Consolidated Financial Statements

Overview of selected consolidated companies

C.H. Boehringer Sohn AG & Co. KG, Ingelheim am Rhein

Boehringer Ingelheim Vetmedica GmbH, Ingelheim am Rhein

Argentina D
- Boehringer Ingelheim Animal Health Argentina S.A., *Buenos Aires*

Australia D
- Boehringer Ingelheim Animal Health Australia Pty. Ltd., *North Ryde*

Belgium D P R
- Boehringer Ingelheim Animal Health Belgium S.A., *Brussels*
- Boehringer Ingelheim Veterinary Medicine Belgium NV, *Evergem*

Brazil D P
- Boehringer Ingelheim Animal Health do Brasil Ltda., *São Paulo*

Canada D
- Boehringer Ingelheim Animal Health Canada Inc., *Burlington*

China D P R
- Nanchang Boehringer Ingelheim Animal Health Co., Ltd., *Nanchang*
- Boehringer Ingelheim Animal Health (Shanghai) Co., Ltd., *Shanghai*
- Boehringer Ingelheim Animal Health Operations (China) Co., Ltd., *Taizhou*
- Boehringer Ingelheim Vetmedica (China) Co., Ltd., *Taizhou*

Denmark D P
- Boehringer Ingelheim Animal Health Denmark A/S, *Copenhagen*

France D P R
- Boehringer Ingelheim Animal Health France, *Lyon*

Great Britain D P
- Boehringer Ingelheim Animal Health UK Limited, *Bracknell*

Italy D P
- Boehringer Ingelheim Animal Health Italia S.p.A., *Milan*

Japan D R
- Boehringer Ingelheim Animal Health Japan Co., Ltd., *Tokyo*

Mexico D P
- Boehringer Ingelheim Animal Health México S.A. de C.V., *Mexico City*

Netherlands D R
- Boehringer Ingelheim Animal Health Netherlands B.V., *Alkmaar*

New Zealand D
- Boehringer Ingelheim Animal Health New Zealand Limited, *Auckland*

Philippines D
- Boehringer Ingelheim Animal Health Philippines, Inc., *Makati City*

Puerto Rico P
- Boehringer Ingelheim Animal Health Puerto Rico LLC, *Barceloneta*

South Africa D
- Boehringer Ingelheim Animal Health South Africa Pty Ltd., *Midrand, Gauteng*

South Korea D
- Boehringer Ingelheim Animal Health Korea Ltd., *Seoul*

Spain D
- Boehringer Ingelheim Animal Health España, S.A., *Barcelona*

Taiwan D
- Boehringer Ingelheim Animal Health Taiwan Co., Ltd., *Taipei*

Thailand D
- Boehringer Ingelheim Animal Health (Thailand) Limited, *Bangkok*

USA D P R
- Boehringer Ingelheim Animal Health USA, Inc., *Wilmington, Delaware*

Germany D P R
- Boehringer Ingelheim Corporate Center GmbH, *Ingelheim am Rhein*
- Boehringer Ingelheim GmbH, *Ingelheim am Rhein*
- Boehringer Ingelheim Pharma GmbH & Co. KG, *Ingelheim am Rhein*
- Boehringer Ingelheim microParts GmbH, *Dortmund*
- Boehringer Ingelheim Venture Fund GmbH, *Ingelheim am Rhein*
- Boehringer Ingelheim Biopharmaceuticals GmbH, *Ingelheim am Rhein*
- Boehringer Ingelheim Middle East & Africa GmbH, *Ingelheim am Rhein*
- Boehringer Ingelheim Therapeutics GmbH, *Ochsenhausen*
- BI X GmbH, *Ingelheim am Rhein*

D Distribution
P Production
R Research and development

C.H. Boehringer Sohn Grundstücksverwaltung GmbH & Co. KG, Ingelheim am Rhein

Boehringer Ingelheim International GmbH, Ingelheim am Rhein

Argentina D
- Boehringer Ingelheim S.A., *Buenos Aires*

Australia D
- Boehringer Ingelheim Pty. Ltd., *North Ryde*

Austria D P R
- Boehringer Ingelheim RCV GmbH & Co. KG, *Vienna*
- Boehringer Ingelheim Pharma Gesellschaft mbH, *Vienna*
- Forschungsinstitut für molekulare Pathologie Gesellschaft mbH, *Vienna*
- ViraTherapeutics GmbH, *Rum*

Belgium D
- Boehringer Ingelheim SComm, *Brussels*

Brazil D P
- Boehringer Ingelheim do Brasil Química e Farmaceutica Ltda., *São Paulo*

Canada D
- Boehringer Ingelheim (Canada) Ltd., *Toronto*

Chile D
- Boehringer Ingelheim Ltda., *Santiago de Chile*

China D P
- Boehringer Ingelheim Shanghai Pharmaceuticals Co., Ltd., *Shanghai*
- Boehringer Ingelheim Biopharmaceuticals (China) Ltd., *Shanghai*
- Boehringer Ingelheim (China) Investment Co., Ltd., *Shanghai*
- BI X E-Health Technology (Shanghai) Co., Ltd., *Shanghai*

Colombia D
- Boehringer Ingelheim S.A., *Santa Fé de Bogotá*

Croatia D
- Boehringer Ingelheim Zagreb d.o.o., *Zagreb*

Czech Republic D
- Boehringer Ingelheim, spol. s.r.o., *Prague*

Denmark D
- Boehringer Ingelheim Danmark A/S, *Copenhagen*

Ecuador D
- Boehringer Ingelheim Del Ecuador Cia. Ltda., *Quito*

Finland D
- Boehringer Ingelheim Finland Ky, *Espoo*

France D
- Boehringer Ingelheim France S.A.S., *Paris*

Great Britain D
- Boehringer Ingelheim Ltd., *Bracknell*

Greece D P
- BOEHRINGER INGELHEIM HELLAS SINGLE MEMBER S.A., *Athens*

Hong Kong D
- Boehringer Ingelheim (Hong Kong) Ltd., *Hong Kong*

India D
- Boehringer Ingelheim India Private Ltd., *Mumbai*

Indonesia D P
- PT Boehringer Ingelheim Indonesia, *Jakarta*

Israel D
- Boehringer Ingelheim Israel Ltd., *Tel Aviv*

Italy D P
- Boehringer Ingelheim Italia S.p.A., *Milan*
- Bidachem S.p.A., *Fornovo S. Giovanni*

Japan D P R
- Nippon Boehringer Ingelheim Co., Ltd., *Tokyo*
- Boehringer Ingelheim Seiyaku, *Yamagata*

Mexico D P
- Boehringer Ingelheim Mexico S.A. de C.V., *Mexico City*
- Boehringer Ingelheim Vetmedica S.A. de C.V., *Guadalajara*
- Boehringer Ingelheim Promeco S.A. de C.V., *Mexico City*

Netherlands D
- Boehringer Ingelheim B.V., *Alkmaar*

New Zealand D
- Boehringer Ingelheim (N.Z.) Ltd., *Auckland*

Norway D
- Boehringer Ingelheim Norway KS, *Asker*

Peru D
- Boehringer Ingelheim Peru S.A.C., *Lima*

Philippines D
- Boehringer Ingelheim (Philippines), Inc., *Makati City*

Poland D
- Boehringer Ingelheim Sp. z o.o., *Warsaw*

Portugal D
- Boehringer Ingelheim Portugal, LDA, *Lisbon*

Russia D
- OOO Boehringer Ingelheim, *Moscow*

Saudi Arabia D
- Boehringer Ingelheim Saudi Arabia Trading, *Riyadh*

Serbia D
- Boehringer Ingelheim Serbia DOO Beograd, *Belgrade*

South Africa D
- Ingelheim Pharmaceuticals (Proprietary) Ltd., *Midrand, Gauteng*

South Korea D
- Boehringer Ingelheim Korea Ltd., *Seoul*

Spain D P
- Boehringer Ingelheim España S.A., *Barcelona*

Sweden D
- Boehringer Ingelheim Aktiebolag, *Stockholm*

Switzerland D R
- Boehringer Ingelheim (Schweiz) GmbH, *Basel*
- NBE-Therapeutics AG, *Basel*
- Amal Therapeutics S.A., *Geneva*

Taiwan D
- Boehringer Ingelheim Taiwan Ltd., *Taipei*

Thailand D
- Boehringer Ingelheim (Thai) Ltd., *Bangkok*

Türkiye D
- Boehringer Ingelheim Ilaç Ticaret A.S., *Istanbul*

USA D P R
- Boehringer Ingelheim Pharmaceuticals, Inc., *Wilmington, Delaware*
- Boehringer Ingelheim Fremont, Inc., *Wilmington, Delaware*
- Boehringer Ingelheim USA Corporation, *Wilmington, Delaware*

Vietnam D
- Boehringer Ingelheim Animal Health Vietnam Limited Liability Company, *Ho Chi Minh City*
- Boehringer Ingelheim Vietnam Ltd., *Ho Chi Minh City*

Consolidated balance sheet

Assets (in million EUR)	Notes [1]	31.12.2022	31.12.2021
Intangible assets	(3.1)	4,070	4,624
Tangible assets	(3.2)	5,853	5,489
Financial assets	(3.3)	13,572	12,964
Fixed assets		**23,495**	**23,077**
Inventories	(3.4)	4,886	4,237
Accounts receivable and other assets	(3.5)	7,698	6,585
Securities		17	250
Cash and cash equivalents		1,880	2,296
Current assets		**14,481**	**13,368**
Prepaid expenses		321	342
Deferred tax assets		4,182	3,543
Exceeding amount of plan assets		19	289
Total assets		**42,498**	**40,619**

Equity and liabilities (in million EUR)	Notes [1]	31.12.2022	31.12.2021
Shareholders' capital		178	178
Group reserves		18,979	19,479
Balance sheet currency conversion difference		27	– 327
Equity attributable to the parent company		**19,184**	**19,330**
Non-controlling interests		1	1
Group equity		**19,185**	**19,331**
Difference from capital consolidation		**1,019**	**1,159**
Provisions	(3.6)	19,123	16,955
Accounts payable and loans	(3.7)	2,273	2,224
Liabilities		**21,396**	**19,179**
Deferred income		258	319
Deferred tax liabillities		640	631
Total equity and liabilities		**42,498**	**40,619**

1) For explanations, see relevant section in the notes to the consolidated financial statements.

Consolidated profit and loss statement

(in million EUR)	Notes [1]	2022	2021
Net sales	(4.1)	**24,149**	**20,618**
Changes in finished goods and work in process		314	240
Other own work capitalized		14	11
Other operating income	(4.2)	2,936	2,726
Total revenues		**27,413**	**23,595**
Cost of materials	(4.3)	− 2,972	− 2,826
Personnel expenses	(4.4)	− 6,620	− 5,692
Amortization of intangible assets and depreciation of tangible assets	(4.5)	− 1,480	− 1,134
Other operating expenses	(4.6)	− 11,571	− 9,238
Operating income		**4,770**	**4,705**
Financial income	(4.7)	− 639	− 337
Holding income	(4.8)	− 20	0
Income before taxes		**4,111**	**4,368**
Income taxes [2]	(4.9)	− 930	− 962
Income after taxes		**3,181**	**3,406**
Net income	(4.10)	3,181	3,406
Non-controlling interests		0	0
Group profit		**3,181**	**3,406**

1) For explanations, see relevant section in the notes to the consolidated financial statements.

2) Due to legal requirements, the shareholders' personal taxes arising from group business activities are shown as withdrawals from the group reserves.

Consolidated cash flow statement

(in million EUR)	2022
Income after taxes (including non-controlling interests)	3,181
Amortization, depreciation, write-downs and reversal of write-downs of intangible, tangible and financial assets	1,504
Change in provisions for pensions and similar obligations (including change of plan assets)	988
Change in other provisions	1,487
Other non-cash income and expenses	– 163
Gain from disposals of consolidated companies	– 31
Gains / losses from disposals of fixed assets	– 56
Grants received	– 15
Change in inventories	– 525
Change in accounts receivable and other assets not related to investing or financing activities	– 817
Change in accounts payable and other liabilities not related to investing or financing activities	138
Interest income / interest expenses	41
Other income from investments	– 6
Income / expenses from income taxes	930
Income taxes paid	– 1,910
Cash flow from operating activities	**4,746**
Payments to acquire intangible fixed assets	– 123
Payments to acquire tangible fixed assets	– 1,021
Payments to acquire financial fixed assets	– 2,261
Payments to acquire plan assets	– 7
Proceeds from disposals of intangible fixed assets	1
Proceeds from disposals of tangible fixed assets	13
Proceeds from disposals of financial fixed assets	1,686
Proceeds from disposals of consolidated entities	38
Interest received	26
Income from dividends	6
Cash flow from investing activities	**– 1,642**
Cash receipts from grants	38
Interest paid	– 42
Proceeds from capital contributions by minority shareholders	1
Cash payments to shareholders of the parent company [1]	– 3,773
Proceeds from loans	15
Cash repayments of loans	– 138
Cash flow from financing activities	**– 3,899**

Consolidated cash flow statement (continued)

(in million EUR)	2022
Change in financial funds from cash relevant transactions	**– 795**
Change in financial funds due to exchange rate movements and valuation adjustments	146
Financial funds [2] as of 1.1.	**2,546**
Financial funds [2] as of 31.12.	**1,897**

1) This line also contains the shareholders' personal taxes arising from group business activities, which according to legal requirements are not included in the Group's tax expenses.

2) Cash and cash equivalents and securities within current assets.

(+) = source of funds, (-) = use of funds

Statement of changes in group equity

(in million EUR)	Shareholders' capital [1]	Group reserves [2]	Balance sheet currency conversion difference	Equity attributable to the parent company	Non-controlling interests	Group equity
Balance as of 31.12.2020	**178**	**17,672**	**– 544**	**17,306**	**1**	**17,307**
Withdrawals	0	– 1,588	0	– 1,588	0	– 1,588
Net income	0	3,406	0	3,406	0	3,406
Reduction from recognition of deferred tax liabilities recognized directly in equity	0	– 11	0	– 11	0	– 11
Changes in consolidated companies	0	0	5	5	0	5
Currency effects	0	0	212	212	0	212
Balance as of 31.12.2021	**178**	**19,479**	**– 327**	**19,330**	**1**	**19,331**
Withdrawals	0	– 3,681	0	– 3,681	0	– 3,681
Net income	0	3,181	0	3,181	0	3,181
Changes in consolidated companies	0	0	10	10	0	10
Currency effects	0	0	344	344	0	344
Balance as of 31.12.2022	**178**	**18,979**	**27**	**19,184**	**1**	**19,185**

1) The shareholders' capital consists of the equity of C.H. Boehringer Sohn AG & Co. KG and C.H. Boehringer Sohn Grundstücksverwaltung GmbH & Co. KG. The shareholders' capital consists only of the limited partner's capital contribution.

2) The shareholders' personal taxes arising from group business activities are shown as withdrawals from the group reserves.

Notes to the consolidated financial statements

1 Principles and methods

1.1 General principles

The consolidated financial statements of C.H. Boehringer Sohn AG & Co. KG for the 2022 financial year were prepared in accordance with Section 264a German Commercial Code (*Handelsgesetzbuch, HGB*), in line with the legal requirements to prepare consolidated financial statements under Section 290 et seq. HGB.

In accordance with Section 297 (1) HGB, the consolidated financial statements consist of the consolidated balance sheet, the consolidated profit and loss statement, the notes to the consolidated financial statements, the consolidated cash flow statement, and the statement of changes in group equity.

The consolidated financial statements were prepared in euros in accordance with Section 298 (1) in conjunction with Section 244 HGB.

To improve the clarity and transparency of the consolidated financial statements, subtotals have been added in the consolidated profit and loss statement; furthermore, individual items of the consolidated balance sheet and the consolidated profit and loss statement have been combined. These items are presented and explained separately in the notes to the consolidated financial statements. The additional disclosures required for the individual items can also be found in the notes to the consolidated financial statements.

1.2 Registry information

The parent company is registered under the name C.H. Boehringer Sohn AG & Co. KG, with its headquarters in Ingelheim am Rhein, in the commercial register of Mainz District Court under the number HRA 21732.

1.3 Information on the group of consolidated companies

The parent company of the Boehringer Ingelheim Group is C.H. Boehringer Sohn AG & Co. KG, Ingelheim am Rhein. Boehringer AG, Ingelheim am Rhein, is the sole unlimited partner of this company and holds no participation in any subsidiary of the Boehringer Ingelheim Group.

The Boehringer Ingelheim Group consists of a total of 176 affiliated companies in Germany and abroad. 150 subsidiaries have been included in the consolidated financial statements of C.H. Boehringer Sohn AG & Co. KG under full consolidation rules. C.H. Boehringer Sohn Grundstücksverwaltung GmbH & Co. KG is a special purpose entity in which C.H. Boehringer Sohn AG & Co. KG bears a majority of the risks and rewards in economic terms. C.H. Boehringer Sohn AG & Co. KG holds a majority of the voting rights in the other subsidiaries, either directly or indirectly.

In accordance with Section 296 (2) HGB, 22 subsidiaries were not included in the consolidation in the reporting year, as they are individually and collectively insignificant to the Group's net assets, financial, and earnings position. The total amount of the sales, equity, and net income for the year of the subsidiaries not included in consolidation accounts for less than one percent of the aggregated Group financial statements totals. For three further subsidiaries, there are ongoing restrictions on control due to the terms of the articles of association. In accordance with Section 296 (1) No. 1 HGB, these companies were not consolidated either.

The total number of affiliated companies decreased by four compared to the previous year:

- Three companies were founded.
- Three companies lost their separate legal identities by merger.
- Three affiliated companies were liquidated.
- One affiliated company was sold.

The following subsidiaries were exempted from the reporting and disclosure obligations pursuant to Section 264 (3) HGB:

- Boehringer Ingelheim GmbH, Ingelheim am Rhein
- Boehringer Ingelheim Europe GmbH, Ingelheim am Rhein
- Boehringer Ingelheim Finanzierungs GmbH, Ingelheim am Rhein
- Boehringer Ingelheim Secura Versicherungsvermittlungs GmbH, Ingelheim am Rhein
- Boehringer Ingelheim Grundstücks-GmbH, Ingelheim am Rhein
- Boehringer Ingelheim R&D Beteiligungs GmbH, Ingelheim am Rhein
- Boehringer Ingelheim Animal Health France Participations GmbH, Ingelheim am Rhein
- Boehringer Ingelheim FinanzInvest GmbH, Ingelheim am Rhein

Due to Boehringer Ingelheim GmbH making use of the exemption from the reporting and disclosure obligations pursuant to Section 264 (3) HGB, the disclosures required in accordance with Section 289f (4) HGB are provided here. The shareholders' meeting of Boehringer Ingelheim GmbH resolved in accordance with Section 52 (2) German Act on Limited Liability Companies (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung, GmbHG*) to set the proportion of women in management at 33 %. The above target is to be achieved by the end of the 2026 financial year. In accordance with Section 36 GmbHG, the managing directors of Boehringer Ingelheim GmbH have decided to set the proportion of women in the first management level below the managing directors as well as in the second management level below the managing directors at 35 %. The above targets are to be achieved by the end of the 2026 financial year.

The following subsidiaries were exempted from the reporting and disclosure obligations pursuant to Section 264b HGB:

- C.H. Boehringer Sohn AG & Co. KG, Ingelheim am Rhein
- C.H. Boehringer Sohn Grundstücksverwaltung GmbH & Co. KG, Ingelheim am Rhein
- Boehringer Ingelheim Pharma GmbH & Co. KG, Ingelheim am Rhein

Boehringer Ingelheim participates in one joint venture, which has not been included in the consolidated financial statements using either the proportionate method or the equity method, since it is not material. Furthermore, Boehringer Ingelheim holds an interest in 19 associated companies, which have not been recognized using the equity method either due to their lack of significance. By not using the equity method, the balance sheet total and the consolidated profit or loss are affected by less than one percent.

1.4 Consolidation methods

For inventories and fixed assets, receivables, liabilities, and income and expense items, transactions between the companies included in consolidation were eliminated as part of debt consolidation procedures in accordance with Section 303 HGB, procedures to eliminate intercompany profits in accordance with Section 304 HGB and income and expenses consolidation procedures in accordance with Section 305 HGB.

The revaluation method was applied when including subsidiaries in the consolidation for the first time in accordance with Section 301 HGB. Companies were included in the consolidation for the first time on the respective date on which the company became a subsidiary.

The book value of the shares held by the parent company was offset against the corresponding equity of the subsidiary. Equity was carried at the amount of the fair value of the assets, liabilities, prepaid expenses, deferred income, and special reserves included in the consolidated financial statements as of the time of consolidation. Any remaining positive balance was recorded as goodwill; any remaining negative balance was recorded as a difference from capital consolidation.

1.5 Currency translation

Assets and liabilities resulting from foreign currency transactions were translated using the average spot exchange rate as of the balance sheet date. The realization principle (Section 298 (1) in conjunction with Section 252 (1) No. 4 half-sentence 2 HGB) and the historical cost principle (Section 298 (1) in conjunction with Section 253 (1) sentence 1 HGB) were applied to items with a remaining term of more than one year.

In these consolidated financial statements, the financial statements of foreign subsidiaries domiciled in a state outside the eurozone that are denominated in a foreign currency have been converted into euros using the modified closing rate method in accordance with Section 308a HGB.

Using the modified closing rate method, the asset and liability items of the annual financial statements prepared in foreign currency were translated into euros using the average spot exchange rate as of the balance sheet date, with the exception of equity, which was translated using the historical rate. Items included in the profit and loss statement were translated into euros using the annual average rate. The resulting translation differences were reported within consolidated equity below the reserves in “Balance sheet currency conversion difference”.

The exchange rates for the Group’s most important currencies changed as follows during the reporting year (basis: 1 EUR):

	Spot rate		Average rate	
	31.12.2022	31.12.2021	2022	2021
US dollar	1.07	1.13	1.05	1.18
Japanese yen	140.66	130.38	138.00	129.86
Chinese renminbi	7.36	7.19	7.08	7.63

2 Accounting policies

2.1 Fixed assets

Acquired intangible assets and property, plant, and equipment are carried at cost, less scheduled straight-line amortization and depreciation determined under consideration of the technical and economic circumstances. This is based on the following useful lives:

Goodwill	10 years
Other intangible assets	2 to 19 years
Buildings	20 years
Technical facilities and machines	10 years
Other facilities, operating equipment	3 to 10 years

Only straight-line depreciation and amortization are used in the consolidated financial statements. Additional write-downs are recorded to reflect impairments when the value of assets is considered permanently impaired. Manufacturing costs include materials and labor manufacturing costs, an appropriate portion of material and labor overheads and the depreciation of fixed assets (to the extent caused by production). Manufacturing costs do not include financing costs.

All capitalized intangible assets have finite useful lives.

Financial assets primarily include investment securities, shareholder rights, and loans and were carried at the lower of cost or fair market value, if impaired. In the event that the reasons for the impairment losses recognized in previous financial years were no longer applicable, corresponding reversals were recorded.

2.2 Current assets, prepaid expenses, deferred income, and exceeding amount of plan assets

Inventories are carried at the lower of cost or fair market value.

Raw materials, consumables, and supplies are capitalized at the lower of average acquisition prices or fair market value as of the balance sheet date.

Finished goods and work in progress are measured at manufacturing cost on the basis of individual calculations, taking into account the directly attributable costs of materials, direct labor costs, special direct costs, an appropriate share of material and production overhead costs, and production-related depreciation.

Goods for resale are measured at the lower of either acquisition cost or fair market value.

All identifiable risks in inventories arising from above-average storage periods, diminished marketability, and lower replacement costs were taken into account by recording appropriate valuation adjustments.

The measurement was carried out loss-free – that is, deductions were made from the expected sales prices to reflect costs yet to be incurred.

Receivables and other assets were recognized at cost less allowances for specific risks and general credit risk. Low-interest and non-interest-bearing receivables with a term of more than one year were discounted.

Securities classified as current assets solely include other securities and have been recognized at the lower of cost or, if applicable, at the value resulting from the stock exchange or market prices as of the reporting date.

Cash and cash equivalents, consisting of cash, balances at banks, and checks, were recognized at the lower of cost or fair market value.

Prepaid expenses recorded in accordance with Section 250 (1) HGB include expenses paid in advance in respect to a defined period of time after the balance sheet date.

Deferred income recorded in accordance with Section 250 (2) HGB includes proceeds that represent income in respect of a defined period of time after the balance sheet date.

The fair market value of pension plan assets and the corresponding present value of pension obligations have been offset according to German GAAP. The exceeding amount of plan assets has been capitalized separately.

2.3 Group reserves

Group reserves include the retained earnings of the consolidated subsidiaries from prior and current years and consolidation entries that affect earnings.

2.4 Difference from capital consolidation

The difference from capital consolidation reported on December 31, 2022, was the result of the business swap of Boehringer Ingelheim's consumer healthcare business and Sanofi's animal health business, which was completed on January 1, 2017. This resulted in a difference from capital consolidation of 1,986 million EUR. The difference is amortized over an estimated period of 15 years. The remaining balance of the difference amounted to 1,019 million EUR as of December 31, 2022.

The difference from capital consolidation was primarily influenced by the current year release of 141 million EUR. The income from the release of the difference arising from capital consolidation is included in other operating income. The release is made corresponding to the amortization of those assets of the acquired company identified in the purchase price allocation not previously recognized in that company's balance sheet.

2.5 Provisions

Tax provisions and other provisions include all uncertain liabilities and expected losses from executory contracts. They were carried at the amount required to settle the obligation based on reasonable prudent commercial judgment (that is, including future cost and price increases). Provisions with a remaining maturity of more than one year were discounted using the matched-term, average market interest rate. In the case of pension provisions, this interest rate results from the average market interest rate over the last ten years and in the case of other provisions from the average market interest rate over the last seven years (in accordance with the "*Rückstellungsabzinsungsverordnung*", German Regulation on the Discounting of Provisions).

Since environmental protection measures are in some cases expected to result in a permanent burden, the relevant provisions have been calculated on the basis of a perpetual annuity while taking into consideration cost and price increases as well as interest effects. The current costs are adjusted for inflation on the basis of the average rate of change in the producer price index for industrial products since the introduction of the euro in 2002. The ultimate forward rate (UFR) provided by the European Insurance and Occupational Pensions Authority (EIOPA) is used for discounting.

2.6 Accounts payable and loans

Accounts payable and loans were recognized at their settlement amount.

2.7 Deferred taxes

To calculate deferred taxes arising from temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses, and deferred income in the commercial balance sheet and their carrying amounts for tax purposes or tax loss carryforwards, the amounts of the resulting tax benefits and expenses at the time that the differences will reverse were measured using tax rates specific to the respective consolidated company (4 % to 35 %). Deferred tax balances are not discounted. Differences due to consolidation measures in accordance with Sections 300 to 305 HGB were also measured using the company-specific tax rates applicable at the time of the expected reversal of the difference. Deferred tax assets on loss carryforwards were taken into account if it is likely that they will be used within the next five years.

Deferred tax assets and liabilities were reported without offsetting.

3 Notes to the consolidated balance sheet

3.1 Intangible assets

(in million EUR)	Acquired concessions / similar rights	Goodwill	Advance payments	Total
Acquisition / manufacturing costs				
Balance as of 1.1.2021	7,000	**170**	**9**	**7,179**
Currency conversion difference	244	2	0	246
Changes in consolidated companies	70	445	0	515
Additions	168	0	7	175
Disposals	– 69	0	0	– 69
Reclassifications	9	0	– 9	0
Balance as of 31.12.2021	**7,422**	**617**	**7**	**8,046**
Currency conversion difference	183	2	0	185
Changes in consolidated companies	0	0	0	0
Additions	109	0	14	123
Disposals	– 163	0	– 1	– 164
Reclassifications	6	0	– 3	3
Balance as of 31.12.2022	**7,557**	**619**	**17**	**8,193**
Accumulated amortization				
Balance as of 1.1.2021	**2,863**	**21**	**0**	**2,884**
Currency conversion difference	104	0	0	104
Changes in consolidated companies	– 23	0	0	– 23
Additions	469	56	0	525
Write-ups	0	0	0	0
Disposals	– 68	0	0	– 68
Reclassifications	0	0	0	0
Balance as of 31.12.2021	**3,345**	**77**	**0**	**3,422**
Currency conversion difference	77	0	0	77
Changes in consolidated companies	0	0	0	0
Additions	725	62	0	787
Write-ups	0	0	0	0
Disposals	– 163	0	0	– 163
Reclassifications	0	0	0	0
Balance as of 31.12.2022	**3,984**	**139**	**0**	**4,123**
Book value as of 31.12.2021	**4,077**	**540**	**7**	**4,624**
Book value as of 31.12.2022	**3,573**	**480**	**17**	**4,070**

3.2 Tangible assets

(in million EUR)	Land and buildings	Technical facilities and machines	Other facilities / operating equipment	Advance payments / construction in progress	Total
Acquisition / manufacturing costs					
Balance as of 1.1.2021	**4,107**	**4,007**	**2,463**	**1,756**	**12,333**
Currency conversion difference	150	126	75	17	368
Changes in consolidated companies	−6	−5	7	0	−4
Additions	68	119	226	555	968
Disposals	−64	−70	−133	−1	−268
Reclassifications	268	364	477	−1,109	0
Balance as of 31.12.2021	**4,523**	**4,541**	**3,115**	**1,218**	**13,397**
Currency conversion difference	74	42	36	17	169
Changes in consolidated companies	−5	−3	0	0	−8
Additions	140	61	174	646	1,021
Disposals	−44	−58	−72	−6	−180
Reclassifications	238	144	109	−494	−3
Balance as of 31.12.2022	**4,926**	**4,727**	**3,362**	**1,381**	**14,396**
Accumulated depreciation					
Balance as of 1.1.2021	**2,408**	**2,970**	**1,905**	**0**	**7,283**
Currency conversion difference	100	105	62	0	267
Changes in consolidated companies	−2	−3	4	0	−1
Additions	161	224	224	0	609
Write-ups	0	−1	0	0	−1
Disposals	−56	−66	−127	0	−249
Reclassifications	0	0	0	0	0
Balance as of 31.12.2021	**2,611**	**3,229**	**2,068**	**0**	**7,908**
Currency conversion difference	47	29	29	0	105
Changes in consolidated companies	−1	−2	0	0	−3
Additions	175	250	267	1	693
Write-ups	−1	−3	0	0	−4
Disposals	−44	−44	−68	0	−156
Reclassifications	7	−9	2	0	0
Balance as of 31.12.2022	**2,794**	**3,450**	**2,298**	**1**	**8,543**
Book value as of 31.12.2021	**1,912**	**1,312**	**1,047**	**1,218**	**5,489**
Book value as of 31.12.2022	**2,132**	**1,277**	**1,064**	**1,380**	**5,853**

3.3 Financial assets

(in million EUR)	Investments in affiliated companies	Investments in related companies	Loans to related companies	Investment securities	Other loans	Total
Acquisition / manufacturing costs						
Balance as of 1.1.2021	**6**	**340**	**5**	**8,196**	**30**	**8,577**
Currency conversion difference	1	4	0	1	1	7
Changes in consolidated companies	0	– 15	0	0	0	– 15
Additions	15	68	0	4,374	12	4,469
Disposals	0	– 11	– 3	– 21	– 8	– 43
Reclassifications	0	0	0	7	– 7	0
Balance as of 31.12.2021	**22**	**386**	**2**	**12,557**	**28**	**12,995**
Currency conversion difference	0	3	0	0	1	4
Changes in consolidated companies	0	0	0	0	0	0
Additions	46	75	0	2,137	3	2,261
Disposals	0	0	0	– 1,630	– 2	– 1,632
Reclassifications	0	0	0	10	– 10	0
Balance as of 31.12.2022	**68**	**464**	**2**	**13,074**	**20**	**13,628**
Accumulated depreciation						
Balance as of 1.1.2021	**0**	**13**	**0**	**8**	**3**	**24**
Currency conversion difference	0	1	0	0	0	1
Changes in consolidated companies	0	0	0	0	0	0
Additions	0	6	2	4	0	12
Write-ups	0	– 1	0	0	0	– 1
Disposals	0	– 3	0	0	– 2	– 5
Reclassifications	0	0	0	0	0	0
Balance as of 31.12.2021	**0**	**16**	**2**	**12**	**1**	**31**
Currency conversion difference	0	1	0	0	0	1
Changes in consolidated companies	0	0	0	0	0	0
Additions	4	25	0	2	0	31
Write-ups	0	– 3	0	0	0	– 3
Disposals	0	0	0	– 4	0	– 4
Reclassifications	0	0	0	0	0	0
Balance as of 31.12.2022	**4**	**39**	**2**	**10**	**1**	**56**
Book value as of 31.12.2021	**22**	**370**	**0**	**12,545**	**27**	**12,964**
Book value as of 31.12.2022	**64**	**425**	**0**	**13,064**	**19**	**13,572**

As in the previous year, the “Other loans” item does not include any loans to shareholders.

3.4 Inventories

(in million EUR)	31.12.2022	31.12.2021
Raw materials and supplies	1,169	941
Unfinished goods	2,459	2,059
Finished goods and goods for resale	1,244	1,225
Advance payments to suppliers	14	12
	4,886	**4,237**

3.5 Accounts receivable and other assets

(in million EUR)	31.12.2022	Residual term over 1 year	31.12.2021	Residual term over 1 year
Trade accounts receivable	6,143	11	5,178	5
Receivables from affiliated companies	9	0	42	0
Receivables from related companies	39	0	24	0
Other assets	1,507	292	1,341	290
	7,698	**303**	6,585	**295**

Receivables from affiliated companies almost exclusively consist of receivables from loans.

Receivables from related companies primarily consist of trade accounts receivable.

Other assets include receivables from shareholders of 42 million EUR (previous year: 5 million EUR).

3.6 Provisions

(in million EUR)	31.12.2022	31.12.2021
Pension provisions and similar obligations	6,900	6,190
Tax provisions	1,483	1,772
Other provisions	10,740	8,993
	19,123	**16,955**

Provisions for pensions and similar obligations

The provisions for pensions and similar obligations were determined on the basis of actuarial calculations using the projected unit credit method, taking into account future adjustments in salaries and pensions.

In addition to local biometric data (in Germany, for example, 2018 G mortality tables published by Prof. Dr. Klaus Heubeck which have been adjusted for group-specific death probabilities and invalidity rates), pension obligations in the significant countries were calculated on the basis of the following actuarial parameters:

(in % as of December 31, 2022)	Germany	USA
Discount rate	1.78	3.53
Salary increase	3.50	4.90
Pension increase	2.20	0.00

Discount rates were determined by reference to average market rates for 15-year maturities in accordance with the German Regulation on the Discounting of Provisions of March 11, 2016. The interest rates used to discount significant foreign pension obligations (USA) were determined with comparable parameters in line with the German Regulation on the Discounting of Provisions of March 11, 2016.

The difference calculated in accordance with Section 253 (6) HGB amounts to 451 million EUR (previous year: 634 million EUR).

The assets intended solely to cover pension and similar obligations that are unavailable to all other creditors (plan assets as defined in Section 246 (2) sentence 2 HGB) were measured at fair market value, which is essentially derived from stock market prices, and offset against the underlying pension and similar obligations. The fair market value of the plan assets as of the balance sheet date was 1,729 million EUR. The related amount of pension obligations and similar obligations was 8,610 million EUR.

Tax provisions

The tax provisions also include provisions for double taxation risks, which have resulted following the implementation of the action plans of the Organisation for Economic Cooperation and Development (OECD) as part of their international initiative known as the “Action Plan on Base Erosion and Profit Shifting” (BEPS).

Other provisions

Other provisions mainly include provisions for discounts and guarantees, personnel-related provisions, provisions for outstanding invoices, provisions for litigation, legal claims, and compensation for damages.

3.7 Accounts payable and loans

(in million EUR)	Residual term less than 1 year	over 1 year	thereof over 5 years	31.12.2022	31.12.2021	Residual term less than 1 year
Bank loans	196	4	0	200	312	308
Other accounts payable	1,996	77	36	2,073	1,912	1,831
thereof:						
- Trade accounts payable	*1,160*	*1*	*0*	*1,161*	*965*	*963*
– Advance payments received	*248*	*16*	*9*	*264*	*288*	*267*
– Accounts payable to affiliated companies	*13*	*0*	*0*	*13*	*11*	*6*
– Accounts payable to related companies	*2*	*0*	*0*	*2*	*1*	*1*
*– Other liabilities **	*573*	*60*	*27*	*633*	*647*	*594*
	2,192	81	36	2,273	2,224	2,139

*thereof:					
– from taxes (in million EUR)				251	243
– social security liabilities (in million EUR)				37	29

As in the previous year, there were no liabilities secured by mortgages or similar collateral rights as of the balance sheet date.

At the end of the year, liabilities to shareholders amounted to 150 million EUR (previous year: 204 million EUR). These are presented within the other liabilities.

Accounts payable to affiliated companies include loans amounting to 8 million EUR (previous year: 4 million EUR) and trade accounts payable amounting to 5 million EUR (previous year: 7 million EUR).

4 Notes to the consolidated profit and loss statement

The structure of the consolidated profit and loss statement is based on the total cost format. Other taxes are included in other operating expenses.

4.1 Net sales

by business (in million EUR)	2022	2021
Human Pharma	18,461	15,294
Animal Health	4,559	4,295
Biopharmaceutical Contract Manufacturing	1,024	917
Other sales	42	33
Discontinued Operations	63	79
	24,149	**20,618**

by region (in million EUR)	2022	2021
Americas	11,470	9,147
Europe	7,543	6,554
Asia / Australia / Africa (AAA)	5,136	4,917
	24,149	**20,618**

4.2 Other operating income

Other operating income includes foreign currency gains of 1,836 million EUR (previous year: 1,746 million EUR).

4.3 Cost of materials

(in million EUR)	2022	2021
Costs of raw material, supplies, and goods for resale	2,419	2,164
Expenditure on services	553	662
	2,972	**2,826**

4.4 Personnel expenses

(in million EUR)	2022	2021
Wages and salaries	5,105	4,668
Social benefits and retirement benefits	1,515	1,024
thereof: retirement benefits	*608*	*228*
	6,620	**5,692**

Interest effects of the measurement of the provisions for pensions and similar obligations are shown under financial income.

Average headcount	2022	2021
Production	16,394	16,181
Marketing and sales	16,738	17,560
Research and development	10,691	10,109
Administration	8,572	7,792
Apprentices	760	749
	53,155	**52,391**

4.5 Amortization of intangible assets and depreciation of tangible assets

Amortization of intangible assets and depreciation of tangible assets include impairment losses of 268 million EUR (previous year: 33 million EUR).

4.6 Other operating expenses

Other operating expenses include foreign currency losses of 2,216 million EUR (previous year: 1,765 million EUR).

Furthermore, other operating expenses include expenses for research and development, medical studies, marketing, freight, expenses for third party repairs and other services, cost for legal risks and restructurings, administrative expenses as well as contributions, fees or other taxes.

4.7 Financial income

(in million EUR)	2022	2021
Interest expenses and similar expenses	– 753	– 430
Amortization of and loss on disposal of financial fixed assets and short-term investments	– 3	– 5
Income from other investment securities and from long-term loans	69	83
Other interest income and similar income	48	15
	– 639	**– 337**

The “Interest expenses and similar expenses” item includes the interest result from provisions for pensions and similar obligations and other provisions in the amount of 663 million EUR (previous year: 377 million EUR) as well as other interest expenses and similar expenses in the amount of 90 million EUR (previous year: 53 million EUR).

Gains and losses from plan assets and interest expense relating to pension and similar obligations were offset in accordance with Section 246 (2) sentence 2 HGB. In total, 438 million EUR in interest expense from plan assets and 212 million EUR in interest expense relating to pension and similar obligations are included under “Interest expenses and similar expenses”.

4.8 Holding income

(in million EUR)	2022	2021
Write-downs on financial assets	– 29	– 8
Write-ups of financial assets	3	1
Income from related companies	6	7
thereof: from disposal of related companies	*0*	*3*
	– 20	**0**

4.9 Income taxes

(in million EUR)	2022	2021
Current income taxes	1,518	1,308
Deferred taxes	– 588	– 346
	930	**962**

Current income taxes primarily include the corporation and trade tax expenses of the consolidated companies.

The total balance of deferred tax assets as of the balance sheet date amounted to 4,182 million EUR (previous year: 3,543 million EUR). Deferred tax assets primarily arise on the difference between the carrying amounts of provisions for pension obligations and for discounts, taxable goodwill, intangible assets, inventories, and tangible assets. Deferred tax liabilities of 640 million EUR (previous year: 631 million EUR) were recorded. These primarily relate to differences between the carrying amounts of intangible assets, tangible assets, inventories, and provisions.

4.10 Net income

The net income for 2022 was positively influenced by non-period income (primarily from the reversal of other provisions) in the amount of 659 million EUR (previous year: 609 million EUR) and was negatively influenced by non-period expenses (in particular additional expenses related to other provisions) in the amount of 233 million EUR (previous year: 281 million EUR).

5 Notes to the consolidated cash flow statement

The consolidated cash flow statement shows the changes in financial funds of the Boehringer Ingelheim Group resulting from cash inflows and outflows in the reporting year. Financial funds contain cash and cash equivalents as well as securities that can be converted into cash in the short-term.

The changes in the balance sheet items of the affiliated companies included were translated using average rates for the year. As on the balance sheet, financial funds are carried at the spot rate. The effect of exchange rate changes on the financial funds has been shown separately.

The financial funds as of December 31, 2022 comprised the following items:

(in million EUR)	31.12.2022
Cash and cash equivalents	1,880
Securities classified as current assets	17
	1,897

The financial funds included 10 million EUR in restricted funds as of the balance sheet date.

6 Other disclosures

6.1 Contingent liabilities

(in million EUR)	31.12.2022	31.12.2021
Liabilities from guarantees	31	71
Warranties and the granting of securities for third-party liabilities	11	56
	42	**127**

Contingent liabilities will only be assumed after careful risk assessment and only in connection with the own business activities or those of the affiliated companies. The risk of a call on the contingent liabilities was assessed as low based on the information available as of the balance sheet date. Risks where the probability of availment was reasonable as of the balance sheet date were recorded as a provision.

6.2 Other financial commitments and off-balance sheet transactions

(in million EUR)	31.12.2022	31.12.2021
Rental and lease obligations	417	477
Residual other financial commitments	1,842	1,265
	2,259	**1,742**

Within the rental and lease obligations, 11 million EUR (previous year: 17 million EUR) relate to long-term rental agreements with subsidiaries not included in the consolidation.

The purpose of the lease agreements is the lower capital commitment compared to buying property and the absence of the resale risk. Risks could arise from the term of the lease should it not be possible to continue to utilize the properties fully. There are no such indications at this time.

The residual other financial commitments include investments with future effects on cash flows of 1,310 million EUR (previous year: 868 million EUR).

6.3 Derivative financial instruments and valuation units

Due to its extensive international structure, the Boehringer Ingelheim Group is highly dependent on developments in the world's currencies and interest rates. To hedge these risks, particularly those emerging from delivery of goods, services, and financing, currency forwards and options are generally used for currency risks. Interest rate swaps and options are used for interest rate risks.

The use of derivative financial instruments and the organizational processes are set out in internal guidelines. There is a strict separation between trading, processing, documentation, and control.

Risk positions are regularly tracked, analyzed, and measured in a special Group-wide financial report. The positions entered into are periodically reevaluated and monitored. The fair value of the derivative financial instruments is calculated using generally accepted market valuation methods (currency forwards based on the present value method) taking into account the market data as of the balance sheet date.

Provisions of 73 million EUR were recognized for currency forwards not included in hedge accounting for which there was a negative fair value within one currency as of the balance sheet date. In line with the imparity principle, positive fair values within one currency are not recognized.

On the balance sheet date, the derivative financial instruments not included in hedge accounting valuation units were as follows:

	Nominal value		Fair value	
(in million EUR)	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Foreign exchange forward contracts	8,898	6,923	−23	−41

To the extent that the requirements for hedge accounting of foreign currency forward exchange contracts with highly probable forecast transactions in accordance with Section 254 HGB are met, the foreign currency forward exchange contracts are not recognized in the balance sheet in line with the net hedge presentation method.

The following accounting policies apply to the recognition of valuation units in accordance with Section 254 HGB:

Economic hedges are accounted for in the financial statements by the use of valuation units. The valuation units are recognized for each foreign currency based on the net amount of highly probable forecasted transactions and currency forwards that match the forecasted net cash flow in terms of maturity, nominal amount and foreign currency (macro hedge). The highly probable forecasted transactions (incoming and outgoing payments for planned sales and purchases) are derived from company planning. Ex-post analysis of planning has shown that the planned transactions are highly probable.

The opposing changes in value of the hedged item and the hedging instrument are fully offset as the critical terms (maturity, nominal amount, and foreign currency) match. An effective hedge can therefore be assumed both prospectively and retrospectively. The critical term match method is exclusively used to measure the prospective and retrospective effectiveness of hedges. Excess amounts under hedging transactions are not included in the valuation units.

As of December 31, 2022, hedges for highly probable forecasted net cash flows were recognized as follows:

January to December 2023:

Net cash flow (in million EUR)		Foreign exchange forward contracts (in million EUR)			
	Nominal value		Nominal value		Fair value
USD	2,463	USD	2,712	USD	–165
JPY	1,201	JPY	967	JPY	43
AUD	161	AUD	129	AUD	0
MXN	133	MXN	36	MXN	–4
CAD	335	CAD	250	CAD	7
GBP	184	GBP	131	GBP	3

January to December 2024:

Net cash flow (in million EUR)		Foreign exchange forward contracts (in million EUR)			
	Nominal value		Nominal value		Fair value
USD	2,725	USD	1,829	USD	–69
JPY	1,183	JPY	560	JPY	0
AUD	22	AUD	14	AUD	0
MXN	20	MXN	4	MXN	0
CAD	44	CAD	37	CAD	1
GBP	41	GBP	27	GBP	1

January to December 2025 (USD) and January to May 2025 (JPY):

Net cash flow (in million EUR)		Foreign exchange forward contracts (in million EUR)			
	Nominal value		Nominal value		Fair value
USD	2,699	USD	773	USD	–36
JPY	540	JPY	123	JPY	–2

January to February 2026:

Net cash flow (in million EUR)		Foreign exchange forward contracts (in million EUR)			
	Nominal value		Nominal value		Fair value
USD	1,017	USD	144	USD	–4

Furthermore, as of December 31, 2022, valuation units for foreign currency receivables were recognized as follows:

Receivables (in million EUR)		Foreign exchange forward contracts (in million EUR)			
	Nominal value		Nominal value		Fair value
RUB	29	RUB	14	RUB	–3

As of December 31, 2022, valuation units for foreign currency receivables resulting from loans were recognized as follows:

Receivables (in million EUR)		Foreign exchange forward contracts (in million EUR)			
	Nominal value		Nominal value		Fair value
CAD	27	CAD	27	CAD	2
CHF	17	CHF	17	CHF	–1
CNY	43	CNY	43	CNY	0
MXN	350	MXN	350	MXN	11
THB	41	THB	41	THB	–1
TWD	18	TWD	18	TWD	0
USD	72	USD	72	USD	1

The amount of the hedged foreign currency risk correlates to the relative change in the exchange rate between the planning date and the realization date of the forecasted transactions. If all currencies were to appreciate or depreciate against the euro by 10.0 %, there would be a foreign currency risk of +/-1,337 million EUR without hedging.

6.4 Research and development expenses

(in million EUR)	2022	2021
Research and development expenses	5,047	4,127

Non-capitalized research and development expenses include, among other items, the costs associated with clinical studies.

6.5 Total auditor fees

Total fees charged to the Group by the auditor for the financial year amounted to 8.5 million EUR. Of which, 1.8 million EUR relates to audits of financial statements, 0.9 million EUR to other assurance services, 1.7 million EUR to tax advisory services and 4.1 million EUR to other services.

6.6 Subsequent events

Since the end of the 2022 financial year, we have not become aware of any events that are of material significance to the Group or that could lead to a reappraisal of its net assets, financial and earnings position.

6.7 Shareholdings

The list of companies included in the consolidated financial statements and the list of shareholdings presented in accordance with Section 313 (2) HGB are included in the audited consolidated financial statements submitted to the German Federal Gazette.

Ingelheim am Rhein, 28 February 2023
Boehringer AG

Board of Managing Directors

Hubertus von Baumbach	Carinne Knoche-Brouillon	Dr. Michel Pairet
Jean Scheftsik de Szolnok	Michael Schmelmer	

Independent auditor's report

To C.H. Boehringer Sohn AG & Co. KG, Ingelheim am Rhein

Qualified Audit Opinion on the Consolidated Financial Statements and Audit Opinion on the Group Management Report

We have audited the consolidated financial statements of C.H. Boehringer Sohn AG & Co. KG, Ingelheim am Rhein and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated profit and loss statement, cash flow statement and statement of changes in group equity for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of C.H. Boehringer Sohn AG & Co. KG for the financial year from 1 January to 31 December 2022.

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

- except for the effects of the matter described in section "Basis for the Qualified Audit Opinion on the Consolidated Financial Statements and the Audit Opinion on the Group Management Report" the accompanying consolidated 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 Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that, except for the qualification of the audit opinion on the consolidated financial statements mentioned, our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Qualified Opinion on the Consolidated Financial Statements and the Audit Opinion on the Group Management Report

Contrary to Section 314 (1) number 6 letters a) and b) HGB the total remuneration granted to the members and the former members of the board of managing directors as well as the pension provisions recognized and not recognized for the former members of the board of managing directors are not disclosed in the notes to the consolidated financial statements.

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other Information

Management is responsible for the other information. The other information comprises the annual report, with the exception of the audited consolidated financial statements and group management report and our auditor's report.

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

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

- is materially inconsistent with the consolidated financial statements, with the group management report audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 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.

Frankfurt am Main, 28 February 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Signed Kneisel	Signed Bernau
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]