CONSOLIDATED FINANCIAL STATEMENTS

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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 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.

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.

CONSOLIDATED FINANCIAL STATEMENTS
Notes

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

	Closing mid-rate on reporting date			Average annual rate		
ISO code	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.

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 '000	2019 '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 '000	2019 '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 '000	2019 '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 '000	2019 '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 '000	2019 '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 '000	Other holdings '000	Loans to companies in which the group holds an interest '000	Securities '000	Other loans '000	Total '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 '000	Dec. 31, 2019 '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 Minimum lease payments '000	Dec. 31, 2019 Minimum lease payments '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 '000	Uncertain liabilities '000	Other '000	Total '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 '000	Warranties '000	Uncertain liabilities '000	Other '000	Total '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 '000	Dec. 31, 2019 '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 '000	Dec. 31, 2019 '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

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 '000	Dec. 31, 2019 '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 carrying 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 '000	2019 '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 '000	2019 '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 '000	2019 '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

Company name and headquarters	As of Dec. 31, 2020 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

Company name and headquarters	As of Dec. 31, 2020 Share in capital % [1]	Equity € '000	Sales '000	Employees [4]
Europe				
B. Braun Medical International S.L., Rubí/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., Rubí/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