

Single entity financial statements and combined
management report 2021
of Drägerwerk AG & Co. KGaA

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Possible rounding differences in this financial report may lead to slight discrepancies.

This financial report has been set up in German and English language. In case of any discrepancy between the German and English version, the German version shall prevail.

Combined management report of Drägerwerk AG & Co. KGaA

The management report of Drägerwerk AG & Co. KGaA and the management report of the Dräger Group have been combined and published in the Group Annual Report since fiscal year 2014 pursuant to Sec. 315 (5) of the German Commercial Code (Handelsgesetzbuch—HGB). The management report of Drägerwerk AG & Co. KGaA, which is combined with the Group management report, and the single entity financial statements for fiscal year 2021 are submitted and published in an electronic version by the German Federal Gazette.

Single entity financial statements of Drägerwerk AG & Co. KGaA

INCOME STATEMENT OF DRÄGERWERK AG & CO. KGAA - JANUARY 1 TO DECEMBER 31

in thousand €	Note	2021	2020
Net sales	5	1,263,014	1,587,039
Increase in work in progress and finished products		-12,255	8,712
Other own work capitalized		3,726	4,033
Other operating income	6	95,105	88,020
Cost of materials	7	-643,135	-815,872
Personnel expenses	8	-319,579	-307,971
Depreciation / amortization	9	-31,502	-31,234
Other operating expenses	10	-396,673	-355,477
Income from investments	11	3,868	7,847
Income from profit and loss transfer agreements	12	208,715	95,159
Income from other securities and loans of financial assets		2,693	2,935
Write-downs on financial assets		-600	-409
Expenses from a loss transfer due to profit and loss transfer agreements	12	-4,931	-6,299
Interest result	13	2,812	-16,181
Expenses from the termination of participation capital		-	-423,516
Income taxes	14	-46,282	61,099
Earnings after taxes		124,978	-102,115
Other taxes		-851	-358
Profit before distribution for participation capital		124,126	-102,473
Distribution for participation capital Series D		-726	-1,077
Net profit / loss for the period		123,400	-103,550
Profit brought forward from prior year		430,472	536,977
Net earnings	28	553,873	433,427

BALANCE SHEET OF DRÄGERWERK AG & CO. KGAA AS OF DECEMBER 31

in thousand €	Note	December 31, 2021	December 31, 2020
Assets			
Intangible assets	17	13,128	10,757
Property, plant and equipment	18	215,897	208,969
Financial assets	19	817,914	801,538
Non-current assets		1,046,938	1,021,263
Inventories	20	193,469	238,929
Trade receivables	21	23,758	39,862
Other receivables and other assets	21	520,240	507,483
Other securities	22	130,066	139,349
Bank balances		259,534	292,894
Current assets		1,127,067	1,218,517
Prepaid expenses	23	11,600	8,209
Deferred tax assets	24	106,055	135,685
Total assets		2,291,659	2,383,674
Equity and liabilities			
Capital stock	25	48,026	48,026
Capital reserves	26	311,157	311,157
Retained earnings	27	199,191	199,191
Other retained earnings		199,191	199,191
Net earnings	28	553,873	433,427
Equity		1,112,246	991,801
Provisions for pensions and similar obligations		164,601	157,612
Other provisions		170,858	137,213
Provisions	29	335,458	294,826
Liabilities from the termination of participation certificates		208,806	467,615
Liabilities to banks		174,344	202,852
Trade payables		101,913	116,243
Other liabilities		357,195	308,900
Liabilities	30	842,259	1,095,610
Deferred income		1,696	1,437
Total equity and liabilities		2,291,659	2,383,674

Notes to Drägerwerk AG & Co. KGaA single entity financial statements 2021

1 GENERAL

Drägerwerk Verwaltungs AG, Lübeck, is the sole general partner of Drägerwerk AG & Co. KGaA. Drägerwerk Verwaltungs AG, Lübeck, does not hold any shares. The capital stock of the general partner amounts to EUR 1.0 million.

Drägerwerk AG & Co. KGaA, Lübeck, Germany, is registered at the Register Court of Lübeck under HRB 7903 HL.

The single entity financial statements of Drägerwerk AG & Co. KGaA have been prepared in accordance with the provisions of the Commercial Code (Handelsgesetzbuch — HGB). For the income statement, the expense method of presentation has been used.

With the goal of enhancing the transparency of the presentation, certain items of the balance sheet and income statement have been summarized, but are detailed separately in the notes. The financial statements were prepared in euros. Unless otherwise stated, all figures are disclosed in thousands of euros (EUR thousand); rounding differences may arise as a result.

2 CORPORATE GOVERNANCE

Drägerwerk AG & Co. KGaA's declaration of conformity under the terms of Sec. 161 AktG (Aktiengesetz - German Stock Corporation Act) has been issued and made available to the shareholders (see the Annual Report of the Dräger Group or www.draeger.com, Investor Relations / Corporate Governance).

3 CURRENCY TRANSLATION

Foreign currency assets and liabilities are stated at the historical exchange rate on the day of transaction.

Foreign currency assets and liabilities with a remaining term of up to one year are recognized at the mean spot exchange rate as of the balance sheet date. Exchange gains and losses from this conversion are recognized in income. Only losses resulting from different currency exchange rates are recognized for assets and liabilities with a remaining term of more than one year. Income and expenses from currency translation are recognized in the notes under other operating income and expenses.

4 ACCOUNTING POLICIES

Purchased **intangible assets** are carried at cost less straight-line amortization over an estimated useful life of no more than four years. Internally developed intangible assets that are part of non-current assets are not recognized.

Property, plant and equipment are carried at cost less straight-line depreciation over the assets' estimated useful life. Pursuant to Sec. 255 (1) HGB, cost also includes incidental purchase costs and post-acquisition expenses, allowing for acquisition cost deductions. Costs include direct materials and labor costs, special production costs, and materials and production overheads to an appropriate extent, as well as the impairment of non-current assets insofar as it is caused by production. Research and sales costs are not taken into account. Factory and office buildings are depreciated over a maximum period of 50 years, building fixtures and fittings over 10 years, production plant and machinery over 8 years, and other plant, factory, and office equipment up to 15 years, but generally between 2 and 5 years.

Low-value assets with a value up to EUR 250 are recognized immediately as expenses. Low-value assets with a value between EUR 251 and EUR 800 are recognized, fully expensed, and written off in the fiscal year of acquisition.

Within **financial assets**, the **shares in Group companies and investments** are stated at the lower of cost or, where long-term impairment appears probable, at realizable value.

Non- and/or low-interest bearing **loans** are disclosed at their present value, while loans carried at the customary market interest rate are disclosed at nominal value. Discounting and compounding are shown as write-downs or write-ups respectively in the asset history sheet. Non-current assets whose carrying amounts, when determined according to the above-mentioned principles, exceed the values to be attributed to them on the balance sheet date are written down accordingly where long-term impairment appears probable.

Exchange rate gains and losses from foreign currency denominated financial assets are recognized under other operating income or expenses.

In the case of **inventories**, raw materials, consumables, and supplies, as well as merchandise and prepayments, are recognized at the lower of average cost or reference values. Work in progress and finished products, as well as services not yet billed are recognized at cost; average costs are comprised of direct costs of materials and labor, material costs, and production overheads, as well as the decline in the value of fixed assets. Sufficient impairments are recorded for inventory risks arising from storage time and reduced value. Costs do not include interest on debt.

Prepayments received on account of orders or discounts on services that have already been rendered but not yet invoiced are recognized at nominal value and directly offset against inventories.

Receivables and other assets are stated at nominal value, less any necessary allowances for bad debts. Adequate general allowances provide for the normal collection risk. Non- and/or low-interest receivables with a remaining term of more than one year are discounted.

Other securities classified as current assets are stated at the lower of the acquisition costs plus incidental purchase costs or market value as at the balance sheet date.

Derivative financial instruments are measured at fair value. Provisions for contingent losses are recognized for those derivatives that have negative fair values where they are not part of a valuation unit. If the market value cannot be reliably determined, the fair value is derived from the market value of similar derivatives or calculated with the help of established measurement methods such as the discounted cash flow method (present value approach) and the Black Scholes model (in the case of options). The applied yield curves and exchange rates that are in line with the market are the primary factors for these models.

Bank balances are stated at the nominal value.

Deferred taxes are calculated for temporary differences between the values of non-current and current assets, as well as prepaid expenses, provisions, and liabilities under commercial law and tax law, that in all probability will be reversed in the future. Drägerwerk AG & Co. KGaA, in its role as parent company, includes the differences from its own balance sheet items as well as those from the consolidated tax group. Tax loss carryforwards and interest carryforwards are recognized in addition to these temporary differences. Deferred taxes are determined on the basis of the income tax rate applicable to Drägerwerk AG & Co. KGaA's fiscal unit. The deferred taxes are measured at the amount expected to be paid or recovered in subsequent fiscal years. Deferred tax assets from loss and interest carryforwards are only recognized if it is sufficiently probable that they will be realized within the next five years.

The repayment obligation of the **Series D participation certificates** is recognized in liabilities as a result of the termination in March 2020. The dividend amount for series D participation certificates is still shown on a separate line of the income statement immediately preceding net profit/loss.

The actuarial calculations for determining **Pension obligations** are based on biometric probability (2018 G Heubeck mortality table) and use the projected unit credit method. The calculation also takes into account future expected wages/salary and pension increases. The underlying interest rate for compounding and discounting of pension obligations is based on the average market rate of the past 10 fiscal years for an anticipated remaining term of 15 years determined and published by Deutsche Bundesbank.

The company pension plan for the German Group companies introduced on January 1, 2005, is composed of three levels: the employer-funded basic level, employee-funded top-up level, and employer-funded supplementary level. The pension cost for the employer-funded basic level is based on the respective employee's income. The employee-funded top-up level allows employees to increase their pension entitlement through deferred compensation. The contribution made at the employer-funded supplementary level depends on the employee contribution through deferred compensation and on the Dräger Group's business performance (EBIT).

The employees' pension accounts have a minimum guaranteed return of 2.75% until December 31, 2018. The company pension plan was amended effective as of January 1, 2019. The amendments concern the minimum guaranteed return on the pension capital, which has been lowered to 0.9%, and the redefinition of the annuitization factor used to convert pension capital into pension benefits in the light of changes in demographic trends. Pension capital accrued up to 2018 and future interest due on these amounts continue to apply under the previous terms to the extent of the respective pension entitlement. The funds resulting from pension commitments as of 2005 (including the changes as of 2019) are invested in a restricted fund set up especially for Dräger that is subject to special restraints on disposal. The measurement is carried out at fair value, which is offset against the respective underlying obligations. If the result is a backlog of obligations, this amount is recognized in pension provisions. If the value of the plan assets exceeds the obligations, it is recognized in **"Excess of plan assets over pension liability."**

Provisions adequately allow for all identifiable risks in accordance with prudent business judgment and contingent liabilities. The amount recognized reflects the sum required to fulfill the obligations according to prudent business judgment. Future price and cost increases are taken into consideration if there is sufficient evidence to substantiate their actual occurrence. Non-current provisions are discounted at the market rate relating to their remaining terms published by the Bundesbank. Expenses incurred from the compounding of provisions are recognized separately in "Interest and similar expenses."

Liabilities are stated at the amount repayable.

Contingent liabilities are valued at the best estimate of the possible liabilities as of the balance sheet date. For contingent liabilities from guarantees, suretyships, and warranty / indemnity contracts, the loan sums actually drawn as of the balance sheet date are disclosed in addition to the guaranteed ceilings.

The **other financial obligations** based on continuing obligations are measured at their nominal value and disclosed in the notes.

Notes to the income statement

5 NET SALES

For the breakdown of net sales by business segment and geographical segment, please see the table below:

NET SALES		
in thousand €	2021	2020
Equipment	969,068	1,282,690
Services	293,946	304,349
Breakdown by business field	1,263,014	1,587,039
Germany	275,685	378,669
Rest of Europe	359,491	492,705
Asia / Pacific	316,341	351,616
Americas	255,636	276,858
Other (such as Africa, Australia)	55,861	87,191
Breakdown by region (markets)	1,263,014	1,587,039

Business with subsidiaries accounts for a large share of Drägerwerk AG & Co. KGaA's net sales.

6 OTHER OPERATING INCOME

In fiscal year 2021, other operating income mainly comprised income generated from derivative financial instruments in the amount of EUR 45.4 million (2020: EUR 39.1 million), income from currency translation in the amount of EUR 26.0 million (2020: EUR 17.6 million), write-ups on financial assets in the amount of EUR 4.3 million (2020: EUR 9.5 million), and income from the reversal of allowances and provisions.

In fiscal year 2021, other operating income included income from other periods of EUR 6.6 million (2020: EUR 6.3 million) that was primarily attributable to the reversal of provisions.

7 COST OF MATERIALS

COST OF MATERIALS		
in thousand €	2021	2020
Cost of raw materials, consumables, and supplies, and purchased goods	-557,391	-738,497
Cost of services	-85,745	-77,375
Cost of materials	-643,135	-815,872

Coronavirus-related demand for ventilation technology was lower in 2021 than in the previous year and led to a decline in net sales, which resulted directly in a reduction in the cost of materials.

8 PERSONNEL EXPENSES / HEADCOUNT

PERSONNEL EXPENSES/HEADCOUNT		
in thousand €	2021	2020
Salaries	-251,984	-244,258
Social security, pension expenses, and related employee benefits	-67,595	-63,713
thereof pension expenses	-25,507	-21,007
Personnel expenses	-319,579	-307,971
Headcount (average)	3,030	2,957
Production	714	778
Other	2,316	2,179
Headcount as of the balance sheet date	3,057	3,042
Production	682	812
Other	2,375	2,230

"Production" covers manufacturing, service, and exterior fitting.

The main reasons for the increase in personnel expenses were the higher number of employees and pension expenses.

Effects from the change in interest rates in the calculation of pension provisions are shown in the personnel expenses.

On account of a new pension plan, the members of the Executive Board of Drägerwerk Verwaltungs AG have received their new pension benefits directly from Drägerwerk Verwaltungs AG since January 1, 2021. Drägerwerk AG & Co. KGaA continues to be responsible for the Executive Board members' vested rights in pension obligations granted up to December 31, 2020. The resulting pension expenses and the obligation are still reported by Drägerwerk AG & Co. KGaA.

9 DEPRECIATION/AMORTIZATION

DEPRECIATION / AMORTIZATION		
in thousand €	2021	2020
Amortization on intangible assets and depreciation of property, plant and equipment	-31,502	-31,234
Depreciation / amortization	-31,502	-31,234

The slight increase in depreciation and amortization is mainly due to a rise in the volume of investment in technical equipment, as well as operating and office equipment.

10 OTHER OPERATING EXPENSES

The other operating expenses primarily include administrative expenses, such as rent and lease expenses, insurance premiums, contributions, fees and public levies, travel expenses, additions to provisions, services performed on behalf of Group companies, and losses from the disposal of non-current assets.

This item also includes expenses from currency translation of EUR 20.7 million (2020: EUR 38.2 million), as well as expenses from derivative financial instruments of EUR 67.7 million in fiscal year 2021 (2020: EUR 41.2 million).

11 INCOME FROM OTHER INVESTMENTS

INCOME FROM OTHER INVESTMENTS

in thousand €	2021	2020
Income from other investments	3,868	7,847
thereof from Group companies	3,419	7,515

12 INCOME/EXPENSES DUE TO PROFIT AND LOSS TRANSFER AGREEMENTS

Income from profit and loss transfer agreements consists mainly of the profits of Dräger Safety AG & Co. KGaA EUR 72.0 million; (2020: EUR 32.7 million), Dräger Medical International GmbH (EUR 41.6 million; 2020: EUR 30.8 million), Dräger Medical Deutschland GmbH (EUR 85.5 million; 2020: EUR 24.9 million), and Dräger ANSY GmbH (EUR 9.1 million; 2020: EUR 6.3 million).

The expenses from profit and loss transfer agreements result from the loss transfer due to Dräger Holding International GmbH (EUR 4.9 million; 2020: EUR 6.3 million).

13 INTEREST RESULT

INTEREST RESULT

in thousand €	2021	2020
Other interest and similar income	6,188	3,609
thereof from Group companies	2,827	3,271
Interest and similar expenses	-3,376	-19,790
thereof to Group companies	-2,873	-2,288
thereof from compounding of non-current provisions	-219	-329
thereof from distribution for series A and K participation certificates	-	-504
Interest expenses from pension provisions	-5,469	-5,931
Income / expenses from plan assets	9,653	-5,063
Net amount	4,185	-10,994
Interest result	2,812	-16,181

Interest expenses from pension obligations is offset against the original income from plan assets in accordance with Sec. 246 (2) Sentence 2 HGB. In fiscal year 2021, interest income from plan assets amounted to EUR 9.7 million (2020: interest loss of EUR 5.1 million), and interest expenses from pension obligations amounted to EUR 5.5 million (2020: EUR 5.9 million), resulting in a net amount of EUR +4.2 million in 2021 (2020: EUR -11.0 million). Interest income from Group companies amounted to EUR 2.8 million (2020: EUR 3.3 million).

A further 184,530 series D participation certificates were repurchased early for EUR 100.0 million in March 2021, resulting in interest income of EUR 0.8 million.

As before, the dividend on the remaining series D participation certificates is presented as a separate line item in the income statement before net loss/profit for the period.

14 INCOME TAXES

INCOME TAXES		
in thousand €	2021	2020
Current taxes	-16,651	-1,803
Deferred tax income from temporary differences	18,423	14,849
Deferred tax expenses / income from loss carryforwards	-48,054	48,054
Deferred tax expenses / income	-29,630	62,903
Income taxes	-46,282	61,099

Income taxes comprise corporate income tax, the corresponding solidarity surcharge, trade tax, and foreign withholding tax, as well as the change in deferred taxes for the fiscal unit of Drägerwerk AG & Co. KGaA. In fiscal year 2021, Drägerwerk AG & Co. KGaA, in its role as parent company, recognized deferred tax expenses of EUR 29.6 million from temporary differences and loss carryforwards (2020: deferred tax income of EUR 62.9 million). Deferred taxes are determined on the basis of a 31.5 % income tax rate (2020: 31.5 %). The income tax rate includes corporate income tax and the corresponding solidarity surcharge, as well as trade tax.

15 DERIVATIVE FINANCIAL INSTRUMENTS

To hedge against currency and interest rate risks, derivatives are used, predominantly currency forwards and interest rate swaps. Such contracts are only transacted with commercial banks with high credit rating ratings and limited to financing transactions. The volume of currency forwards mainly includes exchange rate hedges for operations-related underlying transactions and intercompany loans.

Fair values are determined on the basis of a mark to market calculation as of the reporting date. Currency forwards are entered into in various currencies, such as GBP, CNY and CHF.

DERIVATIVE FINANCIAL INSTRUMENTS

in thousand €	Nominal amount	Term in years	Fair value	Carrying amount
Currency forwards (receivables and liabilities / operating)	355,360	up to 1	-10,245	-14,440
Currency forwards (receivables and liabilities / operating)	65,345	1 to 5	-812	-1,239
Currency forwards (foreign currency loans / cash pooling)	254,910	up to 1	-533	-2,281
Currency forwards (foreign currency loans / cash pooling)	32,903	1 to 5	191	-415

Provisions for contingent losses of EUR 18.4 million were recognized for unrealized losses from currency forwards (2020: EUR 14.0 million).

Unrealized losses and gains from the calculation break down as follows:

UNREALIZED GAINS AND LOSSES FROM THE VALUATION		
in thousand €	2021	2020
Losses from the hedging of		
Foreign currency loans / cash pooling	2,695	2,472
Receivables and liabilities / operating	15,679	11,518
	18,374	13,989
Gains from the hedging of		
Foreign currency loans / cash pooling	2,353	3,184
Receivables and liabilities / operating	4,622	11,863
	6,975	15,047

16 INTEREST RATE HEDGES

An interest rate hedge in the form of a swap was concluded to hedge the interest portion of the lease payment for a new office and development building (hedged item); this hedge suitably offsets the interest portion. As a result, a micro-valuation unit exists.

The prospective test as of December 31, 2021, indicates that the key parameters of the hedged item and the hedge that are relevant to the valuation — term, benchmark interest rate, calculation of interest rates, repayment, and nominal amount — tally. Consequently, the valuation unit is classified as highly effective over the entire hedging period.

As of the balance sheet date, the valuation units included currency forwards with the following nominal values (carrying values):

DERIVATIVE FINANCIAL INSTRUMENTS

in thousand €	Nominal amount	Term in years	Fair value	Carrying amount
Interest rate swap ¹	11,364	1 to 5	611	611

¹ Liabilities in the form of a variable interest component from the lease payment for construction financing

It is expected that the changes in the value of the hedging item and the hedging instrument will therefore be fully offset over the next one and a half years. The net hedge presentation method is used to present the offsetting change in value resulting from the valuation unit.

The risk for the interest rate swap hedged by the micro-valuation units amounts to EUR 0.6 million (2020: EUR 1.2 million); this is the amount of the negative changes in value and cash flows that had been avoided as of the balance sheet date.

Notes to the balance sheet

17 INTANGIBLE ASSETS

INTANGIBLE ASSETS

in thousand €	Purchased concessions, industrial property rights, and similar rights and assets, as well as licenses thereto	Prepayments made	Total
Cost			
January 1, 2021	114,377	3,334	117,711
Additions	5,704	1,106	6,810
Disposals	2,254	-	2,254
Reclassifications	3,284	-3,284	-
December 31, 2021	121,111	1,156	122,267
Accumulated depreciation			
January 1, 2021	106,954	-	106,954
Additions	4,439	-	4,439
Disposals	2,254	-	2,254
Reclassifications	-	-	-
December 31, 2021	109,139	-	109,139
Net carrying amount December 31, 2021	11,972	1,156	13,128
Net carrying amount December 31, 2020	7,423	3,334	10,757

The additions to intangible assets in the current fiscal year largely comprise the acquisition of software in the amount of EUR 5.7 million (2020: EUR 3.0 million) and prepayments made on software that is still in production of EUR 1.1 million (2020: EUR 1.8 million).

18 PROPERTY, PLANT, AND EQUIPMENT

PROPERTY, PLANT, AND EQUIPMENT

in thousand €	Land, equivalent titles, and buildings (incl. on leased land)	Production plant and machinery	Other plant, factory, and office equipment	prepayments made and assets under construction	Total
Cost					
January 1, 2021	274,354	8,030	186,059	25,400	493,843
Additions	698	651	12,051	20,871	34,271
Disposals	118	91	6,660	-	6,869
Reclassifications	3,609	-	6,332	-9,941	0
December 31, 2021	278,543	8,590	197,782	36,330	521,245
Accumulated depreciation					
January 1, 2021	138,196	6,796	139,880	-	284,874
Additions	7,265	498	19,302	-	27,063
Disposals	117	91	6,381	-	6,589
Reclassifications	-	-	-	-	-
December 31, 2021	145,344	7,203	152,801	0	305,348
Net carrying amount December 31, 2021	133,198	1,387	44,981	36,330	215,897
Net carrying amount December 31, 2020	136,157	1,234	46,179	25,400	208,970

Investments in property, plant and equipment amounted to EUR 34.3 million in the fiscal year (2020: EUR 29.4 million). Of this amount, EUR 0.7 million (2020: EUR 0.3 million) related to the construction and redevelopment of buildings, and EUR 12.1 million (2020: EUR 14.9 million) to the replacement of tools and factory equipment. The additions to prepayments and assets under construction of EUR 20.9 million (2020: EUR 14.0 million) are primarily associated with redevelopment, the manufacturing of production systems, and the production of various tools.

19 FINANCIAL ASSETS

FINANCIAL ASSETS

in thousand €	Shares in Group companies	Loans to Group companies	Shareholdings	Other loans	Total
Cost					
January 1, 2021	597,719	223,043	1,025	98	821,885
Additions	20,577	28,598	4,368	-	53,543
Disposals	-	41,244	-	-	41,244
December 31, 2021	618,296	210,397	5,393	98	834,184
Accumulated depreciation					
January 1, 2021	10,359	9,891	98	-	20,348
Additions	184	36	28	-	249
Disposals	4,326	-	-	-	4,326
December 31, 2021	6,217	9,927	126	0	16,270
Net carrying amount December 31, 2021	612,079	200,470	5,267	98	817,914
Net carrying amount December 31, 2020	587,360	213,152	927	98	801,538

In fiscal year 2021, Drägerwerk AG & Co. KGaA recognized impairments on the shares in Draeger Argentina S.A. It performed write-ups on the following shares: Dräger Industria e Comercio Ltda. and Draeger Arabia Co. Ltd. The additions to loans to Group companies are mainly the result of loans to foreign subsidiaries and long-term tenant loans to two rental companies in connection with leases relating to an office and development building and to a production building.

20 INVENTORIES

Inventories are composed as follows:

INVENTORIES

in thousand €	2021	2020
Raw materials, consumables, and supplies	90,530	105,517
Work in progress	10,803	14,618
Finished goods and merchandise	93,394	122,356
Prepayments received	-1,258	-3,563
Inventories	193,469	238,929

21 RECEIVABLES AND OTHER ASSETS

RECEIVABLES AND OTHER ASSETS			
in thousand €	2021	2020	
Trade receivables	23,758	39,862	
thereof due in more than one year	23	-	
Other receivables and other assets			
Receivables from Group companies	502,378	496,961	
thereof trade receivables	269,783	377,468	
Other assets	17,863	10,522	
thereof due in more than one year	704	1,118	
	520,240	507,483	
Receivables and other assets	543,998	547,346	

Receivables from Group companies mainly comprise cash management.

Other assets include claims arising from reinsurance funds, credit balances with suppliers, receivables from income tax and VAT, receivables from employees, as well as miscellaneous non-trade receivables.

22 SECURITIES

The other securities are money market funds.

23 PREPAID EXPENSES

Prepaid expenses exclusively comprise transitory items.

24 DEFERRED TAX ASSETS

Drägerwerk AG & Co. KGaA, in its role as parent company, expects future tax relief to total EUR 106.1 million (2020: EUR 135.7 million) from temporary differences and from tax loss carryforward as of December 31, 2021. Deferred taxes are determined on the basis of a 31.5 % income tax rate (2020: 31.5 %). The income tax rate includes corporate income tax and the corresponding solidarity surcharge, as well as trade tax.

DEFERRED TAX ASSETS / LIABILITIES

in thousand €	Deferred tax assets		deferred tax liabilities	
	2021	2020	2021	2020
Non-current assets	1,523	3,149	2,959	2,978
Current assets	21,156	13,901	39	-
Prepaid expenses	242	321	-	-
Provisions	85,848	73,276	-	-
Liabilities	284	71	-	109
Loss carryforward	0	48,054	-	-
Gross amount	109,053	138,772	2,999	3,087
Netting	-2,999	-3,087	-2,999	-3,087
Carrying amount	106,055	135,685	0	0

In accordance with Sec. 274 (1) Sentence 2 HGB, the Company made use of the option to recognize deferred tax assets for the surplus.

25 CAPITAL STOCK

The capital stock of Drägerwerk AG & Co. KGaA amounts to EUR 48,026 thousand (2020: EUR 48,026 thousand).

The capital stock therefore consists of 10,160,000 limited no-par bearer common shares (2020: 10,160,000) and 8,600,000 non-voting limited no-par preferred shares (2020: 8,600,000).

The nominal value of both share types is EUR 2.56. Drägerwerk Verwaltungs AG, the general partner, holds no shares in capital.

The capital stock has been fully paid in. As before, the preferred and common shares are traded on the capital market.

Other than voting rights, the preferred shares have the same rights as those attached to the common shares. As compensation for the lack of voting rights, an advance dividend of EUR 0.13 per preferred share is distributed from net earnings.

If sufficient profits are available, a dividend of EUR 0.13 per common share is then paid. Any profit in excess of this amount, if distributed, is allocated so that preferred shares receive EUR 0.06 more than common shares.

If profit is not sufficient for an advance dividend for preferred shares in one or more fiscal years, the amounts are paid from the profits of subsequent fiscal years before a dividend is paid on common shares.

If amounts in arrears are not paid in the next year, along with the full preferred dividend for the current year, the preferred shareholders have voting rights until the arrears have been paid.

In the event of liquidation, the preferred shareholders receive 25 % of net liquidation proceeds in advance. The remaining liquidation proceeds are distributed evenly among all shares.

By resolution agreed upon at the annual shareholders' meeting on May 7, 2021, the general partner is entitled to increase the Company's capital until May 6, 2026, with the approval of the Supervisory Board, by up to EUR 12,006,400.00 (approved capital) by issuing new bearer common and/or preferred shares (no-par value shares) in return for cash and/or contributions in kind, in either one or several tranches. The authorization to issue preferred shares without voting rights may only be exercised to the extent that the proportion of preferred shares without voting rights does not exceed half of the capital stock (Sec. 139 (2) AktG).

In the event that the approved capital is used, the shareholders must be granted subscription rights. Subscription rights can also be granted to shareholders in such a way that the new shares are taken over by one or more banks or companies specified by the general partner within the meaning of Sec. 186 (5) Sentence 1 AktG with the obligation to transfer them to the shareholders in a subscription offer (indirect subscription right). This may be useful for processing reasons and does not represent a restriction on shareholders' subscription rights.

In the case of common and preferred shares being issued at the same time while maintaining the ratio of both share types at the time of issuance, the general partner is authorized, subject to approval by the Supervisory Board, to exclude the subscription right of holders of one category of shares to the other category of shares ("crossed exclusion of subscription rights"). Also in this case, the general partner is entitled to exclude further subscription rights under the terms of the regulations stated below.

The general partner is further authorized, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders.

The proportion of the capital stock attributed in total to new shares for which the subscription right is excluded on the basis of this authorization may—together with the proportion of the capital stock that is attributed to treasury shares or to new shares from other authorized capital or that relates to the option or conversion rights or obligations arising from options, warrant and/or convertible bonds, and/or participation rights that have been sold or issued during the term of this authorization subject to the exclusion of subscription rights—not

exceed 10 % of capital stock. Shares issued under a crossed exclusion of subscription rights are excluded from the limitation to 10 % of capital stock. The key factor for calculating the 10 % limit is the existing share capital at the time that this authorization comes into effect or is exercised, on whichever of these dates the share capital is at its lowest.

The general partner is authorized, subject to the approval of the Supervisory Board, to determine the details of the share rights and of the capital increase, as well as the terms and conditions of the share issue, in particular the issue price. The Supervisory Board is entitled to adjust the wording of the articles of association in line with the utilization of the authorized capital or after the authorization period expires.

In addition, by resolution agreed upon at the annual shareholders' meeting on May 7, 2021, the general partner is authorized to issue warrant and/or convertible bonds with a total nominal amount of up to EUR 650,000,000.00 and to create a corresponding conditional capital of up to EUR 12,006,400.00 by issuing up to 4,690,000 new no-par bearer shares.

The warrant and/or conversion price for the shares to be subscribed to when exercising option and/or conversion rights must amount to at least 80 % of the listed price of no-par bearer shares in the Company close to the date on which the bonds conferring option or conversion rights are issued, with the exception of cases involving option or conversion obligations, substitution rights, or rights of sale on the part of the issuer of the bonds in order to supply shares.

Shareholders generally have a right to subscribe to the bonds (Sec. 221 (4) in conjunction with Sec. 186 (1) AktG).

The authorization initially provides that, in the event that both bonds with option or conversion rights or obligations on common shares and bonds with option or conversion rights or obligations on preferred shares are issued, the general partner can, with the approval of the Supervisory Board, exclude subscription rights for holders of shares of one class to the bonds that grant option or conversion rights to shares of the other class, or for a corresponding exercise or conversion obligation, if the subscription ratio for subscription of the bonds is determined to be the same for the holders of both share classes ("crossed exclusion of subscription rights").

The general partner is also authorized, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in certain other cases.

REPORTS REGARDING VOTING RIGHTS

Sec. 160 (1) No. 8 AktG requires disclosure of the existence of investments that have been notified to the Company in accordance with Sec. 21 (1) or (1a) German Securities Trading Act (Wertpapierhandelsgesetz—WpHG).

No reports regarding voting rights were received in the reporting year.

26 CAPITAL RESERVE

CAPITAL RESERVE

Drägerwerk AG & Co. KGaA's capital reserve originated from the share premiums	in thousand €
the Company's establishment (transformation)	2,556
the increases in capital stock of	
March 1979	5,726
June 1981	7,016
July 1991	23,569
April 2020	73,940
	112,807
Dividend waiver by Stefan Dräger in 2009	582
Increase of capital reserve in 2010	
by issuing 3,810,000 new common shares	95,277
Replacement of variable option component with equity instrument	26,540
Exercise of 4 options of 50,000 shares each in 2013	12,190
Exercise of 11 options of 50,000 shares each in 2014	33,487
Exercise of 10 options of 50,000 shares each in 2015	30,274
Capital reserve as of December 31, 2021	311,157

27 RETAINED EARNINGS

There were no changes in retained earnings in fiscal year 2021. The retained earnings of EUR 199.2 million reported as of December 31, 2021 (2020: EUR 199.2 million), relate to transfers from prior years.

28 DEVELOPMENT OF NET EARNINGS

DEVELOPMENT OF NET EARNINGS

	in thousand €
Net earnings as of December 31, 2020	433,427
EUR 0.13 cash dividend for 10,160,000 common shares	-1,321
EUR 0.19 cash dividend for 8,600,000 preferred shares	-1,634
Profit brought forward 2021 from prior year	430,472
Net income for the year 2021	123,400
Net earnings as of December 31, 2021	553,872

DISCLOSURES ON AMOUNTS RESTRICTED FROM DISTRIBUTION

As of December 31, 2021, the amount restricted from distribution stood at EUR 153.3 million (2020: EUR 178.7 million). The calculation of the amount is based on Sec. 268 (8) HGB and Sec. 253 (6) HGB.

DISCLOSURES ON AMOUNTS RESTRICTED FROM DISTRIBUTION

in thousand €	2021	Deferred taxes	2021	2020	Restricted amount
Fair value of plan assets exceeding acquisition cost	20,475	-6,450	14,026	7,525	
Difference pursuant to Sec. 253 (6) HGB	26,754	-8,427	18,326	21,970	
Balance of remaining deferred taxes		120,932	120,932	149,248	
Total amount restricted from distribution	47,229	106,055	153,284	178,743	
Equity interests available to cover amounts			753,645	633,199	
Freely available equity			600,361	454,456	

The measurement of the special fund assets of the pension plan is carried out in accordance with Sec. 253 (1) Sentence 4 HGB at fair value. This amounted to EUR 103.1 million as of December 31, 2021 (2020: EUR 85.9 million), and is therefore EUR 20.5 million higher than the acquisition costs of EUR 82.6 million (2020: EUR 75.0 million). The EUR 26.8 million calculated pursuant to Sec. 253 (6) HGB (2020: EUR 32.1 million) is the difference between the measurement of the pension provision obligation, the prescribed ten-year average interest rate, and the seven-year average interest rate. The amount in excess of the acquisition costs was offset by freely available retained earnings of EUR 199.2 million (2020: EUR 199.2 million), free capital reserves of EUR 0.6 million (2020: EUR 0.6 million), and net earnings of EUR 553.9 million (2020: EUR 433.4 million).

PARTICIPATION CAPITAL

Due to the termination of the entire series of participation certificates in fiscal year 2020, the participation capital is no longer recognized as equity or as non-current debt. The participation capital is shown as a separate item under liabilities. Please also see our comments in [Note 30](#).

The dividend amount for the series D participation certificates stands at EUR 0.7 million (2020: EUR 1.1 million).

29 PROVISIONS

In this fiscal year, the increase in pension obligations was attributable to a number of factors, including the interest rate.

Direct pension provisions are calculated based on the following assumptions:

ACTUARIAL ASSUMPTIONS

	2021	2020
Discount rate	1.87 %*	2.30 %*
Future wage and salary increases	3.00 %	3.00 %
Future pension increases	1.00 - 1.75 %	1.00 - 1.75 %
Average employee turnover	3.00 %	3.00 %

* Forecast interest rate on the basis of the interest rate published by Deutsche Bundesbank on October 31, 2021 (from the interest rate published by Deutsche Bank on December 31, 2021: 1.87 %)

OFFSETTING PLAN ASSETS

Plan assets were offset against the underlying obligations from the new pension plan in accordance with Sec. 246 (2) Sentence 2 HGB.

The fair value of plan assets stated in the table below was derived from the stock exchange price of the plan assets at the balance sheet date, if these pertained to fund shares.

UNDERFUNDING OF PENSION LIABILITY

in thousand €	2021	2020
Fair value of plan assets	103,112	85,902
Pension obligations under the pension plan	-145,316	-121,114
Underfunding of pension liability	-42,204	-35,212
Cost of plan assets	82,637	74,917

The plan assets are shares in a restricted fund set up exclusively for Dräger (WKN — securities identification number — AOHG1B) and a settlement account. They are managed by AllianzGI-Fonds as a trustee for Drägerwerk AG & Co. KGaA, and their access is restricted for other creditors.

The fund and the settlement account serve to safeguard pension obligations made under the pension plan and are subject to special restraints on disposal.

OTHER PROVISIONS

OTHER PROVISIONS		
in thousand €	2021	2020
Tax provisions	31,423	19,933
Sundry provisions	139,434	117,280
Other provisions	170,858	137,213

Sundry provisions provide for, in particular, warranty obligations of EUR 41.8 million (2020: EUR 32.4 million), supplier invoices not yet received of EUR 23.7 million (2020: EUR 14.6 million), lawsuit costs/risks of EUR 2.7 million (2020: EUR 3.3 million), and contingent liabilities mainly resulting from project-related obligations of EUR 3.0 million (2020: EUR 2.5 million), as well as various other risks. Provisions for personnel-related risks amount to EUR 45.1 million (2020: EUR 42.9 million), mainly from the profit share to employees, accrued vacation pay, phased retirement, and long-service awards. Phased retirement employment contracts are concluded in line with works agreements.

Provisions in the amount of EUR 18.4 million (2020: EUR 14.0 million) were set up for expected losses from the settlement of currency forwards (derivative financial instruments) in fiscal year 2021.

30 LIABILITIES

LIABILITIES 2021				
in thousand €	Total	up to 1 year	more than 1 year	thereof in more than 5 years
Liability from the termination of participation certificates	208,806	-	208,806	-
Liabilities to banks	174,344	8,491	165,853	50,000
Trade payables	101,913	101,913	-	-
Liabilities to Group companies	343,630	126,838	216,792	-
thereof of trade payables	36,111	36,111	-	-
Liabilities to companies in which participating interests are held	-	-	-	-
Other liabilities	13,565	13,305	260	228
thereof taxes	5,302	5,302	-	-
thereof for social security	-	-	-	-
Liabilities	842,259	250,547	591,712	50,228

There were no liabilities secured by pledges or similar rights.

LIABILITIES 2020

in thousand €	Total	up to 1 year	more than 1 year	thereof in more than 5 years
Liability from the termination of participation certificates	467,615	158,019	309,597	-
Liabilities to banks	202,852	68,508	134,344	-
Trade payables	116,243	116,243	-	-
Liabilities to Group companies	300,595	172,124	128,471	-
thereof of trade payables	39,902	39,902	-	-
Liabilities to companies in which participating interests are held	-	-	-	-
Other liabilities	8,305	8,045	260	228
thereof taxes	3,934	3,934	-	-
thereof for social security	-	-	-	-
Liabilities	1,095,610	522,938	572,672	228

There were no liabilities secured by pledges or similar rights.

LIABILITIES FROM THE TERMINATION OF PARTICIPATION CERTIFICATES

The payment obligation from the termination of participation certificates in 2020 stood at EUR 208.8 million for fiscal year (2020: EUR 467.6 million).

The liability to holders of participation certificates resulting from the buyback of series A and K was paid in full in the amount of EUR 158.0 million on January 4, 2021. An offer regarding the early repurchase of the series D participation certificates at a price of EUR 542 per participation certificate was also made in fiscal year 2021. As a result, 184,530 series D participation certificates totaling EUR 100.0 million were bought back on March 25, 2021, reducing the number of participation certificates disclosed in debt from 566,819 to 382,289. Consequently, a payment obligation to holders of series D participation certificates of EUR 208.8 million remained as of the balance sheet date. The amount resulting from the buyback will fall due on January 2, 2023.

PARTICIPATION CERTIFICATE OBLIGATION

in thousand €	Number	Participation certificate obligation
disclosed in debt:		
Series D	382,289	208,806,251.80
As of December 31, 2021 (Series D)	382,289	208,806,251.80

LIABILITIES TO BANKS

Liabilities from promissory note loans totaling EUR 100 million, which were taken out in the reporting year and have maturities of five and seven years respectively, existed as of December 31, 2021. The promissory note loan from 2016 in the amount of EUR 60 million (2020: EUR 60 million) was repaid in full in 2021.

In fiscal year 2013, Drägerwerk AG & Co. KGaA utilized a redeemable KfW loan totaling EUR 15.9 million; the loan is due on June 30, 2023. Dräger repaid EUR 2.0 million of this loan in 2021 (2020: EUR 2.0 million). This loan was valued at EUR 3.0 million on December 31, 2021 (2020: EUR 5.0 million).

The first repayment of the redeemable KfW loans that were taken out in fiscal year 2014 was made in 2016. EUR 1.1 million was repaid in fiscal year 2021 (2020: EUR 1.1 million). These loans were valued at EUR 2.5 million on December 31, 2021 (2020: EUR 3.6 million).

Three additional redeemable KfW loans were taken out in fiscal year 2015 to finance the construction of new buildings associated with the “factory of the future”; these loans are due in June 2025. EUR 5.4 million was repaid in fiscal year 2021 (2020: EUR 5.4 million). The loans were valued at EUR 18.9 million on December 31, 2021 (2020: EUR 24.2 million).

On October 2, 2020, two loans in the amount of EUR 50 million and EUR 60 million, with a term of five years, were taken out with the European Investment Bank. Of that amount, EUR 60 million were repaid in the reporting year.

LIABILITIES TO GROUP COMPANIES

Liabilities to Group companies mainly result from cash management of EUR 308.2 million (2020: EUR 260.7 million).

OTHER LIABILITIES

Other liabilities mainly result from tax liabilities in the amount of EUR 5.3 million (2020: EUR 3.9 million) and liabilities from the distribution for participation certificates of EUR 0.7 million (2020: EUR 1.6 million).

Other disclosures

31 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

in thousand €	2021	2020
Contingent liabilities under warranty / indemnity contracts	222,419	181,377
Loan amounts actually drawn	14,884	22,821

Warranties of approximately EUR 207.8 million (2020: EUR 166.8 million) were issued for Group companies. The Company also issued comfort letters for subsidiaries.

The financial situation of the Group companies ensures that they will meet their obligations. Consequently, there is no risk of these guarantees being called upon.

32 OTHER FINANCIAL OBLIGATIONS

CONSIGNMENT WAREHOUSING AGREEMENTS

As of the balance sheet date, Drägerwerk AG & Co. KGaA states activities related to consignment warehousing agreements on the balance sheet. These are reported both under inventories and trade payables in the amount of EUR 16.1 million (2020: EUR 19.7 million). The consignment stock refers to the goods stored at Drägerwerk AG & Co. KGaA; until such time as the stock is reported as having been withdrawn in the legal sense, this stock remains the property of the supplier. This provides a number of benefits: On the one hand, this offers the highest level of supply security and, on the other hand, reduces capital commitments, as suppliers will only invoice the Company once the stock has been withdrawn from the warehouse.

Specific contractual arrangements with these suppliers imply that both the economic benefits and the economic risks lie with Drägerwerk AG & Co. KGaA. These items are therefore reported with the identical value, both in inventories and liabilities.

RENTAL AND LEASE AGREEMENTS

As of the balance sheet date, other financial obligations from long-term rental and lease agreements come to approximately EUR 56.6 million, of which approximately EUR 3.7 million are to Group companies. The annual charge comes to approximately EUR 7.0 million, of which EUR 1.9 million are to Group companies.

Other financial obligations mainly relate to the real estate lease agreement with MOLVINA Vermietungsgesellschaft mbH & Co. Objekt Finkenstraße KG concerning the new office and development building, and to the real estate lease agreement with DRENITA Grundstücksvermietungsgesellschaft mbH & Co. Objekt Fertigung Dräger Medizintechnik KG concerning the new production building at Revalstraße, Lübeck.

PURCHASE OBLIGATIONS

In line with the usual requirements, Drägerwerk AG & Co. KGaA has also entered into purchase obligations with other service providers in order to guarantee the availability of IT services.

OTHER

As a result of outstanding orders, the Group had obligations to purchase intangible assets of EUR 2.2 million (2020: EUR 0.8 million) and to purchase property, plant and equipment of EUR 12.2 million (2020: EUR 14.2 million) as of December 31, 2021. The order obligations for property, plant and equipment are mainly due to building conversions and the replacement and purchase of machinery and tools. As of December 31, 2021, Drägerwerk AG & Co. KGaA was obliged to make capital payments on outstanding capital distributions in the amount of EUR 5.7 million (2020: EUR 2.1 million).

At present, no significant opportunities and risks arise from the investments in the following special purpose entities:

- MOLVINA Vermietungsgesellschaft mbH & Co. Objekt Finkenstraße KG
- FIMMUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lübeck KG
- FIMMUS Grundstücks-Vermietungs GmbH
- DRENITA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fertigung Dräger Medizintechnik KG

33 LEGAL RISKS

Drägerwerk AG & Co. KGaA is involved in certain legal disputes and claims for damages arising in the ordinary course of business. The Executive Board believes that the outcome of such litigation and claims will not have any material adverse effect on the Company's net assets, financial position, or results of operations.

Remuneration report

34 EXECUTIVE BOARD REMUNERATION

Total remuneration for active Executive Board members amounted to EUR 9,785,543 in fiscal year 2021 (2020: EUR 8,869,863).

The employee share program, offered for the first time in Germany in 2013, was once again offered by Dräger in fiscal year 2020. All five Executive Board members of Drägerwerk Verwaltungs AG took part in the employee share program. The Executive Board members purchased 20 sets, each consisting of three shares, at a price of EUR 55.55 per share using their own funds, which were booked at a price of EUR 55.55 per share. For every three preferred shares, participants received one preferred share worth EUR 55.55 on the date of entry free of charge from Dräger. The holding period for these preferred shares — including those that participants acquired themselves — runs until December 31, 2023.

If Executive Board remuneration is paid by Drägerwerk Verwaltungs AG, it is entitled to claim monthly reimbursement from Drägerwerk AG & Co. KGaA pursuant to Sec. 11 (1) and (3) of the articles of association of Drägerwerk AG & Co. KGaA. Pursuant to Sec. 11 (4) of the Company's articles of associate, the general partner receives a fee, independent of profit and loss, of 6 % of the equity disclosed in its financial statements, payable one week after the general partner prepares its financial statements, for the management of the Company and the assumption of personal liability. For fiscal year 2021, this remuneration amounts to EUR 110,566 (2020: EUR 115,943) plus potentially incurred VAT.

Obligations to Executive Board members under pension plans are stated in the financial statements for 2021 at EUR 9,403,687 (2020: EUR 8,192,170). Starting January 1, 2021, pension commitments were transferred into an externally pre-financed insurance-linked scheme with a guaranteed minimum return, which is served directly by Drägerwerk Verwaltungs AG. Drägerwerk AG & Co. KGaA continues to be responsible for the Executive Board members' vested rights in pension obligations granted up to December 31, 2020.

On the basis of the previous pension commitments, the Company made pension provision contributions of EUR 1,211,517 for members of the Executive Board in fiscal year 2021 (2020: EUR 1,241,997).

PENSION OBLIGATIONS FOR ACTIVE EXECUTIVE BOARD MEMBERS

in €	Allocation 2021	Obligation 31 Dec 2021	Allocation 2020	Obligation 31 Dec 2020
Dräger, Stefan	669,136	5,690,628	688,087	5,021,492
Lescow, Gert-Hartwig	363,892	2,412,190	374,792	2,048,298
Klug, Rainer	32,254	277,840	45,635	245,586
Piske, Dr. Reiner	72,535	297,342	48,440	224,807
Schrofner, Anton	73,700	725,687	85,043	651,987
Executive Board members in total	1,211,517	9,403,687	1,241,997	8,192,170

EUR 3,317,965.49 was paid to former members of the Executive Board and their surviving dependents (2020: EUR 3,301,986). Pension commitments to former members of the Executive Board and their surviving dependents amounted to EUR 36,707,149 (2020: EUR 37,417,463).

If an Executive Board member dies during his or her active service on the Board, the surviving spouse is entitled to Dräger widow's and widower's pension, and any remaining children have claim to Dräger orphan's pension. The annual Dräger widow's and widower's pension amounts to 55 % of the Dräger pension received by, or which would have been received by, the deceased executive if said executive would have been unable to work when they died (notional invalidity pension). The amount of the Dräger orphan's pension is 10 % of the notional reduction in earning capacity pension or the current Dräger pension of the deceased Executive Board member.

35 SUPERVISORY BOARD REMUNERATION

The annual shareholders' meeting of Drägerwerk AG & Co. KGaA has specified the remuneration of members of the Supervisory Board in the articles of association since fiscal year 2011. Supervisory Board remuneration for fiscal year 2021 came to EUR 722,500 (2020: EUR 640,000).

In fiscal year 2021, the total remuneration of the six members of the Supervisory Board of the general partner, Drägerwerk Verwaltungs AG, amounted to EUR 180,000 (2020: EUR 135,000) plus additional reimbursements for out-of-pocket expenses totaling EUR 60,000 (2020: EUR 60,000). No remuneration was paid to Supervisory Board members of Group companies.

For the first time, further information on the itemized remuneration of the Executive Board and the Supervisory Board can be found in a separate remuneration report for fiscal year 2021 and is available from the website at www.draeger.com/remuneration-report.

36 RELATED PARTY AND COMPANY TRANSACTIONS

Services were rendered for Stefan Dräger and companies and persons related to Stefan Dräger, the Dräger-Stiftung, and the Dräger-Familienstiftung (Dräger Foundation and Dräger Family Foundation) totaling EUR 19 thousand (2020: EUR 10 thousand) in fiscal year 2021. The Company had no receivables in this respect on December 31, 2021.

Drägerwerk AG & Co. KGaA rendered rental services and other services totaling EUR 108 thousand (2020: EUR 103 thousand) for associate MAPRA Assekuranzkontor GmbH in fiscal year 2021. The Company had no receivables in this respect on December 31, 2021 (2020: EUR 0 thousand).

The remuneration of the employee representatives on the Supervisory Board for work performed in addition to the Supervisory Board activities was also concluded at arm's length terms and conditions. Overall, remuneration is of immaterial importance for the Dräger Group.

Dräger Verwaltungs AG is the general partner of Drägerwerk AG & Co. KGaA and holds 0 % of the capital. Only a few transactions are conducted with the general partner, as it only exercises administrative functions. The general partner is entitled to compensation for all expenses incurred in association with the management of Drägerwerk AG & Co. KGaA, including the contractually agreed remuneration for its executive bodies. These expenses comprise the remuneration of the Executive Board, the remuneration of its Supervisory Board, liability remuneration, and other expenses.

Liabilities to Drägerwerk Verwaltungs AG amounted to EUR 15,316 thousand as at December 31, 2021 (2020: EUR 10,324 thousand). Expenses for Drägerwerk Verwaltungs AG services amounted to EUR 12,804 thousand in fiscal year 2021 (2020: EUR 6,370 thousand—prior-year values have been adjusted). Services in the amount of EUR 29 thousand (2020: EUR 16 thousand) were rendered for Drägerwerk Verwaltungs AG in the fiscal year, resulting in no receivables (2020: EUR 9 thousand).

In fiscal year 2018, Drägerwerk Verwaltungs AG granted an Executive Board member a fixed-rate loan of EUR 600 thousand with a term until May 2, 2023, and an interest rate of 2 %. Repayment of EUR 200 thousand was received in fiscal year 2021.

The Executive Board members were given a non-interest bearing advance on long-term variable remuneration of EUR 538 thousand in fiscal year 2021.

All transactions with related parties were conducted at arm's length terms and conditions.

37 AUDITOR'S FEE

The total fee charged by the Company's auditor in fiscal year 2021 is broken down and disclosed by services for the audit of the financial statements, other audit services, tax consultancy services, and other services in the corresponding item in the Group financial statements of Drägerwerk AG & Co. KGaA.

The services for the audit of the financial statements mainly consist of fees for the audit of the consolidated financial statements as well as the legally mandated audits of Drägerwerk AG & Co. KGaA and its subsidiaries included in the consolidated financial statements. The fee for other audit services primarily includes the statutory audit services, including EMIR. The fee for tax consultancy predominantly comprises the fee for tax consultancy relating to transfer prices as well as tax consultancy for current and planned transactions and intra-Group reorganization. The fee for other services primarily consists of project-specific advisory services.

38 MAJOR DIRECT AND INDIRECT SHAREHOLDINGS OF DRÄGERWERK AG & CO. KGAA**SHARES OWNED BY DRÄGERWERK AG & CO. KGAA AS OF DECEMBER 31, 2021**

	Name and registered office	Shareholding in %		in €	in €
		direct	indirect	thousand Equity	thousand Earnings
Germany					
	Dräger Safety AG & Co. KGaA, Lübeck	100		151,872	0 ¹
	Dräger Medical Deutschland GmbH, Lübeck	100		26,047	0 ¹
	Dräger Electronics GmbH, Lübeck	100		-9,466	-160
	Dräger Digital GmbH, Lübeck	100		142	197
	Dräger Safety Verwaltungs AG, Lübeck	100		1,120	0 ¹
	Dräger TGM GmbH, Lübeck		100	1,242	200 ^{1,4}
	Dräger MSI GmbH, Hagen		100	1,747	0 ¹
	Dräger Medical ANSY GmbH, Lübeck	100		2,826	0 ¹
	Dräger Interservices GmbH, Lübeck	30	70	986	140 ^{1,4}
	Dräger Gebäude und Service GmbH, Lübeck	100		570	134 ^{1,4}
	Dräger Medical International GmbH, Lübeck	89.452	10.548	231,945	0 ¹
	MAPRA Assekuranzkontor GmbH, Lübeck	49		1,139	739 ^{2,3}
	Fachklinik für Anästhesie und Intensivmedizin Vahrenwald GmbH, Lübeck		100	-7,673	0 ¹
	Dräger Energie GmbH, Lübeck		100	25	0 ¹
	FIMMUS Grundstücks-Vermietungs GmbH, Lübeck	100		30	0 ¹
	FIMMUS Grundstücks-Vermietungs Gesellschaft mbH & Co. Objekt Lübeck KG, Lübeck	100		93	5
	MOLVINA Vermietungsgesellschaft mbH & Co. Objekt Finkenstraße KG, Düsseldorf	100		138	9
	DRENITA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fertigung Dräger Medizintechnik KG, Düsseldorf	100		1	8
	Dräger Holding International GmbH, Lübeck	100		59,471	0 ¹
	bentekk GmbH, Hamburg		100	-378	295
Europe					
Belgium	Dräger Medical Belgium NV, Wommel		100	5,844	657
	Dräger Safety Belgium NV, Wommel		100	4,518	612
Bulgaria	Draeger Medical Bulgaria EOOD, Sofia		100	452	67
	Draeger Safety Bulgaria EOOD, Sofia		100	266	40
Denmark	Dräger Danmark A/S, Herlev		100	1,013	236
Finland	Dräger Suomi Oy, Helsinki		100	1,025	215
France	Dräger France SAS, Antony		100	35,929	5,299
	AEC SAS, Antony		100	1,222	88
	Dräger Production France SAS, Obernai		100	4,983	916
Greece	Draeger Hellas A.E. for Products of Medical and Safety Technology, Athens		100	3,290	514
United Kingdom	Draeger Safety UK Ltd., Blyth		100	68,668	16,080
	Draeger Medical UK Ltd., Hemel Hempstead	53	47	9,621	2,997
Ireland	Dräger Ireland Ltd., Dublin		100	838	170

¹ Profit and loss transfer agreement² Associate as defined under Sec. 311, 312 HGB³ Prior year⁴ Recognized value corresponds to the amount restricted from distribution

SHARES OWNED BY DRÄGERWERK AG & CO. KGAA AS OF DECEMBER 31, 2021

	Name and registered office	Shareholding in %		in €	in €
		direct	indirect	thousand Equity	thousand Earnings
Europe (continued)					
Italy	Draeger Italia S.p.A., Corsico-Milano		100	19,009	3,823
Croatia	Dräger Medical Croatia d.o.o., Zagreb		100	2,068	387
	Dräger Safety d.o.o., Zagreb		100	462	95
Netherlands	Dräger Nederland B.V., Zoetermeer		100	18,581	3,966
Norway	Dräger Norge AS, Oslo		100	2,174	659
	GasSecure AS, Oslo		100	2,149	167
Austria	Dräger Austria GmbH, Vienna		100	37,683	10,309
Poland	Dräger Polska sp. zo.o., Warsaw		100	3,242	1,027
Portugal	Dräger Portugal, LDA, Lisbon	0.01	99.99	2,813	472
Romania	Dräger Romania SRL, Bucharest		100	1,560	432
Russia	Draeger OOO, Moscow		100	3,475	214
Sweden	Dräger Sverige AB, Kista		100	3,131	1,161
	ACE Protection AB, Svenljunga		100	2,785	1,135
	AB Ulax, Motala		62.5	183	120
Switzerland	Dräger Schweiz AG, Liebefeld-Bern		100	8,700	2,320
	STIMIT AG, Biel/Bienne	67.32		1,458	-4,791
Serbia	Draeger Tehnika d.o.o., Belgrade		100	3,181	659
Slovakia	Dräger Slovensko s.r.o., Piestany		100	1,275	209
Slovenia	Dräger Slovenija d.o.o., Ljubljana-Crnuce		100	1,080	203
Spain	Dräger Medical Hispania SA, Madrid		100	7,842	1,220
	Dräger Safety Hispania SA, Madrid		100	5,873	528
Czech Republic	Dräger Medical s.r.o., Prague		100	2,427	496
	Dräger Safety s.r.o., Prague		100	1,692	369
	Dräger Manufacturing Czech s.r.o., Klášterec nad Ohří		100	8,010	1,637
Turkey	Draeger Medikal Ticaret ve Servis Anonim Sirketi, Istanbul		100	2,712	370
	Draeger Safety Korunma Teknolojileri Anonim Sirketi, Ankara		100	3,416	777
Hungary	Dräger Safety Hungaria Kft., Budapest		100	453	115
	Dräger Medical Hungary Kft., Budapest		100	-164	-669
Africa					
Morocco	Draeger Maroc SARLAU, Casablanca		100	593	-147
South Africa	Dräger South Africa (Pty.) Ltd., Johannesburg		69	6,244	1,061
	Dräger Safety Zenith (Pty.) Ltd., East London		100	1,881	224
Americas					
Argentina	Dräger Argentina SA, Buenos Aires	10	90	4,588	-1,207
Brazil	Dräger do Brasil Ltda., São Paulo	99	1	825	-28
	Dräger Indústria e Comércio Ltda., São Paulo	100	0	14,339	1,787
	Dräger Safety do Brasil Equipamentos de Segurança Ltda., São Paulo		100	2,148	528
Chile	Dräger Chile Ltda., Santiago	100	0	7,003	982
	Dräger-Simsa S.A., Santiago		51	2,200	446

SHARES OWNED BY DRÄGERWERK AG & CO. KGAA AS OF DECEMBER 31, 2021

	Name and registered office	Shareholding in %		in €	in €
		direct	indirect	thousand Equity	thousand Earnings
Americas (continued)					
Canada	Draeger Safety Canada Ltd., Mississauga / Ontario		100	7,819	654
	Draeger Medical Canada Inc., Richmond Hill / Ontario		100	4,933	1,593
	Focus Field Solutions Inc., St. John's, NL		29.53	-321	-680 ²
Colombia	Draeger Colombia SA, Bogota D.C.	2	98.50	6,752	950
Mexico	Draeger Safety S.A. de C.V., Querétaro		100	1,728	382
	Dräger Medical Mexico S.A. de C.V., Mexiko D.F.D.	0.002	99.998	10,356	649
Panama	Draeger Panama S. de R.L., Panama	0.00056	99.99944	1,526	-29
	Draeger Panama Comercial, S. de R.L., Panama	0.005	99.995	1,262	367
Peru	Draeger Peru S.A.C., Piso Miraflores-Lima	0.0001	99.9999	4,535	416
United States	Draeger, Inc., Telford		100	65,506	15,718
	Draeger Medical Systems, Inc., Telford		100	183,248	1,001
	MultiSensor Scientific Inc., Somerville		36.03	-1,137	-2,627 ²
Asia / Australia					
P.R. China	Shanghai Dräger Medical Instrument Co., Ltd., Shanghai		100	18,875	2,312
	Draeger Safety Equipment (China) Co., Ltd., Beijing		100	12,883	1,559
	Dräger Medical Equipment (Shanghai) Co., Ltd., Shanghai		100	20,977	5,097
	Draeger Hong Kong Limited, Wanchai		100	1,652	713
	Draeger Medical Systems (Shanghai) Co., Ltd., Shanghai		100	10,819	-26
India	Draeger India Private Limited, Mumbai	100		11,057	1,912
	Draeger Safety India Pvt. Ltd., Mumbai		100	2,308	443
Indonesia	PT Draegerindo Jaya, Jakarta		100	509	-222
	PT Draeger Medical Indonesia, Jakarta	5	95	1,792	-1,430
Japan	Draeger Japan Ltd., Tokyo		100	11,765	1,903
Malaysia	Draeger Malaysia Sdn. Bhd., Kuala Lumpur		100	4,242	594
Myanmar	Draeger Myanmar Limited, Rangoon		100	72	29
Philippines	Draeger Philippines Corporation, Pasig City		100	1,024	94
Saudi Arabia	Draeger Arabia Co. Ltd., Riyadh	25.5	25.5	30,925	414
Singapore	Draeger Singapore Pte Ltd., Singapore		100	6,203	293
South Korea	Draeger Korea Co., Ltd., Seoul		100	5,470	599
Taiwan	Draeger Safety Taiwan Co., Ltd., Hsinchu City		100	3,819	506
	Draeger Medical Taiwan Ltd., Taipei		100	2,199	188
Thailand	Draeger Medical (Thailand) Ltd., Bangkok		100	6,839	987
	Draeger Safety (Thailand) Ltd., Bangkok		100	703	5
Vietnam	Draeger Vietnam Co., Ltd., Ho Chi Minh City		100	1,738	761
Australia	Draeger Safety Pacific Pty. Ltd., Notting Hill		100	0	0
	Draeger Australia Pty. Ltd., Notting Hill	100		14,252	3,492
New Zealand	Draeger New Zealand Limited, Auckland		100	2,177	530

² Associate as defined under Sec. 311, 312 HGB

39 SUBSEQUENT EVENTS

SUBSEQUENT EVENTS:

Significant business events subject to reporting requirements have not occurred since the end of the fiscal year.

PROPOSED DISTRIBUTION OF NET EARNINGS

Net earnings for fiscal year 2021 amount to EUR 553,872,555.84. This includes profits brought forward of EUR 430,472,378.88. Drägerwerk Verwaltungs AG as general partner of Drägerwerk AG & Co. KGaA, together with the Supervisory Board of Drägerwerk AG & Co. KGaA, Lübeck, intends to propose to the annual shareholders' meeting that these net earnings should be distributed as follows:

PROPOSED DISTRIBUTION OF NET EARNINGS

in €	
EUR 0.13 cash dividend for 10,160,000 common shares	1,320,800
EUR 0.19 cash dividend for 8,600,000 preferred shares	1,634,000

It is further proposed that the remaining net earnings for fiscal year 2021 of EUR 550,917,755.84 will be carried forward to new account.

The Company's Boards

Supervisory board of Drägerwerk AG & Co. KGAA

Chairman

STEFAN LAUER

Former Executive Board member of Deutsche Lufthansa AG, Frankfurt

Supervisory Board memberships:

- People at Work Systems AG, Munich
- Drägerwerk Verwaltungs AG, Lübeck
- Dräger Safety AG & Co. KGaA, Lübeck

–

Memberships on comparable boards of German or foreign companies:

- Valeta GmbH, Bad Säckingen, Chairman of the Advisory Board

Vice Chairman

SIEGFRID KASANG

Group Works Council Chairman of Dräger, Lübeck

Dräger Lübeck Works Council Chairman, Lübeck (until January 27, 2021)

BETTINA VAN ALMSICK

Chairperson of Works Council Dräger Sales and Service Germany, Essen

Member of Works Council Dräger Sales and Service Germany, Lübeck

Member of the Group Works Council of Dräger, Lübeck

Supervisory Board membership:

Dräger Medical Deutschland GmbH, Lübeck, Vice-Chairperson

NIKE BENTEN

Member of Dräger Lübeck Works Council, Lübeck

Member of the Group Works Council of Dräger, Lübeck

Supervisory Board membership:

Dräger Safety AG & Co. KGaA, Lübeck, Vice-Chairperson

MARIA DIETZ

Member of the Administrative Board and shareholder of GFT Technologies SE, Stuttgart

Supervisory Board memberships:

- GFT Technologies SE, Stuttgart (member of the Administrative Board)
- Drägerwerk Verwaltungs AG, Lübeck
- Dräger Safety AG & Co. KGaA, Lübeck
- Ernst Klett Aktiengesellschaft, Stuttgart

DANIEL FRIEDRICH

Regional director of the metalworkers' union IG Metall, coastal region, Hamburg

Supervisory Board memberships:

- Airbus Operations GmbH, Hamburg
- Mercedes-Benz AG, Stuttgart (since November 1, 2021)

PROF. DR. THORSTEN GRENZ

Managing Partner of KIMBRIA Gesellschaft für Beteiligung und Beratung mbH, Berlin
Professor of Economics and Social Sciences at Christian-Albrechts University, Kiel
Chief Financial Officer at Schaltbau Holding AG, Munich (until February 28, 2021)

Supervisory Board memberships:

- Schaltbau Holding AG, Munich (March 1 to October 25, 2021)
- Drägerwerk Verwaltungs AG, Lübeck
- Dräger Safety AG & Co. KGaA, Lübeck
- Dräger Safety Verwaltungs AG, Lübeck
- Credion AG, Hamburg

ASTRID HAMKER

Advisory Board member and partner of Piepenbrock Unternehmensgruppe GmbH & Co. KG, Berlin
Advising family-run businesses through KOMPASS-Beratung as a freelance consultant, Georgsmarienhütte

Supervisory Board memberships:

- Schmitz Cargobull AG, Horstmar
- Drägerwerk Verwaltungs AG, Lübeck
- Dräger Safety AG & Co. KGaA, Lübeck
- L. Possehl & Co. mbH, Lübeck (since January 1, 2021)

Memberships on comparable boards of German and foreign companies:

- Piepenbrock Unternehmensgruppe GmbH & Co. KG, Berlin, Member of the Advisory Board
- Felix Schoeller Gruppe GmbH & Co. KG, Osnabrück
- Tengelmann Verwaltungs- und Beteiligungs GmbH, Munich (since January 1, 2021)

STEPHAN KRUSE

Officer, Drägerwerk AG & Co. KGaA, Lübeck

UWE LÜDERS

Former Chairman of the Executive Board of L. Possehl & Co. mbH, Lübeck

Supervisory Board memberships:

- Drägerwerk Verwaltungs AG, Lübeck
- Dräger Safety AG & Co. KGaA, Lübeck
- Dräger Safety Verwaltungs AG, Lübeck
- L. Possehl & Co. mbH, Lübeck, Chairman (since January 1, 2021)

THOMAS RICKERS

Secretary for metalworkers' union IG Metall, coastal region, Hamburg

DR. REINHARD ZINKANN

Managing Partner of Miele & Cie. KG, Gütersloh

Supervisory Board memberships:

- Falke KGaA, Schmalleberg (Chairman)
- Drägerwerk Verwaltungs AG, Lübeck
- Dräger Safety AG & Co. KGaA, Lübeck

Memberships on comparable boards of German or foreign companies:

- Hipp & Co., Pfaffenhofen, President of the Administrative Board
- Nobilia-Werke J. Stickling GmbH & Co. KG, Verl, Chairman of the Advisory Board

MEMBERS OF THE AUDIT COMMITTEE:

Prof. Dr. Thorsten Grenz (Chairman)

Siegfried Kasang

Stefan Lauer

Uwe Lüders

Daniel Friedrich

MEMBERS OF THE NOMINATION COMMITTEE:

Stefan Lauer (Vorsitzender)

Uwe Lüders

Dr. Reinhard Zinkann

MEMBERS OF THE JOINT COMMITTEE:

Representatives of Drägerwerk Verwaltungs AG:

Maria Dietz

Astrid Hamker

Uwe Lüders

Dr. Reinhard Zinkann

REPRESENTATIVES OF DRÄGERWERK AG & CO. KGAA

Stefan Lauer (Chairman)

Prof. Dr. Thorsten Grenz

Siegfried Kasang

Thomas Rickers

Members of the Executive Board of Drägerwerk Verwaltungs AG, acting on behalf of Drägerwerk AG & Co. KGaA

STEFAN DRÄGER

Chairman of the Executive Board

Chairman of the Executive Board of Drägerwerk Verwaltungs AG, Lübeck
(general partner of Drägerwerk AG & Co. KGaA)

Chairman of the Executive Board of Dräger Safety Verwaltungs AG, Lübeck
(general partner of Dräger Safety AG & Co. KGaA)

Supervisory Board membership:
– Sparkasse zu Lübeck AG, Lübeck

GERT-HARTWIG LESCOW

CFO and Executive Board member for IT, Vice-Chairman of the Executive Board

Member of the Executive Board of Drägerwerk Verwaltungs AG, Lübeck
(general partner of Drägerwerk AG & Co. KGaA)
Member of the Executive Board of Dräger Safety Verwaltungs AG, Lübeck
(general partner of Dräger Safety AG & Co. KGaA)

Supervisory Board memberships:
– Carl Zeiss AG, Oberkochen (since March 1, 2021)

RAINER KLUG

Executive Board member for Safety Division

Member of the Executive Board of Drägerwerk Verwaltungs AG, Lübeck
(general partner of Drägerwerk AG & Co. KGaA)
Member of the Executive Board of Dräger Safety Verwaltungs AG, Lübeck
(general partner of Dräger Safety AG & Co. KGaA)

DR. REINER PISKE

Executive Board member for Sales and Human Resources

Member of the Executive Board of Drägerwerk Verwaltungs AG, Lübeck
(general partner of Drägerwerk AG & Co. KGaA)
Member of the Executive Board of Dräger Safety Verwaltungs AG, Lübeck
(general partner of Dräger Safety AG & Co. KGaA)

ANTON SCHROFNER

Executive Board member for Medical Division

Member of the Executive Board of Drägerwerk Verwaltungs AG, Lübeck
(general partner of Drägerwerk AG & Co. KGaA)
Member of the Executive Board of Dräger Safety Verwaltungs AG, Lübeck
(general partner of Dräger Safety AG & Co. KGaA)

Lübeck, February 18, 2022

Drägerwerk AG & Co. KGaA

The general partner Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Gert-Hartwig Lescow
Rainer Klug
Dr. Reiner Piske
Anton Schrofner

Management compliance statement

We confirm to the best of our knowledge that, in accordance with the applicable financial reporting framework, the single entity financial statements give a true and fair view of the net assets, financial position, and results of operations of the Company, that the combined management report of the annual report presents business performance including business results and the situation of the Company so as to give a true and fair view, and that the significant opportunities and risks relating to the Company's development have been described.

Lübeck, February 18, 2022

Drägerwerk AG & Co. KGaA
The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Gert-Hartwig Lescow
Rainer Klug
Dr. Reiner Piske
Anton Schrofner

Independent Auditor's Report

To Drägerwerk AG & Co. KGaA, Lübeck

Report on the Audit of the Annual Financial Statements and of the Management Report

AUDIT OPINIONS

We have audited the annual financial statements of Drägerwerk AG & Co. KGaA, Lübeck, which comprise the balance sheet as at 31 December 2021, and the statement of profit and loss for the financial year from 1 January to 31 December 2021 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Drägerwerk AG & Co. KGaA, which is combined with the group management report, for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

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

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") 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 and principles are further de-scribed in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- ① Measurement of shares in affiliated companies and investments
- ② Pension provisions

Our presentation of these key audit matters has been structured in each case as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matters:

① MEASUREMENT OF SHARES IN AFFILIATED COMPANIES AND INVESTMENTS

- ① The Company's annual financial statements report shares in affiliated companies amounting to EUR 612.1 million (26.7 % of total assets) under the balance sheet item "Financial assets". The valuation of shares in affiliated companies and investments under commercial law is oriented toward cost and the lower fair value. The fair values are determined as the present values of the expected future cash flows using discounted cash flow models on the basis of the budget projections prepared by management. The expectations regarding future market development and assumptions about the development of macroeconomic factors are thereby also taken into account. Discounting uses the individually determined cost of capital of the respective financial asset. On the basis of the determined values and further documentation, write-downs of EUR 0.2 million and write-ups of EUR 4.3 million were required for shares in affiliated companies in financial year 2021. The result of this measurement depends to a large extent on the executives directors' estimates of future cash flows, as well as the respective discount rates and growth rates applied. The measurement is therefore subject to material uncertainties. Against this background, and due to the highly complex nature of the measurement and the materiality for the net assets and results of operations of the Company, this matter was of particular importance during our audit.
- ② As part of our audit, we evaluated, among other things, the measurement methods used. In particular, we evaluated whether the fair value was appropriately determined using discounted cash-flow models, taking into account relevant valuation standards. We based our assessment on a comparison with general and sector-specific market expectations, among other things, as well as the executives directors' detailed explanations regarding key planning value drivers underlying the expected cash inflows. With the knowledge that even relatively small changes in the discount rate applied can have material effects on the goodwill calculated in this way, we focused in particular on the parameters used to determine the discount rate applied and evaluated the measurement model. Taking into consideration the information available, we believe that overall the measurement parameters and assumptions used by the executive directors are appropriate to measure shares in affiliated companies and investments.
- ③ Information about financial assets provided by the Company is included in note 19 in the notes to the financial statements.

② PENSION PROVISIONS

- ① In the annual financial statements of the Company pension provisions amounting to EUR 164.6 million (7.2 % of total assets) are recognized under the "Provisions for pensions and similar obligations" balance sheet item. The pension provisions are calculated as the balance of the settlement amount in accordance with the HGB of the direct obligations arising from the Company's pension plans amounting to EUR 267.7 million and the fair value of the plan assets amounting to EUR 103.1 million. The pension plan obligations resulting from direct pension commitments are measured using the projected unit credit method. This requires assumptions to be made in particular about long-term rates of growth in salaries and pensions, average life expectancy and staff turnover. The Company's plan assets are measured at fair value, which in turn involves estimation uncertainties. From our point of view, these matters were of particular significance in the context of our audit because the recognition

and measurement of this significant item in terms of its amount are based to a large extent on estimates and assumptions made by the Company's executive directors.

- ② As part of our audit, among other things we evaluated the actuarial expert reports obtained and the professional qualifications of the external experts. We also examined the specific features of the actuarial calculations and reviewed the numerical data, the actuarial parameters and the valuation methods on which the valuations were based for appropriateness, in addition to other procedures. On this basis, we checked the calculation of the provisions and their presentation in the balance sheet and the notes to the financial statements, among other things. For the purposes of our audit of the fair value of plan assets, we obtained fund confirmations. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.
- ③ The Company's disclosures regarding pension provisions are contained in note 29 to the consolidated financial statements.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB, which we obtained prior to the date of our auditor's report, as an unaudited part of the management report.

The other information comprises further

- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB, which is expected to be made available to us after the date of the auditor's report.
- all remaining parts of the annual report, which we obtained prior to the date of our auditor's report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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 financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 the EU Audit Regulation 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 annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the 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 not detecting a material misstatement resulting from fraud is higher 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.
- 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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

– Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of 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 substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

ASSURANCE OPINION

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file Draeger_JA+LB_ESEF-2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF

Documents” section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF-documents as part of the financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the annual general meeting on 7 May 2021. We were engaged by the supervisory board on 9 August 2021. We have been the auditor of the Drägerwerk AG & Co. KGaA, Lübeck, without interruption since the financial year 2009.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor’s report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the “Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB” and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Marko Schipper.

Hamburg, February 21, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Andreas Focke	Marko Schipper
German Public Auditor	German Public Auditor

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