from health care systems. Spending per capita is likely to continue to be unevenly distributed, ranging from $ 12,300 in the United States to just $ 45 in Pakistan in 2023. Efforts to close this gap will be made difficult by higher population growth in many developing countries, but future innovations—especially in the digital arena—should provide relief: cloud computing solutions, for example, offer high flexibility as well as mobility, and help doctors with patient care. AI can improve the accuracy of diagnoses and the effectiveness of treatments. Robots help doctors perform complex surgical procedures with greater precision and flexibility. Sensors on wearable devices can monitor the status of patients and develop algorithms for determining treatment recommendations. Blockchain systems use digital records of transactions to monitor and track medical products along the supply chain. At the center of the latest technologies for the health sector is the Internet of medical things (IoMT), a networked infrastructure of medical devices, applications and health care systems. The IoMT contributes to better treatment outcomes by connecting people (patients, nurses and hospital staff), data (patient or service data), processes (service provision and patient support) and enablers (sensors and networked medical devices) together.

Business expectations in the German health care industry have greatly improved since the negative outlook from early summer 2020. Businesses in this industry are looking to the future with greater confidence overall than those in the general economy, but they continue to see themselves dependent on how the pandemic progresses. The medical technology industry's expectations for 2021 in particular depend on the situation in ICUs and the resumption of elective surgeries in hospitals. The pharmaceutical industry's expectations also remain low compared to previous years. Aside from general economic conditions caused by the pandemic, the lack of skilled labor is considered the greatest risk. Concern about qualified personnel is still more pronounced among businesses in the health care industry than in the overall economy. Despite improved expectations on exports by medical technology and pharmaceutical companies for 2021, many companies are planning on reduced investment budgets.

Europe's health care industry will be dominated by digital transformation in the coming years, with the electronic health record being a central theme. This has already been introduced by most Member States of the European Union or is currently in the introduction stage. The next step will be to facilitate the exchange of data across national borders. With this integration, EU citizens will be able to have doctors in other European countries view their records and get electronic prescriptions from their home country filled. Uniform data structures also facilitate collaboration in research and development as well as in fighting disease. France seeks to reduce its dependence on the import of strategic products. Its government also passed legislation on health care reform to provide higher pay in the health services and spending to upgrade hospitals. In the coming years, it will seek to digitalize its health care industry. The state is providing not only the framework for interoperability, security and ethics of digital services but also basic platforms and instruments. Accordingly, the market potential for digital health is high. New and upgraded hospitals will also provide business opportunities in the United Kingdom's medical technology area in the coming years. Sales in Poland's medical technology market should continue to rise. Polish manufacturers cover only a small portion of domestic demand; the need for imports is high. Hospitals could benefit from EU funding: While some of them are receiving money to purchase new medical technology, others are getting financing for extensive expansions and upgrades, including new equipment. Spain's health care industry should also become more modern and more digital. Thousands of COVID-19 cases among medical personnel led to discussions on the increased use of telemedicine, however, how to finance the necessary government spending could be a problem.

The health care industry in Russia will benefit from the pandemic, since digital technologies will be implemented faster. This applies to remote diagnostics as well as the online OTC drug trade, which has now cleared the legal hurdles and was launched in July 2020. It is conceivable that the government will invest more money in medical care in order to improve basic medical services by 2024. This should involve the upgrading of central hospitals, health clinics and urgent care centers. Back in December 2019, an additional € 7 billion was earmarked for the procurement of medical equipment and ambulances through to 2024. Work on the national Health Care Project is continuing despite the pandemic, with special focus on oncology: By 2024, around € 12.5 billion should be available for the construction of oncology centers, among other projects. With its strategy for developing the manufacturing industry through 2035 that it enacted in April 2020, the government seeks to quadruple the production volume of medical technology to around € 4.1 billion. The fields of telemedicine, biomechanics (including exoskeletons), robots and 3D printing should also see development. This strategy is intended to increase production value by a factor of 3.5. Exports should increase more than tenfold, to $ 1 billion. The market share of Russia's approximately 400 medical technology manufacturers should grow from today's 23 percent to 40 percent by 2030.

Industry experts predict constant, modest market growth in the United States in the coming years, driven by the gradual aging of the population and the high costs of health care in the country. In its industry outlook from Q3 2020, Fitch Solutions assumes that the US medical device market will grow an average of 3.6 percent each year from 2019 to 2024, to $ 208 billion. In addition to COVID-19 diagnostics, key drivers of sales for device manufacturers will be 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 frequent due to the gradual aging of the population. Devices for medical imaging, particularly for computer tomography and X-ray applications, as well as for measuring blood glucose and treating acute conditions such as cancer, heart attack and stroke are likely to be back in high demand soon. In contrast, manufacturers of orthopedic products will need to hold out longer. Devices for medical care in the home, such as mobile dialysis machines and heart rate monitors, are also becoming increasingly important. Spending is rising the most in the home care sector in terms of percentage. At around one third, hospitals account for the largest share of costs in the US health care sector. The potential for eHealth solutions is considerable, with demand focused on innovative technologies that increase treatment efficiency and lead to reduced costs in the long term. This is why surgical robot systems are seeing increased use. Shortly after the pandemic arrived in the United States, market research company Arizton predicted that the US market for telemedicine would grow about 78 percent in 2020 to $ 9.5 billion, then by just under 30 percent on average every year until 2025, to $ 25.6 billion. Heavy investment in cutting-edge AI research is likely to have good opportunities for growth in the coming years.

The population in the Asia-Pacific region can and wants to spend more on their health, meaning demand for health services and products will grow dramatically in the next few years. Following the stress test from the outbreak of the pandemic, China's health care industry is expected to see greater digitalization. As an integral part of its long-term "Healthy China 2030" strategy, China is looking to continue to advance the use of big data and AI in its health care industry. Experts believe that even the implementation of the electronic health record, which has thus far encountered difficulty, and national databases, are likely to make considerable progress in the next three to five years. India's government has committed to creating a favorable business environment in the coming years in order to position health care as one of its strongest industries in terms of sales and employment. By 2025, it wants to invest a total of € 200 billion in public hospital infrastructure to open 150,000 primary care centers and 200 specialized hospitals. The market for digital health could grow from $ 1.5 billion today to up to $ 11 billion by 2025. Local industry manufacturers in Japan are investing in the development of cutting-edge technology, such as digital health solutions, AI-based medicine and robotics technology. Development of pharmaceutical products is vigorously driven, especially the research and use of regenerative medicine and biotechnology. In the countries of the ASEAN Economic Community, such as Indonesia and Malaysia, Business Monitor International predicts the market for medical technology will grow by just under 10 percent each year, reaching $ 8.5 billion by 2021. The highest demand here comes from public institutions, which ensure basic care in most of the member states.

In Latin America, various factors are contributing to the growth of the health care industry. For one, the region has the fastest-aging population in the world, with 80 percent of the population over 60 suffering from at least one chronic illness. The people in Latin America are also the most obese in the world. This excessive weight, in turn, promotes various diseases, such as high blood pressure, diabetes and gout. Some countries are already attempting to combat obesity with laws promoting health, however, experts believe the health care systems of the region will have to battle the consequences of an obese population for at least 30 years. Lastly, Latin America's health care is also in need of investment.

Health care in Africa will still have an enormous amount of catching up to do in the coming years. In particular, the investment gap in the public health care sector needs to be closed in order to compete with private but expensive facilities with excellent, state-of-the-art equipment. The Africa Business Coalition for Health (ABCHealth), formed in February 2019, has set the goal of assisting private health care companies with their commitment in Africa. Private investments should promote the areas of drug production, medical training and digital technologies for the health sector, above all. Even though it can be assumed that Kenya's health care industry will grow, capital for investments in private and public stakeholders is becoming more scarce in the wake of the pandemic. As before, how much capital the major donor organizations give will play a decisive role. The countries of the Middle East have set the goal of establishing first-class medical care through the digitalization of their health care industries. The UAE seeks to set up one of the most distinguished health care centers in the world. To increase the efficiency of the health care system for the long term, spending should be reigned in and existing funds should be used more efficiently. Digital solutions and AI are seeing increased use. The key goals of the Innovation Health Care Strategy are to provide advanced, technology-based health and treatment services such as robotic surgery and telemedicine, to develop the pharmaceutical and biotechnology industries, and to develop medical research on treating diseases such as diabetes and obesity.





## BUSINESS AND EARNINGS OUTLOOK

For FY 2021, we continue to expect negative effects from the pandemic on the sales and earnings of the B. Braun Group early in the year. We expect a gradual recovery as the year progresses, though this depends on the pandemic being successfully contained worldwide. In terms of this recovery over the course of the year, we believe a growth rate at constant exchange rates of 4 to 6 percent is possible. The expected continued strength of the euro, however, will again have a negative impact on growth in the reporting currency, so we expect a growth rate in euros of 2 to 4 percent.

The new divisional structure established as part of our strategy B. Braun — the next decade is applicable as of January 1, 2020. Essentially, the divisions B. Braun Avitum and Out Patient Market are being consolidated into the new division Avitum, which will focus on chronic patient care and the outpatient market. Responsibility for the basic care product portfolio will be assigned to the Hospital Care division.

We expect to see moderate growth in the reporting currency for the Hospital Care division in 2021; in Russia, the United States and Latin America especially, we predict negative currency effects. Sales in Europe will increase slightly in the 2021 reporting year due to demand brought about by the pandemic. Sales increases of single use products for hospital use and nutrition solutions should be possible in Germany. The main driver of growth for Hospital Care is North America, where we expect a rapid recovery in demand for product groups heavily impacted by the pandemic, such as for regional anesthesia. We also continue to see good opportunities for automated infusion systems and patient-specific nutrition solutions. In the Asia-Pacific region, we expect business activity to recover in the latter half of the year. The forecast for Latin America is difficult to determine due to the uncertain economic situation. Moderate sales increases in local currencies are possible. We see better market opportunities in the Africa and Middle East region.

Following a weak 2020 due to the pandemic, we predict growth for the Aesculap division, though we will not reach our pre-pandemic level in 2021, as we do not expect recovery until the second half of the year. A lower number of elective surgeries will harm virtually the entire Aesculap portfolio. Nevertheless, we expect an increase in sales in Germany and Europe. In North America, sales will also recover gradually and help contribute to the division's growth. Recovery in the Asia-Pacific region may be hampered by China's new public procurement procedure. Due to a decline in project business in Africa and the Middle East, we expect little stimulus for growth from this region.

For the Avitum division, we predict good sales growth at constant exchange rates. The expected continued weakening of the Russian ruble and the Latin American currencies will substantially reduce growth in the reporting currency. Our provider business will be able to grow well following the portfolio optimization in 2020. However, the pandemic is negatively affecting patient figures, since mortality is increasing. The extensive hygiene and protective measures are also putting a strain on our cost structure. For our chronic dialysis product portfolio, we forecast significant stimulus for growth; we are expecting recovery effects for water treatment systems in particular. We also expect a recovery in the growth markets of China and Russia, which are important for the division. The increased demand for acute dialysis products and PPE caused by the pandemic will also continue at least in the first half of 2021. In the areas of infection prevention and wound care, we are expecting dynamic growth that will have a positive impact on the development of the Avitum division.

We expect our performance indicators of interim profit and EBIT to each end up somewhere between € 500 million and € 550 million (2020: interim profit of € 495.0 million and EBIT of € 481.8 million) at constant exchange rates. We forecast EBITDA to grow to € 1,110 million to € 1,140 million at constant exchange rates (2020: € 1,103.2 million). An EBITDA margin of 15 percent of sales is the goal. 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 for CIW to be 16 weeks (2020: 16.7 weeks) and for DSO to largely remain in 2021 at the low level of this reporting year (61 days).

## 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 38 percent for 2021 while maintaining our current dividend policy.

The financing volume for long-term maturities will be € 310 million for 2021 and a total of € 580 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 with continually changing mutations 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 market, we expect positive sales and earnings for the B. Braun Group in 2021. Should the pandemic persist with restrictions throughout the entire year, this may negatively affect our expected increases in sales and earnings. As soon as the pandemic has been essentially overcome, we expect continued growth even beyond FY 2021. The reporting year has shown that B. Braun is highly resistant to crisis, consistently achieving stable sales and earnings. Based on this, we will secure the desired growth through extensive research and development activities as well as through investments in existing and new plants. The use of new technology and the continuous improvement of internal processes will increase our competitiveness and, ultimately, our profitability. With our current portfolio as well as new, digital product and service solutions, we will be able to continue to protect and improve the health of people around the world.

Melsungen, March 3, 2021

The Management Board

# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF INCOME

| | Notes | 2020 '000 | 2019 '000 |
|---|---|---|---|
| Sales | 1) | 7,426,252 | 7,471,348 |
| Cost of goods sold | 2) | -4,503,151 | -4,444,875 |
| **Gross profit** | | **2,923,101** | **3,026,473** |
| Selling expenses | 3) | -1,695,031 | -1,823,132 |
| General and administrative expenses | | -363,216 | -363,442 |
| Research and development expenses | 4) | -369,845 | -364,481 |
| **Interim profit** | | **495,009** | **475,418** |
| Other operating income | 5) | 407,203 | 315,844 |
| Other operating expenses | 6) | -441,044 | -356,510 |
| **Operating profit** | | **461,168** | **434,752** |
| Profit from financial investments/equity method | 7) | 3,377 | -53,153 |
| Financial income | | 9,564 | 7,691 |
| Financial expenses | | -75,262 | -87,515 |
| Net financial income (loss) | 8) | -65,698 | -79,824 |
| Other financial income (loss) | 9) | 17,224 | 7,189 |
| **Profit before taxes** | | **416,071** | **308,964** |
| Income taxes | 10) | -114,567 | -111,681 |
| **Consolidated net income** | | **301,504** | **197,283** |
| thereof attributable to: | | | |
| B. Braun SE shareholders | | (274,882) | (175,624) |
| Non-controlling interests | | (26,622) | (21,659) |
| | | **301,504** | **197,283** |
| Earnings per share (in €) for B. Braun SE shareholders in the fiscal year (diluted and undiluted) | 11) | 0.34 | 0.22 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 2020 '000 | 2019 '000 |
|---|---|---|
| **Consolidated net income** | **301,504** | **197,283** |
| **Items not reclassified as profits or losses** | | |
| Revaluation of pension obligations | -91,774 | -194,955 |
| Income taxes | 23,311 | 56,947 |
| **Changes in amount recognized in equity** | **-68,463** | **-138,008** |
| **Items potentially reclassified as profits or losses** | | |
| Changes in fair value of securities | -3,506 | 265 |
| Income taxes | 0 | 0 |
| **Changes in amount recognized in equity** | **-3,506** | **265** |
| Cash flow hedging instruments | 9,191 | -6,156 |
| Income taxes | -2,682 | 1,818 |
| **Changes in amount recognized in equity** | **6,510** | **-4,338** |
| Changes due to currency translation | -255,593 | 62,121 |
| Income taxes | 0 | 0 |
| **Changes in amount recognized in equity** | **-255,593** | **62,121** |
| Changes recognized directly in equity (after taxes) | -321,054 | -79,960 |
| **Comprehensive income over the period** | **-19,550** | **117,322** |
| thereof attributable to: | | |
| B. Braun SE shareholders | (13,185) | (95,723) |
| Non-controlling interests | (6,365) | (21,599) |





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 14), 16) | 831,824 | 854,482 |
| Property, plant and equipment | 15), 16) | 5,150,043 | 5,244,095 |
| Financial investments (equity method) | 17) | 109,886 | 435,377 |
| Other financial investments | 17) | 65,120 | 67,968 |
| thereof financial assets | | (65,120) | (67,968) |
| Trade receivables | 18) | 18,679 | 34,103 |
| Other assets | 19) | 46,458 | 34,281 |
| thereof financial assets | | (12,587) | (28,943) |
| Income tax receivables | | 10,685 | 3,823 |
| Deferred tax assets | | 373,191 | 365,845 |
| | | **6,605,886** | **7,039,974** |
| **Current assets** | | | |
| Inventory | 20) | 1,450,188 | 1,370,188 |
| Trade receivables | 18) | 1,164,209 | 1,205,937 |
| Other assets | 19) | 284,127 | 307,384 |
| thereof financial assets | | (135,724) | (138,672) |
| thereof financial assets held for sale | | – | 11,206 |
| Income tax receivables | | 66,551 | 82,577 |
| Cash and cash equivalents | 21) | 149,138 | 82,350 |
| | | **3,114,213** | **3,048,436** |
| **Total assets** | | **9,720,099** | **10,088,410** |
| **Equity** | | | |
| Subscribed capital | 22) | 800,000 | 800,000 |
| Capital reserves and retained earnings | 23) | 2,778,788 | 2,603,768 |
| Effects of foreign currency translation | | -360,581 | -125,847 |
| **Equity attributable to B. Braun SE shareholders** | | **3,218,207** | **3,277,921** |
| Non-controlling interests | 24) | 422,767 | 442,697 |
| **Total equity** | | **3,640,974** | **3,720,618** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Provisions for pensions and similar commitments | 25) | 1,728,194 | 1,580,033 |
| Other provisions | 26) | 133,717 | 126,315 |
| Financial liabilities | 27) | 1,935,805 | 2,298,203 |
| Trade accounts payable | 29) | 1,619 | 2,075 |
| Other liabilities | 29) | 72,900 | 56,207 |
| thereof financial liabilities | | (4,184) | (8,231) |
| Deferred tax liabilities | | 112,481 | 131,614 |
| | | **3,984,716** | **4,194,447** |
| **Current liabilities** | | | |
| Other provisions | 26) | 60,541 | 60,202 |
| Financial liabilities | 27) | 751,215 | 736,009 |
| Trade accounts payable | 29) | 448,690 | 524,932 |
| Other liabilities | 29) | 781,214 | 803,097 |
| thereof financial liabilities | | (282,546) | (316,248) |
| thereof liabilities held for sale | | – | (2,761) |
| Current income tax liabilities | | 52,749 | 49,105 |
| | | **2,094,409** | **2,173,345** |
| **Total liabilities** | | **6,079,125** | **6,367,792** |
| **Total equity and liabilities** | | **9,720,099** | **10,088,410** |

CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Statement of Changes in Equity

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| See notes 22–24 | Subscribed capital '000 | Capital reserves '000 | Retained earnings '000 | Other reserves '000 | Treasury stock '000 | Equity attributable to owners '000 | Non-controlling interests '000 | Equity '000 |
|---|---|---|---|---|---|---|---|---|
| **Jan. 1, 2019** | **800,000** | **80,020** | **2,515,600** | **–176,432** | **0** | **3,219,190** | **429,851** | **3,649,040** |
| Profit distribution from B. Braun SE | 0 | 0 | –32,000 | 0 | 0 | –32,000 | 0 | –32,000 |
| Increase in subscribed capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Consolidated net income | 0 | 0 | 175,624 | 0 | 0 | 175,624 | 21,659 | 197,283 |
| | | | | | | | | |
| **Changes recognized directly in equity (after taxes)** | | | | | | | | |
| Changes in fair value of securities | 0 | 0 | 0 | 242 | 0 | 242 | 22 | 264 |
| Cash flow hedging instruments | 0 | 0 | 0 | –4,038 | 0 | –4,038 | –300 | –4,338 |
| Revaluation of pension obligations | 0 | 0 | –128,845 | 0 | 0 | –128,845 | –9,163 | –138,008 |
| Changes due to currency translation | 0 | 0 | 0 | 52,740 | 0 | 52,740 | 9,381 | 62,121 |
| **Comprehensive income over the period** | **0** | **0** | **46,779** | **48,944** | **0** | **95,723** | **21,599** | **117,322** |
| | | | | | | | | |
| Other changes | 0 | 0 | –4,991 | 0 | 0 | –4,991 | –8,753 | –13,744 |
| **Dec. 31, 2019/Jan. 1, 2020** | **800,000** | **80,020** | **2,525,388** | **–127,488** | **0** | **3,277,922** | **442,697** | **3,720,618** |
| | | | | | | | | |
| Profit distribution from B. Braun SE | 0 | 0 | –32,000 | 0 | 0 | –32,000 | 0 | –32,000 |
| Increase in subscribed capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Consolidated net income | 0 | 0 | 274,882 | 0 | 0 | 274,882 | 26,622 | 301,504 |
| | | | | | | | | |
| **Changes recognized directly in equity (after taxes)** | | | | | | | | |
| Changes in fair value of securities | 0 | 0 | 0 | –3,294 | 0 | –3,294 | –211 | –3,505 |
| Cash flow hedging instruments | 0 | 0 | 0 | 5,808 | 0 | 5,808 | 701 | 6,509 |
| Revaluation of pension obligations | 0 | 0 | –55,846 | 0 | 0 | –55,846 | –12,617 | –68,463 |
| Changes due to currency translation | 0 | 0 | 0 | –234,735 | 0 | –234,735 | –20,860 | –255,595 |
| **Comprehensive income over the period** | **0** | **0** | **219,036** | **–232,221** | **0** | **–13,185** | **–6,365** | **–19,550** |
| | | | | | | | | |
| Other changes | 0 | 0 | –14,529 | 0 | 0 | –14,529 | –13,565 | –28,094 |
| **Dec. 31, 2020** | 800,000 | 80,020 | 2,697,895 | –359,709 | 0 | 3,218,208 | 422,767 | 3,640,974 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

| | Notes | 2020 '000 | 2019 '000 |
|---|---|---|---|
| Operating profit | | 461,168 | 434,752 |
| Income tax paid | | -101,890 | -130,640 |
| Depreciation and amortization of property, plant and equipment, and intangible assets (net of appreciation) | | 621,431 | 599,152 |
| Change in non-current provisions | | 163,097 | 257,165 |
| Interest received and other financial income | | 5,533 | 5,715 |
| Interest paid and other financial expenditures | | -43,586 | -50,623 |
| Other non-cash income and expenses | | -90,080 | -247,029 |
| Gain/loss on the disposal of property, plant and equipment, and intangible or other assets | | 3,021 | 703 |
| **Gross cash flow** | 34) | **1,018,694** | **869,195** |
| Change in inventory | | -146,611 | -7,180 |
| Change in receivables and other assets | | -49,720 | -53,307 |
| Change in liabilities, current provisions and other liabilities (excluding financial liabilities) | | -24,545 | 6,273 |
| **Cash flow from operating activities (net cash flow)** | 34) | **797,818** | **814,981** |
| Investments in property, plant, and equipment, and intangible assets | | -677,091 | -768,891 |
| Investments in financial assets | | -6,527 | -30,935 |
| Acquisitions of subsidiaries, net of cash acquired | | -17,577 | -28,582 |
| Proceeds from sale of subsidiaries and holdings | | 316,013 | 1,593 |
| Proceeds from sale of property, plant and equipment, intangible assets and other financial assets | | 24,511 | 12,397 |
| Dividends and similar revenues received | | 14,109 | 15,256 |
| **Cash flow from investing activities** | 35) | **-346,562** | **-799,162** |
| **Free cash flow** | | **451,256** | **15,819** |
| Capital contributions | | 1,123 | 59 |
| Dividends paid to B. Braun SE shareholders | | -32,000 | -32,000 |
| Dividends paid to non-controlling interests | | -9,042 | -12,455 |
| Deposits and repayments for profit-sharing rights | | -6,600 | -3,461 |
| Loans | | 869 | 519,501 |
| Loan repayments | | -409,350 | -477,757 |
| **Cash flow from financing activities** | 36) | **-455,000** | **-6,112** |
| **Change in cash and cash equivalents** | | **-3,744** | **9,706** |
| Cash and cash equivalents at the start of the year | | 82,350 | 74,809 |
| Exchange gains (losses) on cash and cash equivalents | | 70,532 | -2,165 |
| **Cash and cash equivalents at year end** | 37) | **149,138** | **82,350** |





# NOTES

## GENERAL INFORMATION

The Consolidated Financial Statements of B. Braun SE—hereinafter also referred to as the B. Braun Group—as of December 31, 2020, 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 11549).

B. Braun Holding GmbH & Co. KG in Melsungen is the parent company of B. Braun SE as defined in Section 290 (1) 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 Management Board of B. Braun SE approved the Consolidated Financial Statements for submission to the company's Supervisory Board on March 3, 2021. The Audit Committee of the Supervisory Board plans to discuss the Consolidated Financial Statements at its meeting on March 10, 2021 and the Supervisory Board shall approve the Consolidated Financial Statements at its meeting on March 23, 2021.

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 1, 2020 (IAS 8.28)

### Amendments to IFRS 3: Business Combinations: Definition of a Business

Under these amendments, to be considered a business, there must be at least one substantive process that can be combined with financial resources (input) to create the possibility of generating output. Output will only be considered the supply of goods and services as well as the earning of capital and other income. Cost reductions by themselves will no longer be considered adequate to distinguish the acquisition of a business from the acquisition of a group of assets. The acquired inputs and processes must, as such, significantly contribute to the possibility of generating outputs. To easily determine whether a business or only a group of assets has been acquired, a concentration test is available in which it can optionally be tested whether the entire fair value of the acquired gross assets is essentially concentrated into one asset or a group of similar assets. If so, it is not a business. If not, or if the test is not performed, it must be determined whether a substantive process has been acquired. This requires distinguishing whether the acquired group of assets already generates outputs, or it is not yet possible to convert inputs into outputs. If the latter is the case, it is only considered a business if the acquirer takes over an organized workforce with the capability and experience to conduct a process that is essential to generating output. It must also be determined whether resources that can be transformed into output by the workforce have been taken over. The amendments may result in an altered determination of whether future acquisitions by the B. Braun Group constitute businesses.

### Amendments to IAS 1 and IAS 8: Definition of "Material"

These amendments standardize the definition of "material" in all IFRS as well as the Conceptual Framework. The new definition states: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." It clarifies that the question of whether information is material depends on the type of information and/or the extent of its impact on the underlying facts. The materiality of a piece of information must be assessed in the overall context of the financial statement. Obfuscation occurs when the resulting impact is comparable to omitting or misstating this information. This is the case if, for example, facts are described inaccurately or vaguely, related information is divided and distributed throughout the entire financial statement, or dissimilar facts are not appropriately aggregated. Material information can also be obscured by superimposing it with immaterial information. To facilitate the application of the term "material", IASB also defined the group of primary users of financial statements, such as existing and future investors, lenders and other creditors that must rely on the information contained in the financial statements for lack of other, direct access. It was also clarified that financial statements are created for users with sufficient knowledge of business and other economic activities.

### Interest Rate Benchmark Reform (LIBOR Reform) Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7

The IASB has published amendments to IFRS 9, IAS 39 and IFRS 7 intended to facilitate certain areas of LIBOR reform. These refer to the accounting of hedge relationships, meaning LIBOR reform will not generally lead to the end of hedge accounting. Any ineffective hedges, however, must still be recognized in the statement of income. The amendments establish the following:

- Certain hedge accounting regulations have been changed with the effect that companies apply them under the assumption that the interest rate benchmark on which the hedged cash flows and the cash flows from the hedging instrument are based are not altered by the interest rate benchmark being reformed.
- The amendments must be applied to all hedge relationships affected by the reform of the interest rate benchmark.
- The purpose of the amendments is not to assist with other consequences of interest rate benchmark reform; if a hedge relationship no longer fulfills the hedge accounting regulations for reasons other than those specified in the amendments, hedge accounting may not be applied.



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- Specific information on the extent to which the company's hedge relationships are affected by the amendments has been set forth.

The amendments are to be applied retroactively. Earlier application was permitted but the B. Braun Group elected not to do so. The amendment has no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

### Amendments to IFRS 16: Rent Concessions related to COVID-19

The amendment to IFRS 16 "Leases" grants lessee's optional relief when determining whether a rent concession (e.g., rent holiday or reduction) related to COVID-19 constitutes a modification. Under this amendment, a lessee can be considered exempt from having to determine whether a rent concession on lease payments that is directly related to the COVID-19 pandemic constitutes a lease modification and instead be allowed to account for such concessions as though they were not lease modifications. This relief can only be applied for rent concessions related directly to the COVID-19 pandemic that reduce lease payments that are due on or before June 30, 2021. Application of this relief also requires revised consideration for a lease that is substantially equal to or less than the consideration for the lease prior to the revision and that no other substantive amendments are made to the lease agreement. There is no comparable relief for lessors. The amendment has no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

## 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, 2020 (IAS 8.30) and whose adoption is still pending in some EU countries

### Interest Rate Benchmark Reform (LIBOR Reform) Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments in Phase 2 of the IASB's interest rate benchmark reform project intend to facilitate accounting for changes in contractual cash flows and hedges that have been required by LIBOR reform, i.e., that are necessary as a direct consequence of LIBOR reform and for which the new basis for determining contractual cash flows is economically equivalent to the previous basis. This means they pertain to an actual change in interest rate benchmarks. These amendments are effective for reporting periods beginning on or after January 1, 2021. Earlier application is permitted but the B. Braun Group has elected not to do so. The amendments are expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

### Amendments to IAS 16: Proceeds before intended use of Property, Plant and Equipment

The standard has been amended to prohibit deducting from the costs of a piece of property, plant or equipment any proceeds from the selling of items produced while bringing said piece to the location and condition necessary to use it in the manner intended by management. Instead, the company recognizes the proceeds from such sales and the costs of producing such items in operational profit or loss. These amendments are effective for reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments are to be applied retroactively only to property, plant and equipment brought to the location and condition necessary for use as intended by management on or after the start of the earliest period presented in the financial statements in which the amendments can first be applied. The amendments are expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group. EU endorsement is expected in the second half of 2021.

### Amendments to IAS 37: Onerous Contracts: Cost of Fulfilling a Contract

The amendments have stipulated that the "cost of fulfilling a contract" consists of the "costs that relate directly to the contract". The costs that relate directly to a contract can be either the incremental costs of fulfilling the contract (such as direct labor costs, materials) or an allocation of other costs that relate directly to the fulfilling of the contract (such as the allocation of the depreciation costs of a piece of property, plant or equipment used in the fulfilling of the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The company applies the amendments to contracts for which it has not yet fulfilled all of its obligations on or after of the start of the annual reporting period in which the amendments are first applied. Comparison figures are not adjusted. The amendments are expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group. EU endorsement is expected in the second half of 2021.

### Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

These amendments affect the presentation of liabilities in a statement of financial position. They clarify that the classification of liabilities as current or non-current should be based on reporting company rights in existence at the end of the reporting period, and align the wording in all affected notes to refer to the "right" to defer settlement of a liability by at least 12 months and explicitly state that only rights in place "at the end of the reporting period" should affect the classification of a liability. They also clarify that this classification does not depend on expectations about whether a company exercises its right to defer settlement of a liability. In this context, the term "settlement" refers to the transfer to the counterparty of cash, equity instruments, or other assets or services. These amendments are to be applied retroactively to fiscal years beginning on or after January 1, 2023. Earlier application is permitted subject to pending EU endorsement.

As part of the IFRS' ongoing improvement project, changes to wordings were also made for clarification and amendments. These have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Aside from the standards described above, the IASB has published an additional standard that does not affect the B. Braun Group:

**IFRS 17: Insurance Contracts**, which must be applied for reporting periods beginning on or after January 1, 2021. EU endorsement of this rule is still pending.

### 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 several 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 three-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 74 domestic and 216 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, 2020 compared to 2019 is shown below:

| | 2020 | 2019 |
|---|---|---|
| Included as of Dec. 31 of previous year | 292 | 283 |
| Companies included for the first time | 9 | 10 |
| Company consolidations discontinued | –6 | -1 |
| Business combinations | –5 | 0 |
| **Included as of Dec. 31 of reporting year** | **290** | **292** |

Company consolidations discontinued had no material impact on the Statement of Financial Position or the Statement of Income in FY 2020.

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 2020 is shown below:

| | Carrying amount '000 | Fair value '000 |
|---|---|---|
| Non-current assets | 11,925 | 18,298 |
| Current assets | 18,546 | 18,546 |
| **Acquired assets** | **30,471** | **36,844** |
| | | |
| Non-current provisions and liabilities | 1,353 | 1,997 |
| Current provisions and liabilities | 16,390 | 16,390 |
| **Acquired liabilities** | **17,743** | **18,387** |
| | | |
| **Net assets acquired** | **12,728** | **18,457** |
| | | |
| Non-controlling interests | 0 | 0 |
| **Prorated net assets** | **12,728** | **18,457** |
| | | |
| Goodwill | | 32,993 |
| **Cost of acquisition** | | **52,206** |
| thereof non-controlling interests | | (756) |
| Cash and cash equivalents acquired | | 776 |
| **Cash outflow from acquisitions** | | **51,430** |
| | | |
| Sales | | 40,869 |
| Operating profit | | 328 |
| Consolidated net income | | 2,312 |

The total cost of acquisitions made during the fiscal year that were not significant individually or in aggregate was € 52.2 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 € 6.4 million have been recognized in the reporting year so far, which consisted largely of intangible assets. Receivables amounting to € 8.7 million (€ 8.8 million gross) were acquired. The goodwill remaining after purchase price allocation amounted to € 33.0 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 € 40.9 million higher. Consolidated net income would have been € 2.3 million higher.

On January 1, 2020, two nephrology practices in Bad Neustadt and Neu-Ulm, Germany were acquired in an asset deal. This acquisition expands the Group's dialysis network in Germany.

On January 1, 2020, the remaining 75% of the shares in B-PACK S.p.A. of San Pietro Mosezzo, Italy was acquired in a share deal. The B. Braun Group now holds 100% of the shares in this company, which is a strategically important manufacturer of plastic films used in the production of infusion solution bags.

On January 1, 2020, the remaining 51% of the shares in iSYMED Gesellschaft für innovative Systeme in der Medizin mbH in Butzbach, Germany was acquired in a share deal. The B. Braun Group now holds 100% of the shares in this company, which contributes to smart networking in the treatment of patients as a cutting-edge firm and competence center in health care IT, with a focus on dialysis.





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

Holdings in two joint ventures and 24 associated companies are recognized in the Consolidated Financial Statements as of the reporting date. Three 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 are included in the Consolidated Financial Statements of B. Braun SE:

B. Braun Deutschland GmbH & Co. KG, Melsungen
B. Braun Facility Services GmbH & Co. KG, Melsungen
B. Braun Miethke GmbH & Co. KG, Potsdam
CeCaVa GmbH & Co. KG, Tübingen
Invitec GmbH & Co. KG, Duisburg

These companies meet the conditions of Section 264 b HGB and are thus exempted from having to compile notes and a management report as well as publish financial statements.

The following companies meet the conditions of Section 264 (3) HGB and are thus also exempted from having to compile notes and a management report as well as 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 Avitum AG, Melsungen
B. Braun Avitum Saxonia GmbH, Radeberg
B. Braun Medical AG, Melsungen
B. Braun Melsungen AG, Melsungen
B. Braun New Ventures GmbH, Freiburg im Breisgau
B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen
B. Braun Surgical GmbH, Melsungen
B. Braun Vertriebs GmbH, Melsungen
B. Braun VetCare GmbH, Tuttlingen
Bibliomed medizinische Verlagsgesellschaft mbH, Melsungen
Inko Internationale Handelskontor GmbH, Roth
iSYMED Gesellschaft für innovative Systeme in der Medizin mbH, Butzbach
Nutrichem diät + pharma GmbH, Roth
Paul Müller Technische Produkte GmbH, Melsungen
PPC Projekt-Planung + Consulting GmbH, Melsungen
SteriLog GmbH, Tuttlingen

The companies listed above exercise their right to the exemptions.

## PRINCIPLES OF CONSOLIDATION

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

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

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





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

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

Subsidiary companies' accounting policies are, where necessary, adapted to those used to produce the Consolidated Financial Statements.

b) Associated companies
Associated companies are companies over which the Group has significant influence but no control, generally accompanied by a holding of 20–50% 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 | | | Average annual rate | | |
|---|---|---|---|---|---|---|
| | Dec. 31, 2020 | Dec. 31, 2019 | + - % | 2020 | 2019 | + - % |
| 1 EUR = USD | 1.228 | 1.123 | 9.3 | 1.141 | 1.120 | 1.9 |
| 1 EUR = GBP | 0.900 | 0.850 | 5.8 | 0.889 | 0.877 | 1.4 |
| 1 EUR = CHF | 1.081 | 1.086 | -0.4 | 1.070 | 1.113 | -3.8 |
| 1 EUR = MYR | 4.938 | 4.593 | 7.5 | 4.793 | 4.638 | 3.3 |
| 1 EUR = JPY | 126.500 | 121.930 | 3.7 | 121.756 | 122.089 | -0.3 |





## ACCOUNTING POLICIES

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

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

The application of this model depends on the individual circumstances in the contract with a customer and requires discretionary decisions. The transaction price is the consideration the Group expects to receive from the customer for the transfer of goods or the rendering of services. In cases where a contract contains elements with a variable consideration (e.g., from deductions, rebates, discounts, bonuses, reimbursements), the amount of the variable consideration the Group expects to receive under the contract is estimated. Variable amounts are only included in the transaction price to the extent it is considered very likely that the subsequent loss of uncertainty with regard to the amount of these variable amounts does not lead to a substantial change in sales. If a contract comprises multiple performance obligations, the transaction price is allocated to the contractual performance obligations based on the individual sale prices. Deductions in price are also allocated based on the relative individual sale prices. If the contract includes a significant financial agreement, the transaction price is adjusted by the fair value of the money unless the period between the rendering of the service and payment by the customer is likely to be less than 12 months. Sales are recognized when control, i.e., the ability to benefit from the rendered service and to determine further use, is transferred. This can occur either at a specific point in time or over a period of time. Sales are recognized over a period of time when one of the following criteria is met:

- The company provides a good or service and the customer obtains and benefits from the rendered good or service.
- With its good or service, the company produces or enhances an asset over which the customer has control while it is being produced or enhanced.
- With its good or service, the company produces an asset that cannot otherwise be used by the company; in the process, the company has a 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.



CONSOLIDATED FINANCIAL STATEMENTS
Notes

## 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 Statement of Income.

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. The full fair value of derivative financial instruments designated as hedge instruments is reported as a non-current asset or liability if the residual term of the hedged underlying transaction is more than 12 months after the reporting date and as a current asset or liability if it is shorter than that. Derivative financial instruments measured at fair value through profit or loss are reported as current assets/liabilities provided the residual term does not exceed 12 months. Otherwise, they are recognized as non-current assets/liabilities.

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

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

### Deferred taxes

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

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

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





## NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

### 1 Sales

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

| Sales by division | 2020 '000 | % | 2019 '000 | % | + – % |
|---|---|---|---|---|---|
| Hospital Care | 3,459,786 | 46.5 | 3,342,980 | 44.8 | 3.5 |
| Aesculap | 1,742,948 | 23.5 | 1,968,166 | 26.3 | -11.4 |
| OPM | 970,945 | 13.1 | 917,290 | 12.3 | 5.8 |
| B. Braun Avitum | 1,221,947 | 16.5 | 1,210,132 | 16.2 | 1.0 |
| Other sales | 30,626 | 0.4 | 32,780 | 0.4 | -6.6 |
| | **7,426,252** | **100.0** | **7,471,348** | **100.0** | **-0.6** |

| Sales by region | 2020 '000 | % | 2019 '000 | % | + – % |
|---|---|---|---|---|---|
| Germany | 1,281,778 | 17.3 | 1,208,394 | 16.2 | 6.1 |
| Europe (without Germany) | 2,442,119 | 32.9 | 2,409,873 | 32.2 | 1.3 |
| North America | 1,813,714 | 24.4 | 1,809,593 | 24.2 | 0.2 |
| Asia-Pacific | 1,285,494 | 17.3 | 1,371,480 | 18.4 | -6.3 |
| Latin America | 365,609 | 4.9 | 428,872 | 5.7 | -14.8 |
| Africa and the Middle East | 237,538 | 3.2 | 243,136 | 3.3 | -2.3 |
| | **7,426,252** | **100.0** | **7,471,348** | **100.0** | **-0.6** |

| Sales by type | 2020 '000 | % | 2019 '000 | % | + – % |
|---|---|---|---|---|---|
| Sales of products | 6,406,159 | 86.3 | 6,484,129 | 86.8 | -1.2 |
| Sales of services | 1,020,093 | 13.7 | 987,219 | 13.2 | 3.3 |
| | **7,426,252** | **100.0** | **7,471,348** | **100.0** | **-0.6** |

Outstanding performance obligations total € 253.5 million (previous year: € 222.4 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

| | 2020<br>'000 | 2019<br>'000 |
|---|---|---|
| Currency gains | 309,102 | 239,097 |
| Additional income | 24,768 | 25,930 |
| Derivative financial instruments | 10,993 | 3,168 |
| Income from other periods | 11,089 | 6,632 |
| Proceeds from appreciation of current financial assets | 1,571 | 720 |
| Proceeds from the disposal of assets | 1,954 | 3,518 |
| Proceeds from the release of provisions | 3,945 | 3,086 |
| Other | 43,781 | 33,693 |
| | **407,203** | **315,844** |

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. The remaining operating income primarily includes proceeds from the sale of assets and liabilities from the operation of renal care centers for the B. Braun Avitum division in Poland amounting to € 7.9 million. It also primarily includes payments of damages as well as income-related and other government grants. Income-related grants are recognized in the period in which the corresponding expenses occur. They total € 5.2 million (previous year: € 410,000). During the fiscal year, grants of € 4.9 million (previous year: € 245,000) 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

| | 2020<br>'000 | 2019<br>'000 |
|---|---|---|
| Currency losses | 344,935 | 266,454 |
| Losses from impairment of current financial assets | 22,033 | 10,688 |
| Additions to provisions | 6,789 | 2,145 |
| Losses on the disposal of assets | 4,995 | 4,255 |
| Expenses from other periods | 7,155 | 3,454 |
| Derivative financial instruments | 877 | 9,267 |
| Other | 54,260 | 60,247 |
| | **441,044** | **356,510** |





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 include numerous types of expenses, however, their individual valuations are not materially significant.

## 7 Financial investments recognized using the equity method of accounting

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

| | 2020<br>'000 | 2019<br>'000 |
|---|---|---|
| Income from financial investments using the equity method | 7,932 | 38,623 |
| Expenses from financial investments using the equity method | –4,556 | –91,776 |
| | **3,376** | **–53,153** |

Expenses for financial investments from the previous year valued using the equity method primarily include expenses from the adjustment of the carrying value of the investment in Rhön-Klinikum AG. This impairment in the amount of € 91.2 million is due to the drop in the investment's market rate in the previous year. Expenses for the fiscal year include the pro rata share of income from said investment until its sale. See Note 17 for more information.

## 8 Net financial income

| | 2020<br>'000 | 2019<br>'000 |
|---|---|---|
| Interest and similar income | 9,564 | 7,691 |
| Interest and similar expenses | –51,747 | –58,335 |
| thereof to affiliated companies | (371) | (255) |
| Interest expenses for pension provisions less expected income from plan assets | –23,515 | –29,180 |
| | **–65,698** | **–79,824** |
| thereof recognized in other income from financial assets and liabilities measured at fair value: | | |
| Interest income from discounting | (2,943) | (1,465) |
| Accrued interest expense | (136) | (546) |

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

| | 2020 '000 | 2019 '000 |
|---|---|---|
| Income from joint ventures (excluding income from financial investments recognized using the equity method) | 17,481 | 7,500 |
| Other net financial income | -257 | -311 |
| | 17,224 | 7,189 |

## 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:

| | 2020 '000 | 2019 '000 |
|---|---|---|
| Actual income taxes | 120,653 | 115,091 |
| Deferred taxes resulting from temporary differences | -13,330 | -10,078 |
| Deferred taxes resulting from losses carried forward and tax credits | 7,244 | 6,669 |
| | 114,567 | 111,681 |

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, 2020 | | Dec. 31, 2019 | |
|---|---|---|---|---|
| | Assets '000 | Liabilities '000 | Assets '000 | Liabilities '000 |
| Intangible assets | 8,552 | 51,052 | 9,784 | 61,953 |
| Property, plant, and equipment | 4,986 | 217,873 | 8,065 | 220,095 |
| Financial investments | 326 | 1,105 | 57 | 1,776 |
| Inventory | 79,968 | 8,473 | 80,599 | 7,409 |
| Receivables | 14,196 | 9,913 | 12,144 | 12,991 |
| Pension provisions | 309,287 | 482 | 277,557 | 473 |
| Other provisions | 28,370 | 1,744 | 26,825 | 2,074 |
| Liabilities | 46,153 | 1,408 | 51,752 | 1,550 |
| Other items | 484 | 1,493 | 929 | 1,655 |
| | 492,322 | 293,543 | 467,712 | 309,976 |
| thereof non-current | (347,296) | (275,409) | (319,087) | (289,786) |
| Net balance | -181,063 | -181,063 | -178,362 | -178,362 |
| | 311,259 | 112,480 | 289,350 | 131,614 |
| Valuation allowance on deferred tax assets from temporary differences | -1,287 | - | -51 | - |
| Deferred taxes on tax credits | 44,366 | - | 51,765 | - |
| Losses carried forward (net, after valuation allowances) | 18,853 | - | 24,781 | - |
| | 373,191 | 112,480 | 365,845 | 131,614 |





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 € 0 (previous year: € -16.6 million).

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

| | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| Within one year | 746 | 19,069 |
| Within two years | 3,499 | 1,103 |
| Within three years | 1,730 | 3,593 |
| Within four years | 2,591 | 2,631 |
| Within five years or longer | 46,698 | 45,748 |
| | 55,264 | 72,144 |
| Can be carried forward indefinitely | 142,038 | 139,825 |
| | 197,302 | 211,969 |

Unrecognized tax credits total € 7.0 million (previous year: € 8.1 million). Realization of deferred tax assets totaling € 14.0 million (previous year: € 23.5 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 € 242.6 million (previous year: € 222.6 million) were recognized directly in equity. Of that amount, € 221.3 million (previous year: € 200.6 million) is attributable to actuarial gains and losses from the accounting of pension obligations, € -10,000 (previous year: € -10,000) to changes in the fair value of securities and € -558,000 (previous year: € -1.9 million) to changes in the fair value of derivative financial instruments designated as cash flow hedges.

The tax rate for B. Braun SE is 29.3% (previous year: 29.2%). The tax expense calculated using B. Braun SE's tax rate can be reconciled into the actual tax expense as follows:

| | 2020 '000 | 2019 '000 |
|---|---|---|
| B. Braun SE tax rate | 29.3% | 29.2% |
| Profit before tax | 416,071 | 308,964 |
| Expected income tax at parent company's tax rate | -121,906 | -90,100 |
| Differences due to other tax rates | 23,044 | 23,470 |
| Due to changes in tax rates | -1,174 | -995 |
| Tax reductions due to tax-exempt income | 43,412 | 27,291 |
| Tax increases due to non-deductible expenses | -24,619 | -20,453 |
| Addition/deduction of trade tax and similar foreign tax items | 2,599 | -1,608 |
| Final withholding tax on profit distributions | -1,938 | -3,124 |
| Tax credits | -1,689 | -1,970 |
| Tax income/expense relating to previous periods | 1,162 | -2,203 |
| Change to valuation allowances on deferred tax assets | -14,172 | -18,220 |
| Profit (loss) from financial investments recognized using the equity method | 119 | -17,967 |
| Other tax effects | -19,405 | -5,802 |
| **Actual tax expense** | **-114,567** | **-111,681** |
| | | |
| Effective tax rate | 27.5% | 36.1% |

## 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, 2020 or December 31, 2019 that could have diluted the earnings per share. Earnings per share totals € 0.34 (previous year: € 0.22).

Dividends paid in 2020 for the previous fiscal year totaled € 32 million (previous year: € 32 million). Dividends paid per share in 2020 totaled € 0.04 (previous year: € 0.04). The Management Board and Supervisory Board are proposing a dividend of € 0.04 per share for FY 2020. The proposed dividend must be ratified by the Annual Shareholders' Meeting on March 23, 2021. 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:

| | 2020 '000 | 2019 '000 |
|---|---|---|
| Expenses for raw materials, supplies and goods purchased | 3,241,607 | 3,083,419 |

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 € 54.0 million (previous year: € 34.2 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 € 32.1 million (previous year: € 33.5 million).





### Personnel expenditures/employees

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

| Personnel expenditures | 2020 '000 | 2019 '000 |
|---|---|---|
| Wages and salaries | 2,367,714 | 2,355,039 |
| Social security payments | 355,081 | 358,975 |
| Welfare and pension expenses | 132,561 | 114,842 |
| | **2,855,356** | **2,828,856** |
| | | |
| **Employees by function (annual average, including temporary employees)** | | |
| Production | 42,416 | 42,402 |
| Marketing and sales | 13,500 | 13,591 |
| Research and development | 2,414 | 2,278 |
| Technical and administration | 5,887 | 5,939 |
| | **64,217** | **64,210** |
| thereof part-time | (5,775) | (5,879) |

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 appropriate. 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 113 employees was reported for 2020, compared to 177 for 2019.

## 13 Total audit fee

The following fees were recognized as an expense for services provided worldwide by the auditors of PricewaterhouseCoopers in 2020:

| | 2020 '000 | 2019 '000 |
|---|---|---|
| Audit fees | 5,463 | 5,300 |
| thereof PricewaterhouseCoopers GmbH, Germany | (1,244) | (1,192) |
| Other certification services | 37 | 68 |
| thereof PricewaterhouseCoopers GmbH, Germany | (3) | - |
| Tax advisory services | 1,841 | 1,391 |
| thereof PricewaterhouseCoopers GmbH, Germany | (154) | (150) |
| Other services | 2,581 | 829 |
| thereof PricewaterhouseCoopers GmbH, Germany | (1,946) | (15) |
| | **9,922** | **7,588** |
| thereof PricewaterhouseCoopers GmbH, Germany | (3,347) | (1,357) |

The audit fees include all fees paid and outstanding 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. 1, 2019** | **314,479** | **712,388** | **138,523** | **92,783** | **1,258,173** |
| Foreign currency translation | -43 | 10,857 | 2,742 | 68 | 13,624 |
| Additions to scope of consolidation | 39,536 | 15,567 | 0 | 0 | 55,103 |
| Disposals from scope of consolidation | 0 | 0 | 0 | 0 | 0 |
| Additions | 30 | 15,453 | 5,506 | 26,081 | 47,070 |
| Transfers | 0 | 17,619 | 0 | -10,508 | 7,111 |
| Disposals of assets held for sale | 0 | -801 | 0 | 0 | -801 |
| Disposals | 20 | -8,647 | 0 | -6,274 | -14,901 |
| **Dec. 31, 2019/Jan.1, 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** | **380,632** | **729,909** | **138,281** | **135,743** | **1,384,565** |
| Accumulated amortization 2020 | 632 | 491,722 | 59,660 | 727 | 552,741 |
| Accumulated amortization 2019 | 784 | 471,634 | 38,479 | 0 | 510,897 |
| **Carrying amounts Dec. 31, 2020** | **380,000** | **238,187** | **78,621** | **135,016** | **831,824** |
| **Carrying amounts Dec. 31, 2019** | **353,238** | **290,802** | **108,292** | **102,150** | **854,482** |
| Amortization in the fiscal year | 0 | 64,773 | 26,201 | 727 | 91,701 |
| thereof unscheduled | 0 | 10,555 | 20,130 | 727 | 31,412 |

In the fiscal year, amortization of intangible assets totaling € 91.7 million (previous year: € 74.9 million) was recognized in the Statement of Income as a functional cost. Unscheduled amortization in the fiscal year primarily pertains to the amortization of internally created intangible assets relating to cartilage therapy in the United States and to acquired intangible assets relating to stoma care in France.

The B. Braun Group capitalized € 22.8 million (previous year: € 21.4 million) in development costs for the fiscal year. All the prerequisites for capitalization were met.





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

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

| | Hospital Care '000 | Aesculap '000 | OPM '000 | B. Braun Avitum '000 | Total '000 |
|---|---|---|---|---|---|
| **Dec. 31, 2019** | | | | | |
| Goodwill carrying amount | 85,580 | 19,469 | 22,308 | 225,881 | 353,238 |
| Annual growth rate | 2.4% | 2.3% | 2.1% | 2.5% | |
| Discount rate | 7.5% | 7.4% | 6.8% | 8.0% | |
| **Dec. 31, 2020** | | | | | |
| Carrying amount of goodwill | 89,827 | 19,467 | 22,306 | 248,401 | 380,001 |
| Annual growth rate | 2.2% | 2.1% | 1.9% | 2.3% | |
| Discount rate | 7.0% | 6.9% | 6.2% | 7.8% | |

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 three-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, 2020, 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. 1, 2019** | **2,391,644** | **3,629,807** | **1,203,706** | **-** | **930,900** | **8,156,057** |
| Foreign currency translation | 35,512 | 42,788 | 14,204 | - | 7,977 | 100,481 |
| Additions to scope of consolidation | 328,290 | 48,400 | 49,777 | - | 34 | 426,501 |
| Disposals from scope of consolidation | 0 | 0 | 0 | - | 0 | 0 |
| Additions | 67,775 | 94,656 | 74,710 | 49,539 | 427,640 | 714,320 |
| Transfers | 52,911 | 205,996 | -360,081 | 429,099 | -335,036 | -7,111 |
| Disposals of assets held for sale | -18,550 | 0 | -8,276 | - | 0 | -26,826 |
| Disposals | -11,782 | -37,026 | -24,038 | -27,262 | 2,425 | -97,683 |
| **Dec. 31, 2019/Jan.1, 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 | 0 | 61 | 14,360 |
| Disposals from scope of consolidation | 0 | 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 | 0 | -3,020 |
| Disposals | -27,362 | -42,467 | -46,457 | -8,423 | -1,118 | -125,827 |
| **Dec. 31, 2020** | **2,928,464** | **4,000,060** | **981,482** | **434,684** | **1,070,815** | **9,415,505** |
| Accumulated amortization 2020 | 914,350 | 2,410,433 | 656,823 | 281,463 | 2,393 | 4,265,462 |
| Accumulated amortization 2019 | 830,931 | 2,285,902 | 610,702 | 291,755 | 2,354 | 4,021,644 |
| **Carrying amounts Dec. 31, 2020** | **2,014,114** | **1,589,627** | **324,659** | **153,221** | **1,068,422** | **5,150,043** |
| **Carrying amounts Dec. 31, 2019** | **2,014,869** | **1,698,719** | **339,300** | **159,621** | **1,031,586** | **5,244,095** |
| Depreciation in the fiscal year | 133,596 | 253,379 | 117,944 | 22,878 | 1,933 | 529,730 |
| thereof unscheduled | 2,222 | 3,103 | -209 | 0 | 1,933 | 7,049 |

In the fiscal year, depreciation of property, plant and equipment totaling € 529.7 million (previous year: € 524.3 million) was recognized in the Statement of Income as a functional cost.

The capitalized borrowing costs in the fiscal year total € 4.4 million (previous year: € 5.5 million). This calculation assumed an interest rate of 1.7% (previous year: 2.0%).

In the Statement of Financial Position, government grants for investments in the amount of € 19,000 (previous year: € 764,000) 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 € 58.5 million (previous year: € 69.5 million). As of the reporting date, there were no unfulfilled conditions or uncertainties with regard to market success, which 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: € 20.2 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, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| Licenses, trademarks and similar rights | 455 | 480 |
| Buildings | 381,786 | 391,990 |
| Technical plants and machinery | 31,579 | 44,278 |
| Other plants, operating and office equipment | 41,389 | 46,625 |
| **Net carrying amount** | **455,209** | **483,373** |

Additions to rights of use during FY 2020 totaled € 113.3 million (previous year: € 69.9 million).

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

| | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| **Amortization of rights of use** | | |
| Licenses, trademarks and similar rights | -13 | -13 |
| Buildings | -68,025 | -67,317 |
| Technical plants and machinery | -12,002 | -12,085 |
| Other plants, operating and office equipment | -28,135 | -30,829 |
| | **-108,175** | **-110,244** |
| Interest expenses | -12,032 | -11,998 |
| Expenses relating to short-term leases | -10,246 | -9,563 |
| Expenses relating to leases for low-value assets not contained in the above short-term leases | -7,733 | -9,434 |
| Expenses relating to variable lease payments not contained in the leasing liabilities | -5,048 | -10,248 |
| Income from subleasing rights of use | 594 | 748 |
| Profits from leaseback transactions | 0 | 137 |

Total lease payments in the fiscal year amount to € 144.8 million (previous year: € 153.3 million).

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

Until July of the fiscal year, the B. Braun Group had a 25.2% share in Rhön-Klinikum AG, which is headquartered in Bad Neustadt an der Saale, Germany. Rhön-Klinikum AG is a publicly traded private operator of hospitals, clinics and medical centers. On April 8, 2020, Asklepios Kliniken GmbH & Co. KGaA offered the shareholders of Röhn-Klinikum AG a voluntary public takeover offer for all outstanding shares of the company for cash. In July 2020, the B. Braun Group accepted the takeover offer and sold its shares in Röhn-Klinikum AG accordingly. At €302.0 million, the proceeds were € 2.1 million above the carrying value of the holding at the time of the sale.

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

| | 2020<br>'000 | 2019<br>'000 |
|---|---:|---:|
| **Associated companies** | | |
| Carrying value of shares | 109,027 | 434,516 |
| Share of profit/loss | 2,273 | 29,760 |
| Share of net income | 2,273 | 29,760 |
| | | |
| **Joint ventures** | | |
| Carrying value of shares | 859 | 860 |
| Share of profit/loss | -3 | 155 |
| Share of net income | -3 | 155 |

As of December 31, 2020, the carrying value of holdings in associated companies included goodwill totaling € 27.0 million (previous year: € 62.7 million). Liabilities to associated companies totaled € 9.2 million (previous year: € 6.8 million) and to joint ventures € 10.0 million (previous year: € 5.4 million).





| Cost of acquisition | Financial investments recognized using the equity-method<br>'000 | Other holdings<br>'000 | Loans to companies in which the group holds an interest<br>'000 | Securities<br>'000 | Other loans<br>'000 | Total<br>'000 |
|---|---:|---:|---:|---:|---:|---:|
| **Jan. 1, 2019** | **468,129** | **46,473** | **8,174** | **4,887** | **6,490** | **534,153** |
| Foreign currency translation | 147 | -3 | 103 | 0 | 4 | 251 |
| Additions to Scope of Consolidation | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals from Scope of Consolidation | 0 | -23,186 | 0 | 0 | 0 | -23,186 |
| Additions | 57,583 | 34,765 | 1,719 | 135 | 1,198 | 95,400 |
| Transfers | 718 | 1,106 | -1,824 | 0 | 0 | 0 |
| Appreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | -1,362 | -6,002 | 1 | -1,900 | -9,263 |
| Fair value adjustments | 0 | 0 | 0 | 48 | 0 | 48 |
| **Dec. 31, 2019/Jan.1, 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** | **109,886** | **52,589** | **4,734** | **4,875** | **5,783** | **177,867** |
| Accumulated amortization 2020 | 0 | 95 | 0 | 2,628 | 138 | 2,861 |
| Accumulated amortization 2019 | 91,200 | 96 | 0 | 2,625 | 137 | 94,058 |
| **Carrying amounts Dec. 31, 2020** | **109,886** | **52,494** | **4,734** | **2,247** | **5,645** | **175,006** |
| **Carrying amounts Dec. 31, 2019** | **435,377** | **57,697** | **2,170** | **2,446** | **5,655** | **503,345** |
| Amortization in the fiscal year | 0 | 0 | 0 | 0 | 0 | 0 |

## 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 190 days |
|---|---|---|---|---|---|---|---|
| Dec. 31, 2019 | | | | | | | |
| Trade receivables | 1,045,544 | 803,295 | 87,594 | 39,255 | 22,666 | 39,024 | 53,710 |
| thereof leasing | 21,400 | 21,400 | | | | | |
| Lifetime ECL | -1,283 | -1,255 | -2 | -3 | -8 | -6 | -9 |
| Carrying amount | 1,044,261 | 802,040 | 87,592 | 39,252 | 22,658 | 39,018 | 53,701 |
| € '000 | | | | | | | |
| 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 |

Lifetime expected credit losses (ECL) were calculated using gross receivables less receivables for sale through the ABS program as well as credit loss rates in a range of 0.02% to 0.11% (previous year: 0.02% to 0.16%). 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 190 days |
|---|---|---|---|---|---|---|---|
| Dec. 31, 2019 | | | | | | | |
| Trade receivables | 234,870 | 130,390 | 25,834 | 9,562 | 7,780 | 13,812 | 47,492 |
| Impairment provisions | -39,092 | -7,220 | -1,501 | -589 | -561 | -1,717 | -27,504 |
| **Carrying amount** | **195,778** | **123,170** | **24,333** | **8,973** | **7,219** | **12,095** | **19,988** |
| '000 | | | | | | | |
| 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** |

Impairments on trade receivables have changed as follows:

| | 2020 '000 | 2019 '000 |
|---|---|---|
| Amount of impairment provisions as of Jan. 1 | 40,374 | 38,552 |
| Foreign currency translation | -3,545 | 264 |
| Additions | 18,636 | 11,606 |
| Utilization | -3,064 | -6,040 |
| Releases | -3,664 | -4,008 |
| **Amount of impairment provisions as of Dec. 31** | **48,737** | **40,374** |
| thereof for specific impairments | (47,843) | (39,091) |
| thereof lifetime ECL | (894) | (1,283) |

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:

| | 2020 '000 | 2019 '000 |
|---|---|---|
| Expenses for complete derecognition of trade receivables | 3,170 | 6,344 |
| Income from trade receivables previously derecognized | 166 | 141 |

Fair value of collateral received totaled € 9.3 million (previous year: € 8.9 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, 2020, B. Braun Group companies had sold receivables worth up to € 21.3 million (previous year: € 98.9 million) under an asset-backed securities (ABS) program with a maximum volume of € 100 million. The basis for the transaction is the assignment of trade receivables of individual B. Braun companies to a structured entity as part of an undisclosed assignment. A structured entity should be consolidated under IFRS 10 if the criteria for control of this company have been met (IFRS 10.B2). The existence of a controlling relationship requires decision-making power and variable returns as well as a link between the two. Since B. Braun does not participate in the variability of the structured entity, this company is not consolidated in the Consolidated Financial Statements.

The requirements for a receivables transfer according to IFRS 9.3.2.1 are met, since the receivables are transferred according to IFRS 9.3.2.4(a). In the previous fiscal year, verification in accordance with IFRS 9.3.2.6 showed that virtually all risks and rewards were neither transferred nor retained. The control of receivables remains with B. Braun, as a further sale of the receivables is economically detrimental to the structured entity. Consequently, B. Braun's continuing involvement must be recognized. 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: € 1.9 million). Secondly, the maximum expected interest payments until payment is received for the carrying amount of the receivables transferred are recognized in the Statement of Financial Position (€ 11,000; previous year: € 96,000). The fair value of the guarantee/interest payments due totaling € 614,000 (previous year: € 222,000) 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 | Dec. 31, 2020<br>'000 | Dec. 31, 2019<br>'000 |
|---|---|---|
| Less than 1 year | 9,057 | 8,751 |
| In Year 2 | 5,544 | 6,536 |
| In Year 3 | 3,692 | 3,738 |
| In Year 4 | 2,462 | 2,385 |
| In Year 5 | 1,673 | 1,120 |
| After 5 years | 1,537 | 971 |
| **Gross investment** | **23,965** | **23,501** |
| Interest amount | 1,844 | 2,155 |
| Total discounted, non-guaranteed residual value | 181 | 53 |
| **Net investment** | **22,302** | **21,399** |

Gains realized by sale in the fiscal year totaled € 393,000.





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:

| Maturity | Dec. 31, 2020<br>Minimum lease payments<br>'000 | Dec. 31, 2019<br>Minimum lease payments<br>'000 |
|---|---|---|
| Less than 1 year | 41,166 | 44,886 |
| In Year 2 | 28,471 | 29,612 |
| In Year 3 | 21,390 | 23,346 |
| In Year 4 | 14,988 | 18,395 |
| In Year 5 | 10,184 | 12,595 |
| Over 5 years | 30,038 | 19,903 |
| **Total** | **146,237** | **148,737** |

## 19 Other assets

| | Dec. 31, 2020 | | Dec. 31, 2019 | |
|---|---|---|---|---|
| | Residual term < 1 year '000 | Residual term > 1 year '000 | Residual term < 1 year '000 | Residual term > 1 year '000 |
| Other tax receivables | 79,996 | 0 | 95,397 | 0 |
| Receivables from social security providers | 3,965 | 11 | 2,796 | 7 |
| Receivables from employees | 3,133 | 528 | 3,608 | 695 |
| Advance payments | 21,349 | 30,008 | 23,431 | 45 |
| Accruals and deferrals | 39,960 | 3,324 | 43,480 | 4,591 |
| | **148,403** | **33,871** | **168,712** | **5,338** |
| | | | | |
| Receivables from derivative financial instruments | 17,379 | 0 | 9,888 | 0 |
| Securities at amortized cost | 15,817 | 0 | 16,007 | 0 |
| Securities held for trading | 33,551 | 0 | 28,957 | 0 |
| Assets held for sale | 0 | 0 | 11,206 | 0 |
| Other receivables and assets | 68,977 | 12,587 | 72,614 | 28,943 |
| | **135,724** | **12,587** | **138,672** | **28,943** |
| | **284,127** | **46,458** | **307,384** | **34,281** |

The financial assets held for sale in the previous year comprise assets for operating dialysis centers of the B. Braun Avitum division in Poland. The corresponding sale was transacted in January of the fiscal year.

Other receivables and assets primarily comprise 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, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| Raw materials and supplies | 372,833 | 324,005 |
| Impairment provisions | -28,290 | -23,790 |
| **Net raw materials and supplies** | **344,543** | **300,215** |
| Work in progress | 220,743 | 239,583 |
| Impairment provisions | -10,518 | -11,223 |
| **Net works in progress** | **210,225** | **228,360** |
| | | |
| Finished products, merchandise | 994,701 | 928,537 |
| Impairment provisions | -99,281 | -86,924 |
| **Net finished products, merchandise** | **895,420** | **841,613** |
| | 1,450,188 | 1,370,188 |

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. 1, 2019** | **-705** | **2,860** | **-178,587** | **-176,432** |
| **Changes recognized directly in equity (after taxes)** | | | | |
| Changes in fair value of securities | 0 | 242 | 0 | 242 |
| Cash flow hedging instruments | -4,038 | 0 | 0 | -4,038 |
| Changes due to currency translation | 0 | 0 | 52,740 | 52,740 |
| **Total** | **-4,038** | **242** | **52,740** | **48,944** |
| | | | | |
| **Dec. 31,2019/Jan. 1, 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** |
| | | | | |
| **Comprehensive income over the period** | **1,065** | **-192** | **-360,582** | **-359,709** |

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.

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## 24 Non-controlling interests

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

| | | | | | | | | | Attributable to | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Assets '000 | Liabilities '000 | Sales '000 | Profit/loss '000 | Other earnings (OCI) '000 | Total earnings '000 | Cash flow '000 | Non-controlling interests % | Profit/loss '000 | Dividends '000 |
| **2019** | | | | | | | | | | |
| Almo-Erzeugnisse E. Busch GmbH, Germany | 57,526 | 33,843 | 66,963 | 1,283 | -2,875 | -1,592 | 1 | 40 | 513 | 600 |
| B. Braun Austria Ges.m.b.H., Austria | 97,670 | 23,739 | 68,297 | 12,752 | -1,883 | 10,869 | 17 | 40 | 5,101 | 4,000 |
| B. Braun Medical AG, Switzerland | 426,667 | 161,563 | 331,868 | 18,944 | -27,926 | -8,982 | -4,737 | 49 | 9,283 | 5,185 |
| | 581,863 | 219,145 | 467,128 | 32,979 | -32,684 | 295 | -4,719 | | 14,897 | 9,785 |
| **2020** | | | | | | | | | | |
| Almo-Erzeugnisse E. Busch GmbH, Germany | 58,677 | 34,914 | 66,627 | 1,783 | -3,078 | -1,295 | 0 | 40 | 713 | 600 |
| B. Braun Austria Ges.m.b.H., Austria | 107,037 | 25,738 | 69,794 | 13,359 | -1,876 | 11,483 | -69 | 40 | 5,344 | 2,400 |
| B. Braun Medical AG, Switzerland | 445,344 | 179,737 | 358,159 | 27,111 | -44,453 | -17,342 | -556 | 49 | 13,264 | 5,571 |
| | 611,058 | 240,389 | 494,580 | 42,253 | -49,407 | -7,154 | -625 | | 19,321 | 8,571 |

## 25 Provisions for pensions and similar commitments

| | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| Provisions for pension commitments | 1,728,194 | 1,580,033 |

Payments totaling € 48.9 million (previous year: € 49.4 million) are expected for FY 2021. Of those, € 13.4 million (previous year: € 16.2 million) will be in contributions to external plan assets and € 35.5 million (previous year: € 33.2 million) in benefits paid directly by the employer to beneficiaries.

The Group's pension commitments relate to 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 € 36.0 million (previous year: € 31.1 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. 75% 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. 10% 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. 5% 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.

In the Netherlands, current pension commitments were transformed into a defined contribution commitment by January 1, 2020. The difference between the most recent obligation (€ 51.0 million) and the amount to be paid (€ 47.1 million) was recognized in expenses as a settlement gain.

The amount of pension provisions in the Statement of Financial Position is derived as follows:

| | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| Present value of pension commitments | 2,056,103 | 1,966,720 |
| Fair value of external plan assets | -327,909 | -386,687 |
| **Excess cover/shortfall** | **1,728,194** | **1,580,033** |
| | | |
| Effect of asset ceiling | 0 | 0 |
| **Net pension provisions** | **1,728,194** | **1,580,033** |
| thereof assets | (2,045) | (1,909) |
| thereof liabilities | (1,730,239) | (1,581,942) |

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

| | 2020 '000 | 2019 '000 |
|---|---|---|
| Current service costs | 78,871 | 61,176 |
| Plan amendments/past service costs | 979 | -216 |
| (Profit)/losses from plan settlements/lapsing | -3,895 | 217 |
| **Service costs** | **75,955** | **61,177** |
| | | |
| Interest expense on pension commitments | 28,405 | 36,952 |
| Interest income from external plan assets | -4,890 | -7,772 |
| **Net interest expenses on pension commitments** | **23,515** | **29,180** |
| | | |
| Administrative expenses and taxes | 665 | 1,126 |
| **Pension expenses on defined benefit plans** | **100,135** | **91,483** |
| thereof operating profit | (76,620) | (62,303) |
| thereof financial income | (23,515) | (29,180) |
| Pension expenses on defined contribution plans | 35,982 | 31,150 |
| **Pension expenses** | **136,117** | **122,633** |

Pension commitments and external plan assets are reconciled as follows:

| | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| Present value of the commitment at the beginning of the year | 1,966,720 | 1,671,040 |
| Current service costs | 78,871 | 61,177 |
| Plan amendments (past service costs) | 979 | -216 |
| Effects of plan settlements/lapsing | -3,895 | 217 |
| Interest expenses on pension commitments | 28,405 | 36,952 |
| Benefits paid | -61,250 | -47,628 |
| Settlement payments | -47,139 | -217 |
| Employee contributions | 4,958 | 5,045 |
| Effects of changes in financial assumptions | 115,646 | 249,195 |
| Effects of changes in demographic assumptions | -3,192 | -17,683 |
| Effects of experience adjustments | -9,100 | -4,091 |
| Effects of transfers | 520 | 297 |
| Effects of changes in the scope of consolidation | -516 | 0 |
| Effects of foreign currency translation | -14,903 | 12,632 |
| **Present value of the commitment at end of year** | **2,056,103** | **1,966,720** |

| | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| Fair value of plan assets at start of year | 386,687 | 338,993 |
| Interest income from external plan assets | 4,890 | 7,772 |
| Revaluation of external plan assets | 5,740 | 32,501 |
| Employer contributions | 13,694 | 10,884 |
| Employee contributions | 4,958 | 5,045 |
| Benefits paid and fund capital payments made | -29,934 | -18,429 |
| Settlement payments | -47,139 | 0 |
| Effects of changes in scope of consolidation and transfers | 0 | -41 |
| Effects of foreign currency translation | -10,987 | 9,962 |
| **Fair value of plan assets at end of year** | **327,909** | **386,687** |

The plan assets consist of the following:

| | Dec. 31, 2020 % | Dec. 31, 2019 % |
|---|---|---|
| Equities and similar securities | 23 | 20 |
| Bonds and other fixed-income securities | 13 | 12 |
| Insurance contracts | 53 | 58 |
| Liquid assets | 2 | 1 |
| Investment funds | 9 | 9 |
| | 100 | 100 |





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

| | Dec. 31, 2020 % | Dec. 31, 2019 % |
|---|---|---|
| Equities and similar securities | 23 | 20 |
| Bonds and other fixed-income securities | 13 | 12 |
| Liquid assets | 2 | 1 |
| Investment funds | 9 | 9 |
| | **47** | **42** |

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

83% (previous year: 94%) of equities and similar securities are attributable to plan assets in the US. The pension committee oversees plan assets in the US and ensures adequate investment diversification.

Pension provisions have trended as follows:

| | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| Net pension provisions as of Jan. 01 | 1,580,033 | 1,332,051 |
| Transfers | 520 | 340 |
| Payments | -45,676 | -41,428 |
| Pension expenses | 100,135 | 91,483 |
| Revaluations recognized in equity (OCI) | 97,614 | 194,917 |
| thereof effects from changes to financial assumptions of the pension commitment | (115,646) | (249,195) |
| thereof effects from changes to demographic assumptions of the pension commitment | (-3,192) | (-17,683) |
| thereof effects from experience adjustments of the pension commitment | (-9,100) | (-4,091) |
| thereof revaluation of external plan assets | (-5,740) | (-32,501) |
| thereof other effects | – | (3) |
| Effects of changes in the scope of consolidation | -516 | 0 |
| Effects of foreign currency translation | -3,916 | 2,670 |
| **Net pension provisions as of Dec. 31** | **1,728,194** | **1,580,033** |

Pension commitments were calculated based on the following assumptions:

| | Dec. 31, 2020 % | Dec. 31, 2019 % |
|---|---|---|
| Discount rate | 1.2 | 1.5 |
| Future salary increases | 2.7 | 2.8 |
| Future pension increases | 1.6 | 1.5 |

Pension expenses were calculated using the following assumptions:

| | Dec. 31, 2020 | Dec. 31, 2019 |
|---|---|---|
| | % | % |
| Discount rate used to calculate interest expenses | 1.5 | 2.2 |
| Discount rate used to calculate current service costs | 1.7 | 2.5 |
| Future salary increases | 2.8 | 2.8 |
| Future pension increases | 1.5 | 1.5 |

The percentages shown are weighted average assumptions. For the eurozone, a discount rate of 1.25% (previous year: 1.5%) was applied.

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, 2020 | Dec. 31, 2019 |
|---|---|---|
| | % | % |
| 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 | 3 |
| Life expectancy increased by 1 year | 4 | 3 |

Sensitivities related to decreasing effects on pension obligations are comparable.

The weighted-average duration of the obligation is 21 years (previous year: 20 years).





## 26 Other provisions

The major provision categories changed as follows:

| Other non-current provisions | | Personnel expenditures | Uncertain liabilities | Other | Total |
|---|---|---|---|---|---|
| | | '000 | '000 | '000 | '000 |
| **Jan. 1, 2019** | | **105,576** | **4,341** | **8,535** | **118,452** |
| Foreign currency translation | | 662 | -417 | 14 | 259 |
| Transfers | | 0 | 0 | 0 | 0 |
| Utilization | | -6,724 | -183 | -1,709 | -8,616 |
| Reversals | | -24 | -235 | -10 | -269 |
| Additions | | 14,255 | 858 | 1,376 | 16,489 |
| **Dec. 31, 2019/Jan. 1, 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** | | **119,431** | **3,385** | **10,901** | **133,717** |

| Other current provisions | Personnel expenditures | Warranties | Uncertain liabilities | Other | Total |
|---|---|---|---|---|---|
| | '000 | '000 | '000 | '000 | '000 |
| **Jan. 1, 2019** | **5,395** | **13,638** | **14,450** | **28,331** | **61,814** |
| Foreign currency translation | 65 | 61 | 40 | 6 | 171 |
| Transfers | 0 | 0 | 0 | 0 | 0 |
| Changes in scope of consolidation | 0 | 0 | 0 | 0 | 0 |
| Utilization | -1,808 | -6,211 | -4,804 | -15,588 | -28,411 |
| Reversals | -650 | -550 | -2,021 | -2,292 | -5,513 |
| Additions | 4,346 | 7,196 | 3,646 | 16,953 | 32,141 |
| **Dec. 31, 2019/Jan. 1, 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** | **6,330** | **18,029** | **11,853** | **24,331** | **60,541** |

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 € 660,000. The impact of changes in the discount amount totals € 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, 2020<br>'000 | Dec. 31, 2019<br>'000 |
|---|---|---|
| **Non-current liabilities** | | |
| Profit participation rights | 102,977 | 112,047 |
| Liabilities to banks | 1,479,072 | 1,806,667 |
| Liabilities from lease agreements | 290,628 | 299,782 |
| Liabilities from lease agreements with affiliated companies | 24,889 | 32,320 |
| Liabilities from borrowings from non-banks | 38,239 | 47,387 |
| | **1,935,805** | **2,298,203** |
| **Current liabilities** | | |
| Profit participation rights | 13,374 | 14,991 |
| Liabilities to banks | 463,456 | 466,859 |
| Liabilities from lease agreements | 76,673 | 83,892 |
| Liabilities from lease agreements with affiliated companies | 12,052 | 16,516 |
| Liabilities from borrowings from non-banks | 84,225 | 70,881 |
| Liabilities from borrowings from affiliated companies | 76,375 | 67,583 |
| Liabilities from bills of exchange | 13,475 | 12,051 |
| Other financial liabilities | 11,585 | 3,236 |
| | **751,215** | **736,009** |
| **Total financial liabilities** | **2,687,020** | **3,034,212** |

Term structure of financial liabilities:

| | Dec. 31, 2020<br>'000 | Dec. 31, 2019<br>'000 |
|---|---|---|
| Due within 1 year | 751,215 | 736,009 |
| Due in 1–5 years | 1,373,314 | 1,531,091 |
| Due in over 5 years | 562,491 | 767,112 |
| | **2,687,020** | **3,034,212** |

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, B. Braun SE 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 debt ratio (leverage



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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. 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.

As of December 31, 2020, the Group had unused credit lines in different currencies totaling € 1.6 billion (previous year: € 1.3 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, 2020<br>'000 | Dec. 31, 2019<br>'000 |
|---|---|---|
| Euro | 2,097,087 | 2,314,969 |
| US dollar | 87,633 | 147,867 |
| Other | 502,300 | 571,376 |
| | **2,687,020** | **3,034,212** |

Of the other financial liabilities, € 24.6 million (previous year: € 20.4 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: € 33,000). 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, 2019** | | | | | | |
| Profit participation rights | 127,038 | 15,131 | 14,089 | 36,796 | 61,761 | 0 |
| Liabilities to banks | 2,273,526 | 490,012 | 316,493 | 993,338 | 583,148 | 0 |
| Liabilities from lease agreements | 383,674 | 93,528 | 73,500 | 148,238 | 80,021 | 38,183 |
| Liabilities from lease agreements with affiliated companies | 48,836 | 16,459 | 12,813 | 20,568 | 818 | 0 |
| Liabilities from borrowings from non-banks | 118,268 | 71,401 | 4,186 | 37,037 | 7,081 | 0 |
| Liabilities from ABS transactions and other financial liabilities | 48,365 | 48,365 | 0 | 0 | 0 | 0 |
| Trade accounts payable | 527,007 | 525,079 | 4 | 2,071 | 0 | 0 |
| Liabilities from derivative financial instruments | 15,581 | 14,678 | 57 | 846 | 0 | 0 |
| **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 |





All instruments held as of December 31, 2020 and 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, 2020. 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, 2020 '000 | Fair value Dec. 31, 2020 '000 | Carrying Amount Dec. 31, 2019 '000 | Fair value Dec.31, 2019 '000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | AmC | 1,137,513 | - | 1,197,236 | - |
| | FVPL | 45,375 | 45,375 | 42,804 | 42,804 |
| Other receivables | AmC | 88,334 | - | 104,830 | - |
| Other financial assets | FVOCIw/o | 48,121 | 48,121 | 50,443 | 50,443 |
| | AmC | 15,817 | 15,817 | 16,007 | 16,007 |
| | FVPL | 6,516 | 6,516 | 9,719 | 9,719 |
| Financial assets held for trading | FVPL | 33,551 | 33,551 | 28,957 | 28,957 |
| Derivatives not in a hedge | FVPL | 15,615 | 15,615 | 8,267 | 8,267 |
| Derivatives in a hedge | N/A | 1,764 | 1,764 | 1,621 | 1,621 |
| Cash and cash equivalents | AmC | 149,138 | - | 82,350 | - |
| **Liabilities** | | | | | |
| Profit participation rights | AmC | 116,351 | -* | 127,040 | -* |
| Liabilities to banks | AmC | 1,942,528 | 1,968,043 | 2,273,526 | 2,318,722 |
| Liabilities from lease agreements | N/A | 404,242 | - | 432,510 | - |
| Liabilities from borrowings from non-banks | AmC | 122,464 | 122,632 | 118,268 | 118,595 |
| Other financial liabilities | AmC | 13,474 | - | 12,085 | - |
| Trade accounts payable | AmC | 450,309 | - | 527,007 | - |
| Other liabilities | AmC | 274,594 | - | 305,042 | - |
| Purchase price liabilities from business combinations | FVPL | 6,471 | 6,471 | 12,000 | 12,000 |
| Derivatives not in a hedge | FVPL | 6,095 | 6,095 | 8,578 | 8,578 |
| Derivatives in a hedge | N/A | 216 | 216 | 7,003 | 7,003 |

| | Measurement category per IFRS 9 | Carrying amount Dec. 31, 2020 '000 | Fair value Dec. 31, 2020 '000 | Carrying Amount Dec. 31, 2019 '000 | Fair value Dec.31, 2019 '000 |
|---|---|---|---|---|---|
| **Summary by measurement category:** | | | | | |
| Assets | | | | | |
| Amortized cost | AmC | 1,390,802 | 15,817 | 1,400,423 | 16,007 |
| Fair value through profit or loss | FVPL | 101,057 | 101,057 | 89,747 | 89,747 |
| Fair value through other comprehensive income without recycling | FVOCIw/o | 48,121 | 48,121 | 50,443 | 50,443 |
| Liabilities | | | | | |
| Amortized cost | AmC | 2,919,720 | 2,090,675 | 3,362,968 | 2,437,317 |
| Fair value through profit or loss | FVPL | 12,566 | 12,566 | 20,578 | 20,578 |

**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 | 2020 '000 | 2019 '000 |
|---|---|---|
| – Measured at amortized cost | 0 | -89 |
| – Equity instruments measured in other comprehensive income as FVCOI | -257 | -222 |
| – Measured at FVPL by regulation | 48,278 | -20,979 |
| | 48,021 | -21,290 |

Trade receivables totaling € 45.4 million were designated at fair value through profit and loss since they are held for sale as part of an asset-backed securities program, meaning they do not meet the business model condition for classification as financial assets measured at amortized cost.

Financial investments in foreign currency instruments totaling € 15.9 million were designated 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 € 48.1 million were designated 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 € 13.0 million were recognized from these financial investments in 2020.

Other assets comprise other receivables and other financial assets in the amount of € 132.9 million (previous year: € 125.0 million) as well as other loans in the amount of € 10.4 million (previous year: € 7.8 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, 2019 | | | | |
| **Financial assets of category: FVPL** | | | | |
| Derivative financial assets not in a hedge | 0 | 8,267 | 0 | 8,267 |
| Derivative financial assets in a hedge | 0 | 1,621 | 0 | 1,621 |
| Other financial assets | 9,719 | 0 | 0 | 9,719 |
| Financial assets held for trading | 28,957 | 0 | 0 | 28,957 |
| Trade receivables | 0 | 42,804 | 0 | 42,804 |
| **Financial assets of category: FVOCIw/o** | | | | |
| Financial assets | 0 | 50,443 | 0 | 50,443 |
| **Financial liabilities of category: FVPL** | | | | |
| Purchase price liabilities from business combinations | 0 | 0 | -12,000 | -12,000 |
| Derivative financial assets not in a hedge | 0 | -8,578 | 0 | -8,578 |
| Derivative financial assets in a hedge | 0 | -7,003 | 0 | -7,003 |
| | 38,676 | 87,554 | -12,000 | 114,230 |

| | Level 1 '000 | Level 2 '000 | Level 3 '000 | Total '000 |
|---|---|---|---|---|
| **Dec. 31, 2020** | | | | |
| **Financial assets of 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 of category: FVOCIw/o** | | | | |
| Financial assets | 0 | 48,121 | 0 | 48,121 |
| **Financial liabilities of category: FVPL** | | | | |
| Purchase price liabilities from business combinations | 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 |

Purchase price liabilities from business combinations 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 € 2.4 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 € 4.3 million (decrease by € 2.4 million).

The € 5.5 million decrease in liabilities over the previous year is attributable to the repayment of liabilities (€ -625,000), the creation of new liabilities following business combinations in the reporting year (€ 1.2 million), the reappraisal of liabilities recognized in the Statement of Income (€ -6.2 million) and discounting effects recognized in the Statement of Income (€ 108,000).

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, 2019** | | | | |
| Other financial assets | 16,007 | 0 | 0 | 16,007 |
| Liabilities to banks | 0 | 2,318,722 | 0 | 2,318,722 |
| Liabilities from borrowings from non-banks | 0 | 118,595 | 0 | 118,595 |
| | 0 | 2,437,317 | 0 | 2,437,317 |
| **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 |





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

| | | | | Corresponding amounts that were not offset | | |
|---|---|---|---|---|---|---|
| | Gross carry-ing amount '000 | Offset amount '000 | Net carrying amount '000 | Financial instruments '000 | Financial collateral held '000 | Net amount '000 |
| **Dec. 31, 2019** | | | | | | |
| Assets measured at cost | 1,400,423 | 0 | 1,400,423 | -3,355 | 47 | 1,397,115 |
| Assets measured at fair value | 140,190 | 0 | 140,190 | -9,188 | 0 | 131,002 |
| thereof FVPL | 89,747 | 0 | 89,747 | -9,188 | 0 | 80,559 |
| thereof FVOCIw/o | 50,443 | 0 | 50,443 | 0 | 0 | 50,443 |
| Financial liabilities at amortized cost | 3,362,968 | 0 | 3,362,968 | -7,171 | 0 | 3,355,797 |
| Liabilities measured at fair value (FVPL) | 20,578 | 0 | 20,578 | -5,414 | 0 | 15,164 |
| **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 |

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, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| **Non-current liabilities** | | |
| Trade accounts payable | 1,619 | 2,075 |
| | | |
| Liabilities to social security providers | 13,202 | 4,450 |
| Liabilities from derivative financial instruments | 485 | 903 |
| Liabilities to employees, Management and shareholders | 47,675 | 42,473 |
| Accruals and deferrals | 80 | 80 |
| | **61,442** | **47,906** |
| | | |
| Other liabilities | 11,458 | 8,301 |
| **Subtotal other liabilities** | **72,900** | **56,207** |
| thereof financial liabilities | (4,184) | (8,231) |
| | | |
| **Current liabilities** | | |
| Trade accounts payable | 448,690 | 524,932 |
| | | |
| Liabilities to social security providers | 42,154 | 36,178 |
| Liabilities to employees, Management and shareholders | 310,106 | 300,557 |
| Accruals and deferrals | 22,155 | 16,015 |
| Other tax liabilities | 102,299 | 114,049 |
| | **476,714** | **466,799** |
| | | |
| Liabilities from derivative financial instruments | 5,826 | 14,678 |
| Liabilities held for sale | 0 | 2,761 |
| Other liabilities | 298,674 | 318,859 |
| | **304,500** | **336,298** |
| | | |
| **Subtotal other liabilities** | **781,214** | **803,097** |
| thereof financial liabilities | (282,546) | (316,248) |
| | | |
| **Total liabilities** | **1,304,423** | **1,386,311** |

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, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| Uncertain liabilities | 1,140 | 2,795 |
| Guarantees | 15,659 | 15,611 |
| Warranty agreements | 0 | 0 |
| Contractual performance guarantees | 29,512 | 40,567 |
| | **46,311** | **58,973** |





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, B. Braun is subject to potential obligations stemming from lawsuits and enforced 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 € 3.0 million (previous year: € 264,000) and obligations to acquire property, plant and equipment total € 354.8 million (previous year: € 359.8 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 manages risk according to guidelines issued by the Management Board Group Treasury also identifies, measures and hedges financial risks in close cooperation with the Group's operating units. The Management Board 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). 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.

If the exchange rate of the US dollar compared to other currencies on December 31, 2020 had been 10% stronger (weaker), profit before taxes—with all other variables remaining constant—would have been € 300,000 lower (higher; previous year: € 600,000). The other equity components would have been approx. €0 lower (higher; previous year: € 6.3 million). 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 € 2.2 million (previous year: € 24.9 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 payer interest rate swaps transacted for this purpose expired in FY 2019 as scheduled.

If market interest rates had been 100 basis points higher as of December 31, 2020, profit before taxes—with all other variables remaining constant—would have been approx. € 3.2 million lower for the full year (previous year: € 5.4 million). If market interest rates had been 50 basis points lower as of December 31, 2020, profit before taxes—with all other variables remaining constant—would have been approx. € 1.2 million higher for the full year (previous year: € 2.2 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 € 39.1 million (previous year: € 38.7 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, 2019 '000 | 12-month ECL | Lifetime ECL (non-impaired) | Lifetime ECL (impaired) | Lifetime ECL |
| Not at risk | 203,187 | 0 | 0 | 1,045,544 |
| At risk | 0 | 0 | 0 | 234,869 |
| **Total** | 203,187 | 0 | 0 | 1,280,413 |

| | 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 |

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.

### 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, 2020 '000 | Dec. 31, 2019 '000 | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
| Forward foreign exchange con- | 1,073,093 | 1,363,993 | 26,234 | 17,760 | 11,349 | -5,520 |
| Embedded derivatives | 9,000 | 8,300 | 0 | 0 | -250 | -40 |
| | **1,082,093** | **1,372,293** | **26,234** | **17,760** | **11,099** | **-5,560** |

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, 2020 '000 | Dec. 31, 2019 '000 | Dec. 31, 2020 | Dec. 31, 2019 |
| EUR/USD | 0 | 62,332 | 0.0000 | 1.1458 |
| EUR/CHF | 0 | 34,833 | 0.0000 | 1.1035 |
| EUR/GBP | 0 | 38,651 | 0.0000 | 0.8901 |
| EUR/JPY | 0 | 16,681 | 0.0000 | 121.4400 |
| EUR/CNY | 0 | 85,634 | 0.0000 | 8.0107 |
| EUR/RUB | 0 | 56,101 | 0.0000 | 77.0296 |
| EUR/BRL | 22,100 | 23,850 | 6.3725 | 4.7042 |

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, 2020, the Group had designated hedging instruments with a fair value of € 1.8 million (previous year: € 1.6 million) as other assets and of € 216,000 (previous year: € 9.4 million) as other liabilities as part of its cash flow hedges.

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

| | 2020<br>'000 | 2019<br>'000 |
|---|---|---|
| **As of Jan. 1** | -7,751 | -1,025 |
| Profit or loss from effective hedges | 11,905 | -20,560 |
| | | |
| Reclassifications due to altered expectations regarding occurrence of underlying transaction | N/A | N/A |
| Reclassifications due to realization of underlying transaction | -2,566 | 13,828 |
| Reclassification due to a basis adjustment | N/A | N/A |
| **As of Dec. 31** | **1,548** | **-7,751** |

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

B. Braun expects gains of € 1.8 million and losses of € 216,000 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.

The Group had concluded several payer interest rate swaps ("static pay, variable receipts") in order to hedge the variable interest payments on a nominal credit volume of € 100 million. These interest rate swaps expired during FY 2019 as scheduled. The Group had designated these payer interest rate swaps as cash flow hedges. The hedging measures were designed to hedge the cash flow from bank liabilities against an increase in the reference interest rate. The effectiveness of hedges was measured prospectively and retrospectively using the dollar offset method. The hedges were effective.

As of December 31, 2020, the Group had not designated any interest rate swaps as hedging instruments as part of its cash flow hedges. The reserve for cash flow hedges for these interest rate swaps reported in equity under other reserves developed over the fiscal year as follows:

| | 2020<br>'000 | 2019<br>'000 |
|---|---|---|
| **As of Jan. 1** | 0 | -423 |
| Profit or loss from effective hedges | 0 | -47 |
| | | |
| Reclassifications due to altered expectations regarding occurrence of underlying transaction | N/A | N/A |
| Reclassifications due to realization of underlying transaction | 0 | 470 |
| Reclassification due to a basis adjustment | N/A | N/A |
| **As of Dec. 31** | **0** | **0** |





Realization of the underlying transaction resulted in a reclassification from other reserves to 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 Melsungen AG'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:

| | 2020<br>'000 | 2019<br>'000 |
|---|---|---|
| **Sale of goods and services** | | |
| Related parties | 1,493 | 16,719 |
| thereof B. Braun Holding GmbH & Co. KG | (8) | (4,739) |
| thereof Associates | (1,485) | (11,980) |
| | | |
| **Goods and services purchased** | | |
| Related parties | 99,445 | 105,895 |
| thereof B. Braun Holding GmbH & Co. KG | (65,800) | (64,554) |
| thereof Joint ventures | (20,511) | (24,455) |
| thereof Associates | (13,134) | (16,886) |
| Key management personnel | 0 | 17 |
| | **99,445** | **105,912** |

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

| | Dec. 31, 2020 '000 | Dec. 31, 2019 '000 |
|---|---|---|
| **Outstanding items from the sale of goods and services** | | |
| Related parties | 7,314 | 9,207 |
| thereof B. Braun Holding GmbH & Co. KG | (3,397) | (7,267) |
| thereof unconsolidated subsidiaries of B. Braun Holding | (0) | (0) |
| thereof joint ventures | (2,931) | (19) |
| thereof associates | (986) | (1,921) |
| | | |
| Procurement obligations | 69 | 184 |
| | | |
| **Outstanding items from goods and services purchased and from borrowings** | | |
| Related parties | 136,956 | 44,691 |
| thereof B. Braun Holding GmbH & Co. KG | (119,544) | (39,450) |
| thereof unconsolidated subsidiaries of B. Braun Holding | (0) | (0) |
| thereof joint ventures | (8,368) | (1,995) |
| thereof associates | (9,044) | (3,246) |
| Key management personnel | 56,654 | 42,542 |
| | 193,610 | 87,233 |

Key management personnel are members of the Management 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 Management 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 Management Board members, the criteria for remuneration include the Group's financial position, results and future projections.





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

| | 2020 '000 | 2019 '000 |
|---|---|---|
| Fixed remuneration | 3,107 | 3,285 |
| Variable remuneration | 4,216 | 3,849 |
| Pension expense | 931 | 1,345 |
| Bonuses | 411 | 609 |
| Other | 308 | 314 |
| | 8,973 | 9,402 |

Of the total, € 314,000 was attributable to the Chairman of the Management Board as fixed renumeration and € 667,000 as variable remuneration from profit-sharing.

Pension commitments totaling € 14.2 million exist to active board members. Profit-sharing bonus commitments to Management Board members reported under liabilities to employees, management and shareholders total € 3.5 million. A total of € 12.6 million has been allocated for pension commitments to former Management Board members and their surviving dependents. Total remuneration amounted to € 0. Supervisory Board remuneration totaled € 896,000.

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 Management Board or Supervisory Board. Liabilities stemming from profit participation rights for Management Board members totaled € 16.2 million (previous year: € 20 million). See Note 27 for detailed information about bonuses.

The members of the Supervisory Board are listed on page 138 and Management Board members are listed on pages 4-5.

## 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 € 1,018.7 million illustrates the operating revenue surplus prior to funds commitment and is € 149.5 million higher than the previous year. The change is due primarily to the higher operating result as well as the change in long-term provisions, and other non-cash expenses and income.

Cash flow from operating activities totaling € 797.8 million represents changes in current assets, current provisions and liabilities (excluding financial liabilities).

The decrease in liabilities and short-term provisions less the increase in inventories, receivables and other assets have led to a cash outflow of € -220.9 million. Net cash from operating activities is therefore € 17.2 million above the previous year's level.

### 35 Cash flow from investing activities

A total of € 701.2 million was spent in 2020 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 (€ 340.5 million), as well as dividends and similar income received (€ 14.1 million), resulting in a net cash outflow from investing activities of € 346.6 million. Compared to the previous year, this resulted in a € 452.6 million decrease in cash outflow.

Investments made during the year were fully covered by cash flow from operating activities. The remaining free cash flow was € 451.3 million (previous year: € 15.8 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 € 113.3 million (previous year: € 69.9 million).

### 36 Cash flow from financing activities

In FY 2020, cash outflows from financing activities were € -455.0 million (previous year: € -6.1 million outflow). The net balance of cash flowing in and out for borrowings and repayment of debt was € -408.5 million (previous year: € 41.7 million). Dividend payments and capital contributions by non-controlling interests resulted in a total cash outflow of € 39.9 million (previous year: € 44.4 million). The € 448.9 million change in cash inflows as compared with the previous year is primarily due to less 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. 1, 2020 | Cash changes | Non-cash changes | | | Dec. 31, 2020 |
|---|---|---|---|---|---|---|
| | | | Acquisitions | Exchange gains (losses) | Change in the fair value | |
| | '000 | '000 | '000 | '000 | '000 | '000 |
| Non-current financial liabilities | 1,854,054 | -325,556 | 637 | -11,824 | 0 | 1,517,311 |
| Current financial liabilities | 620,610 | 36,563 | 9,078 | -17,136 | 0 | 649,115 |
| Non-current leasing liabilities | 332,102 | -114,869 | 106,967 | -8,683 | 0 | 315,517 |
| Current leasing liabilities | 100,408 | -7,903 | 0 | -3,779 | 0 | 88,726 |
| Non-current profit participation rights | 112,047 | 6,668 | 0 | 0 | -15,739 | 102,976 |
| Current profit participation rights | 14,991 | -12,574 | 0 | 0 | 10,957 | 13,374 |
| **Total liabilities from financing activities** | **3,034,212** | **-417,671** | **116,682** | **-41,422** | **-4,782** | **2,687,019** |

### 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, 2020, restrictions on cash availability totaled € 1.4 million (previous year: € 1.6 million). These restrictions are primarily related to security deposits and collateral for tender business.

## SUBSEQUENT EVENTS

No facts came to light after completion of the fiscal year through to the date of preparation of the Consolidated Financial Statements that have a material effect on net assets, financial position and earnings situation for FY 2020.

# MAJOR SHAREHOLDINGS

| | As of Dec. 31, 2020 | | | |
|---|---|---|---|---|
| Company name and headquarters | Share in capital % [1] | Equity € '000 | Sales '000 | Employees [4] |
| **Germany** | | | | |
| AESCULAP AG, Tuttlingen [2] | 94.0 | 180,772 | 661,811 | 3,358 |
| AESCULAP INTERNATIONAL GMBH, Tuttlingen [2] | 94.0 | 45,777 | 0 | 0 |
| AESCULAP SUHL GMBH, Suhl [2] | 94.0 | 3,567 | 14,877 | 96 |
| ALMO-Erzeugnisse Erwin Busch GmbH, Bad Arolsen | 56.4 | 23,763 | 66,627 | 383 |
| B. Braun Avitum AG, Melsungen [2] | 88.3 | 97,388 | 550,916 | 1,031 |
| B. Braun Avitum Saxonia GmbH, Radeberg [2] | 88.3 | 19,010 | 119,644 | 1,006 |
| B. Braun Gesundheitsservice GmbH, Cologne [2] | 93.9 | 1,956 | 60,777 | 40 |
| B. Braun Facility Services GmbH & Co. KG, Melsungen | 94.0 | -3,504 | 796 | 127 |
| B. Braun Melsungen AG, Melsungen [2] | 94.0 | 1,264,773 | 2,187,093 | 6,504 |
| B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen [2] | 94.0 | 149,309 | 0 | 0 |
| B. Braun Surgical GmbH, Melsungen [2] | 94.0 | 158,735 | 0 | 0 |
| B. Braun Vet Care GmbH, Tuttlingen [2] | 94.0 | 168 | 16,630 | 19 |
| DTZ Dialyse Trainings-Zentren GmbH, Nuermberg [2] | 88.3 | 35,361 | 18,298 | 236 |
| Inko Internationale Handelskontor GmbH, Roth [2] | 94.0 | 4,539 | 9,849 | 17 |
| Nutrichem Diät + Pharma GmbH, Roth [2] | 94.0 | 30,701 | 67,983 | 331 |
| TransCare Service GmbH, Neuwied [2] | 93.9 | 1,653 | 17,055 | 168 |
| **Europe** | | | | |
| Aesculap Chifa Sp. z o.o., Nowy Tomyśl/Poland | 93.1 | 145,731 | 177.376 | 2,305 |
| Aesculap SAS, Chaumont/France | 94.0 | 11,659 | 11.267 | 112 |
| Avitum S.r.l., Sânandrei/Romania | 88.3 | 9,075 | 28.921 | 586 |
| B. Braun Adria d.o.o., Zagreb/Croatia | 33.8 | 17,112 | 17.376 | 39 |
| B. Braun Austria Ges. m.b.H., Maria Enzersdorf/Austria | 56.4 | 81,299 | 69.794 | 137 |
| B. Braun Avitum France SAS, Saint-Cloud/France | 88.3 | 16,858 | 0 | 0 |
| B. Braun Avitum Hungary Egészségügyi Szolgáltató Zrt., Budapest/Hungary | 88.3 | 17,925 | 31.865 | 713 |
| B. Braun Avitum Italy S.p.A., Mirandola/Italia | 88.3 | 46,964 | 88.339 | 367 |
| B. Braun Avitum Poland Sp.z o.o., Nowy Tomyśl/Poland | 89.5 | 3,311 | 10.633 | 15 |
| B. Braun Avitum Russland Clinics OOO, Sankt Petersburg/Russia | 88.3 | 1,428 | 30.859 | 995 |
| B. Braun Avitum Russland OOO, Sankt Petersburg/Russia | 88.3 | 67,565 | 67.086 | 64 |
| B. Braun Avitum s.r.o., Bratislava/Slovakia | 88.1 | 3,670 | 15.924 | 247 |
| B. Braun Avitum s.r.o., Prague/Czech Republic | 88.1 | 7,670 | 34.945 | 424 |
| B. Braun Avitum Servicios Renales S.A., Rubí (Barcelona)/Spain | 90.6 | 11,416 | 13.408 | 173 |
| B. Braun Avitum Turkey Sanayi Ticaret Anonim Şirket, Ankara/Turkey | 88.3 | 4,485 | 4.647 | 17 |
| B. Braun Avitum (UK) Ltd., Sheffield/United Kingdom | 88.3 | -9 | 27.089 | 203 |
| B. Braun Hospicare Ltd., Co. Sligo/Ireland | 94.0 | 4,018 | 13.042 | 114 |
| B. Braun Medical AB, Danderyd/Sweden | 94.0 | 4,696 | 50.012 | 59 |
| B. Braun Medical AG, Sempach/Switzerland | 47.9 | 270,057 | 358.159 | 991 |
| B. Braun Medical A/S, Frederiksberg/Denmark | 94.0 | 6,265 | 54.230 | 35 |
| B. Braun Medical A/S, Vestskogen/Norway | 94.0 | 3,733 | 25.254 | 37 |
| B. Braun Medical B.V., Oss/Netherlands | 94.0 | 16,557 | 65.327 | 142 |
| B. Braun Medical EOOD, Sofia/Bulgaria | 56.4 | 5,412 | 15.439 | 92 |





| | As of Dec. 31, 2020 | | | |
|---|---|---|---|---|
| Company name and headquarters | Share in capital % [1] | Equity € '000 | Sales '000 | Employees [4] |
| **Europe** | | | | |
| B. Braun Medical International S.L., Rubi/Spain | 94.0 | 489,711 | 0 | 18 |
| B. Braun Medical Kft., Budapest/Hungary | 56.4 | 36,558 | 104.847 | 1,598 |
| B. Braun Medical Lda., Barcarena/Portugal | 94.0 | 18,812 | 62,407 | 146 |
| B. Braun Medical LLC, Sankt Petersburg/Russia | 94.0 | 46,801 | 154,346 | 498 |
| B. Braun Medical Ltd., Dublin/Ireland | 94.0 | 6,040 | 35,101 | 60 |
| B. Braun Medical Ltd., Sheffield/England | 94.0 | 55,762 | 197,504 | 679 |
| B. Braun Medical N.V., Diegem/Belgium | 94.0 | 1,634 | 42,251 | 88 |
| B. Braun Medical Oy, Helsinki/Finland | 94.0 | 5,128 | 42,361 | 51 |
| B. Braun Medical S.A., Rubi/Spain | 94.0 | 107,639 | 299,000 | 1.389 |
| B. Braun Medical S.A.S., Saint-Cloud/France | 94.0 | 102,160 | 355,613 | 1.414 |
| B. Braun Medical s.r.o., Bratislava/Slovakia | 65.8 | 11,705 | 27,241 | 29 |
| B. Braun Medical s.r.o., Prague/Czech Republic | 65.8 | 26,578 | 75,730 | 221 |
| B. Braun Medikal Dis Ticaret A.S., Sarıyer Istanbul/Turkey | 94.0 | 9,194 | 29,171 | 143 |
| B. Braun Milano S.p.A., Milan/Italy | 94.0 | 39,364 | 141,050 | 233 |
| B. Braun Sterilog (Birmingham) Ltd., Sheffield/United Kingdom | 94.0 | -1,872 | 10,794 | 219 |
| B. Braun Sterilog (Yorkshire) Ltd., Sheffield/United Kingdom | 94.0 | -2,065 | 6,917 | 166 |
| B. Braun Surgical SA, Rubí/Spain | 94.0 | 63,645 | 171,879 | 853 |
| B. Braun VetCare S.A., Rubí/Spain | 94.0 | 5,981 | 14,231 | 28 |
| B-PACK S.p.A., San Pietro Mosezzo (NO)/Italy | 94.0 | 13,612 | 33,863 | 90 |
| Gematek OOO, St. Petersburg/Russia | 94.0 | 14,132 | 11,913 | 224 |
| LLC MCP-Medicare, St. Petersburg/Russia | 88.3 | 1,319 | 13,547 | 410 |
| LLC "Nephros", Krasnodar/Russia | 88.3 | 3,704 | 15,392 | 417 |
| SC B. Braun Medical S.R.L., Sânandrei/Romania | 58.8 | 7,346 | 40,670 | 102 |
| Suturex & Renodex S.A.S., Sarlat/France | 94.0 | 17,912 | 16,635 | 149 |
| **North America** | | | | |
| Aesculap Inc., Center Valley/USA | 89.8 | 152,386 | 210,395 | 503 |
| Aesculap Implant Systems LLC, Center Valley/USA | 89.8 | -54,711 | 39,553 | 95 |
| B. Braun Interventional Systems Inc., Bethlehem/USA | 89.8 | 11,030 | 38,355 | 51 |
| B. Braun Medical Inc., Bethlehem/USA | 89.8 | 658,418 | 1.258,700 | 6,199 |
| B. Braun of America Inc., Bethlehem/USA | 89.8 | 171,972 | 0 | 0 |
| B. Braun of Canada Ltd., Mississauga/Canada | 89.8 | 5,238 | 31,106 | 24 |
| Central Admixture Pharmacy Services Inc., Santa Fe Springs/USA | 89.8 | 97,707 | 320,059 | 768 |
| **Asia-Pacific** | | | | |
| Ahlcon Parenterals (India) Limited., New Delhi/India | 90.4 | -4,516 | 16,349 | 831 |
| B. Braun Aesculap Japan Co. Ltd., Tokyo/Japan | 94.0 | 59,135 | 134,043 | 499 |
| B. Braun Australia Pty. Ltd., Sydney/Australia | 94.0 | 18,052 | 74,357 | 142 |
| B. Braun Avitum Philippines Inc., Taguig City/Philippines | 94.0 | 24,765 | 60,504 | 544 |
| B. Braun Avitum (Shanghai) Trading Co. Ltd., Shanghai/China | 88.3 | 23,404 | 161,788 | 402 |
| B. Braun Korea Co. Ltd., Seoul/South Korea | 94.0 | 19,837 | 88,208 | 131 |
| B. Braun Medical (H.K.) Ltd., Hongkong/China | 94.0 | 27,562 | 105,569 | 33 |
| B. Braun Medical (India) Pvt. Ltd., Mumbai/India | 94.0 | 1,171 | 43,898 | 774 |
| B. Braun Medical Industries Sdn. Bhd., Penang/Malaysia | 94.0 | 583,631 | 413,669 | 7,490 |
| B. Braun Medical (Shanghai) International Trading Co. Ltd., Shanghai/China | 94.0 | 30,179 | 226,599 | 1,017 |

| Company name and headquarters | Share in capital % 1) | Equity € '000 | Sales '000 | Employees 4) |
|---|---|---|---|---|
| | As of Dec. 31, 2020 | | | |
| **Asia-Pacific** | | | | |
| B. Braun Medical Supplies Inc., Taguig City/Philippines | 94.0 | 16,308 | 20,672 | 164 |
| B. Braun Medical Supplies Sdn. Bhd., Petaling Jaya/Malaysia | 94.0 | 33,387 | 49,034 | 164 |
| B. Braun Medical (Suzhou) Company Limited, Suzhou/China | 94.0 | 32,610 | 62,711 | 510 |
| B. Braun Pakistan (Private) Ltd., Karachi/Pakistan | 94.0 | -503 | 16,540 | 117 |
| B. Braun Singapore Pte. Ltd., Singapore | 94.0 | 61,512 | 32,811 | 51 |
| B. Braun Taiwan Co. Ltd., Taipei/Chinese Taipeh | 94.0 | 6,782 | 25,637 | 49 |
| B. Braun (Thailand) Ltd., Bangkok/Thailand | 94.0 | 16,388 | 37,668 | 156 |
| B. Braun Vietnam Co. Ltd., Hanoi/Vietnam | 94.0 | 83,380 | 94,462 | 1,378 |
| PT. B. Braun Medical Indonesia, Jakarta/Indonesia | 93.1 | 49,216 | 59,487 | 449 |
| **Latin America** | | | | |
| B. Braun Aesculap de México S.A. de C.V., Mun. Santa Cruz Atizapán/Mexico | 94.0 | 16,370 | 31,245 | 352 |
| B. Braun Medical de México S.A.PI. DE C.V., Mun. Santa Cruz Atizapán/Mexico | 94.0 | 6,234 | 42,643 | 0 |
| B. Braun Medical Peru S.A., Lima/Peru | 94.0 | 17,401 | 28,379 | 444 |
| B. Braun Medical S.A., Bogotá/Colombia | 94.0 | 11,383 | 32,139 | 206 |
| B. Braun Medical S.A., Buenos Aires/Argentina | 94.0 | 29,285 | 31,979 | 252 |
| B. Braun Medical S.A., Quito/Ecuador | 94.0 | 14,614 | 20,132 | 125 |
| B. Braun Medical SpA, Santiago de Chile/Chile | 80.9 | 11,269 | 45,371 | 165 |
| Laboratorios B. Braun S.A., São Gonçalo/Brazil | 94.0 | 87,463 | 123,949 | 1,366 |
| **Africa and the Middle East** | | | | |
| B. Braun Avitum (Pty) Limited, Johannesburg/South Africa | 94.0 | 2,548 | 11,917 | 331 |
| B. Braun Medical (Pty) Limited, Johannesburg/South Africa | 94.0 | 5,773 | 50,560 | 368 |
| E. Owen and Partners, Johannesburg/South Africa | 94.0 | 279 | 19,643 | 20 |
| **Other Shareholdings** | | | | |
| Babolat V.S., Lyon/France 3) | 31.3 | 72,224 | 123,000 | 350 |
| Medical Service und Logistik GmbH, Recklinghausen/Germany 3) | 47.0 | 353 | 40,185 | 8 |
| Schölly Fiberoptic GmbH, Denzlingen/Germany 3) | 26.3 | 123,266 | 147,941 | 428 |

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, 2020, 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, 2020 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, 2020.

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, 2020, and of its results of operations for the financial year from January 1 to December 31, 2020, 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.

## RESPONSIBILITIES 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 RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of failing to discover material misstatement resulting from fraud is greater than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

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

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

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

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

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

Kassel, Germany, March 3, 2021

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 and one extraordinary session, the Management Board reported to the Supervisory Board on the recent performance of the company, its financial status, and major investment projects.

Items of special interest at the Supervisory Board liberations were the approval of the conditions for profit participation rights and the introduction of the Group's strategy for the next decade. The Supervisory Board was also briefed on the coronavirus pandemic and its effects. The Supervisory Board received the 2019 personnel report, and discussed and adopted both the 2020 earnings expectations and forecast for 2021, 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 an efficiency audit on a voluntary basis. This self-evaluation by the Supervisory Board revealed that the Supervisory Board is efficiently organized and that the Management and Supervisory Boards work very well together.

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 Management 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 Management Board's risk report. The planning for the annual audit was also presented. Another item received and discussed was a status report on the company's pension commitments. The audit committee reported on these topics during the Supervisory Board sessions and put forward its recommendations.

The Human Resources Committee of the Supervisory Board met five times in 2020. In its sessions on January 20 and March 23, 2020, the Human Resources Committee discussed the target setting for the year for the board members. In its session on March 23, 2020, the Human Resources Committee recommended to the Supervisory Board the allocation of profit participation rights according to the B. Braun Incentive Scheme to the members of the Management Board as well as resolutions on the adequacy of the profit-sharing percentage and on the annual objectives. The Supervisory Board approved the allocation and the resolutions in its session on March 23, 2020. In its session on June 23, 2020, the Human Resources Committee recommended to the Supervisory Board the reappointment of Markus Strotmann as a full member of the Management Board until March 31, 2026. The Supervisory Board approved this recommendation in its subsequent session. In its session on September 15, 2020, the Human Resources Committee received an interim report on introducing a harmonized, global IT tool for the HR department. In its session on December 15, 2020, the Human Resources Committee recommended to the Supervisory Board the

The photograph of the Supervisory Board was taken in December 2019.

→ 1. row from left:

BARBARA BRAUN-LÜDICKE
Businesswoman, Melsungen

HANS-CARSTEN HANSEN
Former President Human Resources of BASF SE, Ludwigshafen

RAINER HEPKE*
Chairman of the Workers' Council of B. Braun Melsungen AG, Melsungen
(died on December 26, 2020)

KATHRIN DAHNKE
Chief Financial Officer of Osram Licht AG, Munich

EDELTRAUD GLÄNZER*
Chairwoman of the Board of August Schmidt Foundation, Bochum

PROF. DR. H. C.
LUDWIG GEORG BRAUN
Chairman, Former Chairman of the Management Board of B. Braun Melsungen AG, Melsungen

MANFRED HERRES*
Senior Vice President CoE Active Medical Devices of B. Braun Avitum AG, Melsungen

→ 2. row from left:

EKKEHARD RIST*
Vice Chairman of the Workers' Council of B. Braun Germany (until January 31, 2020), Chairman of the Workers' Council of Aesculap AG (until February 6, 2020), Tuttlingen

ALEXANDRA FRIEDRICH*
Chairwoman of the Workers' Council for the Melsungen location of B. Braun Melsungen AG, Melsungen

MICHAEL GUGGEMOS*
Management Spokesman of Hans Böckler Foundation, Düsseldorf

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

→ 3. row from left:

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

PETER HOHMANN*
Vice Chairman, Chairman of the Workers' Council of B. Braun Germany (until January 31, 2020), Chairman of the Workers' Council of B. Braun Melsungen AG (until April 30, 2020), Melsungen

DR . JOACHIM RAUHUT
Former Member of the Management Board of Wacker Chemie AG, Munich

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

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

* Chosen by the employees





appointment of Dr. Stefan Ruppert as a full member of the Management Board starting on April 1, 2021. The Supervisory Board adopted the resolution accordingly and confirmed the appointment. Also in this session, the Human Resources Committee discussed the board members' pensions and submitted to the Supervisory Board a recommendation that the Supervisory Board followed. Discussions regarding general human resources topics as well as the approval of board members' mandates and ancillary activities were other notable components of the 2020 Human Resources Committee sessions.

B. Braun SE's financial statements and management report for the fiscal year 2020, the Group's consolidated financial statements, and the consolidated management report as prepared by the Management Board were audited by the Pricewaterhouse-Coopers GmbH accounting firm, Kassel, Germany, which was appointed the auditor of annual accounts at the annual meeting on March 24, 2020. The auditor raised no objections and issued an unqualified audit opinion.

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. We have therefore approved the annual financial statements and consolidated financial statements prepared by the Management Board. The annual financial statements have thereby been recorded in accordance with § 172 of the German Stock Corporation Act (AktG).

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

The Management Board created a report on the relationships with associated companies for the 2020 fiscal year, in accordance with § 312 AktG. The Supervisory Board has reviewed this report; no objections have been 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, 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 Management Board which is included in the report.

The Supervisory Board would like to thank the Management 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 2021
The Supervisory Board

# GLOSSARY

A

**Abdominal surgery**
Surgical procedures involving gaining access to the organs in the abdominal area. Also known as visceral surgery.

**Accelerator**
Accelerator is the name used for B. Braun startup initiatives.

**AdvaMed**
Advanced Medical Technology Association. A U.S. trade association for medical device manufacturers based in Washington, D.C.

**AI**
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.

**Aneurysm Clips**
Product for clamping aneurysms, an expansion of the cross-section of arteries due to congenital or acquired changes to vessel walls.

**APACMed**
The Asia Pacific Medical Technology Association. The goal of this association is to improve patient care through innovative collaboration between members and stakeholders, and to jointly shape the future of healthcare in the Asia Pacific region.

**Apheresis**
Blood purification method for removing individual components (fats, antibodies or toxins) from the blood.

**ASEAN**
Association of Southeast Asian Nations, an association in Jakarta, Indonesia that works to improve economic, political and social cooperation. It currently also addresses security, cultural and environmental matters.

**Asset-backed securities**
Specific form of asset securitization in convertible securities with an asset-backed securities corporation.

B

**Big data**
Big data refers to a great variety and volume of data processed at high velocity.

**BVMed**
The German Medical Technology Association (Bundesverband Medizintechnologie e.V.), a trade association representing over 230 industrial and commercial enterprises in the medical technology industry.

C

**Centers of Excellence (CoEs)**
Centers within the global B. Braun organization, responsible for research, development, manufacturing and registration of specific product groups.

**CISO**
Chief Information Security Officer. This person is responsible for all information security within an organization.

**Citrate anticoagulant**
Specific form of extracorporeal (outside the body) medication administered through a tubing system during dialysis to prevent blood clotting in the lines.

**CIW**
A key performance indicator; short for Coverage in Weeks. This KPI refers to the delivery capacity in weeks covered by the current inventory on hand.

**Cloud-based computing**
Cloud computing is a model that makes it possible to conveniently access a shared pool of configurable computer resources on a network from anywhere at any time when needed (e.g., networks, servers, storage systems, applications and services).

**colorectal**
Relating to or affecting the large intestine (colon) and rectum.

**Compliance**
Adherence to rules, laws and the company's voluntary codes of conduct.

**Corporate Governance**
The organizational framework for management and supervision of the company which is largely defined by lawmakers and the company's owners.

**COVID-19**
(short for coronavirus disease 2019), colloquially also known as corona or covid, is an infectious disease requiring notification to the authorities that can result from infection by the novel coronavirus SARS-CoV-2, it first occurred in 2019.

**Customer Relationship Management (CRM)**
Strategic approach used to fully plan, manage and execute all interactive processes with the customer. CRM applies to the entire company and the entire customer lifecycle.

D

**Decarbonization**
Describes an economic shift, especially in the energy industry, toward lower carbon emissions. The goal is to create a permanently carbon-free economy.

**Dialysis**
A blood cleansing process used to treat renal failure.

**Digital health**
Digital health is the interdisciplinary combination of health, health services, life and society with digital medical and health care technologies to increase the efficiency of health care.





**DSO**
A key performance indicator; short for Days Sales Outstanding. Describes the period of time between the invoicing date and the date payment is received.

E

**EBIT**
A key performance indicator; short for Earnings before Interest and Taxes.

**EBITDA**
A key performance indicator; short for Earnings before Interest, Taxes, Depreciation and Amortization.

**eHealth**
Collective term for the use of digital technologies in health care.

**Eco-Management and Audit Scheme (EMAS)**
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.

**EN ISO 9001**
An international standard that establishes globally recognized requirements for quality management systems.

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

**ERP system**
An enterprise resource planning system simultaneously supports all business processes within a company. It contains modules for purchasing, production, sales, asset management, human resources, finance and accounting, etc., which are connected to each other by a common database.

**EU**
European Union – conglomerate of 27 member nations, currently.

**Extracorporeal blood treatment**
Blood treatment occurring outside the body using an "artificial kidney" (dialyzer) connected directly to the circulatory system.

F

**Falsified Medicines Directive (FMD)**
The Falsified Medicines Direction is a legal framework introduced by the European Union to improve the protection of public health within the European Union.

**FDA**
Acronym for Food & Drug Administration, a US government agency.

**Fiscal policy**
Instruments employed by the government to manage fluctuations in the economy by means of taxes and government spending.

G

**GDP**
Acronym for Gross Domestic Product.

**GDPR**
General Data Protection Regulation (EU).

H

**Hemodialysis**
A special blood cleansing process that utilizes the principle of osmosis, e.g. the equalization of concentrations of small molecule substances in two liquids separated by a semi-permeable membrane.

**HSG65 standard**
The name of a management standard released by Great Britain's Health and Safety Executive. This agency uses the standards to regulate essential areas of occupational health and safety, including regulations on first aid and safety in handling equipment, machinery and hazardous substances.

I

**IFRS**
Abbreviation for International Financial Reporting Standards. International financial reporting guidelines for corporations published by the International Accounting Standards Board (IASB).

**IMF**
Acronym for International Monetary Fund. The IMF is a United Nations organization based in Washington, D.C. in the USA.

**Internet of Medical Things (IoMT)**
The IoMT is an Internet for telemedicine. It consists of medical equipment and applications that are connected via the Internet to health care clouds or IT systems.

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

**ISO 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/IEC 27001**
ISO 27001 is 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.

**ISO 45001**
An international standard by the International Organization for Standardization (ISO) that 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.

K

**KRITIS**
IT security law for the protection of critical infrastructures.

L

**Layered hedging**
A layered hedging strategy is a risk management practice intended to increase flexibility when hedging a company's future currency risk exposure.

**Lockdown**
The name for a temporary, government mandated and enforced quarantine of the wider population utilizing restrictions on public life.

M

**Medical Device Regulation (MDR)**
European Medical Device Regulation from 2017. It will be mandatory from May 26, 2021, after a four-year transition period.

**Medical Device Single Audit Program (MDSAP)**
The goal of the MDSAP 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.

**MedTech Europe**
A European trade association representing the medical technology industry with the goal of making innovative medical technology accessible to a larger group of patients.

**Miethke shunts**
Artificial bypass connection with fluid overflow between separate vessels or cavities.

O

**Obesity**
Body fat in excess of the normal amount resulting in a body mass index ≥ 30 kg/m2 (for adults according to the World Health Organization). Obesity is a risk factor for metabolic and cardiovascular complications

**OHSAS 18001**
Abbreviation for Occupational Health and Safety Assessment Series. OHSAS 18001 is a standard that establishes globally recognized requirements for occupational health and safety management systems.

P

**Parenteral nutrition**
Supplying nutrients intravenously by bypassing the gastrointestinal tract.

**Product Lifecycle Management (PLM)**
PLM is a concept for integrating all information obtained over the life cycle of a product. It includes all departments, from drafting and design to production and sale/service.

R

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

S

**Second and Dual Sourcing**
Purchasing strategy in which two manufacturers or suppliers are qualified for delivery of the same product or good.

**Societas Europaea (SE)**
Form of organization for corporations in the European Union and the European Economic Area. Since 2004, it has made it possible for companies within the EU to be founded under largely consistent legal principles.

**Stoma**
Surgically created connection between a hollow organ and the skin and having an opening to the outside. A stoma is permanently or temporarily placed.

T

**Track and Trace**
A process implemented to meet the requirements of the Falsified Medicines Directive (FMD) that took effect in the EU on February 9th, 2019. Its goal is to protect the market and, ultimately, patients from the risks of counterfeit medicines.

U

**Urostomy**
A urostomy is a surgical opening in the body for eliminating urine from the kidneys following damage to a part of the urinary passage (e.g., bladder cancer, trauma).

W

**Working Capital**
A key performance indicator. Inventories plus current trade accounts receivable less current trade accounts payable.

Y

**Yasargil aneurysm clips**
Clips used in the microsurgical treatment of aneurysms.





# IMPRINT


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## NOTES

We thank all B. Braun employees who collaborated on the Annual Report. We are certain the most sustainable report is the one that is not printed. Therefore, this annual report is only published digitally. Photographic rights belong to B. Braun SE.

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