

Ottobock SE & Co. KGaA

Duderstadt

Consolidated Financial Statements

for the year ended 31 December 2024

Consolidated statement of profit or loss

for the year ended 31 December 2023 and 31 December 2024

million €	Notes	2024	2023*
Revenue	8	1,604.6	1,495.0
Cost of sales*		-792.9	-792.6
Gross profit		811.7	702.4
Other income	9.1	14.2	64.9
Selling and distribution expenses*		-349.6	-311.1
Research and development expenses*		-80.7	-71.9
Administrative expenses*		-211.8	-237.3
Other expenses	9.2	-40.4	-22.4
Operating profit		143.3	124.7
Interest income		2.9	1.7
Interest expenses		-61.5	-54.8
Other financial result		-6.0	5.7
Financial result*	9.4	-64.6	-47.4
Profit before tax		78.7	77.4
Income tax expense	10	-50.8	-29.3
Profit for the year		27.9	48.1
thereof attributable to equity holders of the parent		30.2	49.0
thereof attributable to non-controlling interests		-2.3	-0.9
Earnings per share			
Basic/diluted earnings per share attributable to the equity holders of the parent	21	€ 5.52	€ 8.94

*In the reporting year, the breakdown of the financial result and the presentation of reverse factoring fees have been changed. Furthermore, the allocation of IT and facility management costs has been adjusted. Comparative figures for the previous year have been reclassified to ensure consistency. Please refer to chapter 2.3 Changes in presentation for more details.

Consolidated statement of other comprehensive income

for the year ended 31 December 2023 and 31 December 2024

million €	Notes	2024	2023
Profit for the year		27.9	48.1
Cash flow hedge reserve	20	-1.3	-4.1
Exchange differences on translation of foreign operations		0.0	-25.6
Items that may be reclassified to profit or loss (net of tax)		-1.3	-29.7
Remeasurement loss on defined benefit plans	20	-0.6	-0.7
Net gain on equity instruments designated at fair value through OCI	20	0.7	-
Items not reclassified to profit or loss (net of tax)		0.1	-0.7
Other comprehensive loss for the year (net of tax)		-1.2	-30.4
Total comprehensive income for the year		26.8	17.7
thereof attributable to equity holders of the parent		28.7	18.4
thereof attributable to non-controlling interests		-1.9	-0.7

Consolidated statement of financial position

for the year ended 31 December 2023 and 31 December 2024

million €	Notes	2024	2023
Property, plant and equipment	11	243.2	247.0
Intangible assets	12, 13	851.3	828.6
Right-of-use assets	14	204.5	212.1
Equity-accounted investees		2.7	3.1
Derivatives	28	6.3	16.0
Other non-current financial assets	15	33.7	5.8
Other non-current assets	18	2.2	2.9
Deferred tax assets	10	80.1	94.5
Non-current assets		1,424.0	1,410.1
Inventories	16	221.0	209.0
Trade and other receivables	17	223.6	233.4
Derivatives	28	1.9	2.2
Other current financial assets	15	5.0	5.1
Cash and cash equivalents	19	76.7	65.3
Other current assets	18	46.7	44.3
Income tax assets	10	21.6	17.0
Current assets		596.5	576.4
Total assets		2,020.5	1,986.5

million €	Notes	2024	2023*
Subscribed capital	20	5.5	5.5
Share premium	20	108.7	108.7
Retained earnings		148.8	126.6
Other components of equity	20	-23.0	-21.5
Equity attributable to equity holders of the parent		239.9	219.3
Non-controlling interests		9.6	10.1
Total equity		249.5	229.4
Interest-bearing loans and borrowings	22	966.3	795.6
Lease liabilities	28	170.4	180.4
Derivatives	28	5.6	3.3
Other non-current financial liabilities	24	7.2	16.3
Provisions*	23	6.2	4.7
Contract liabilities	8	35.1	32.1
Employee benefits*	29	24.5	26.3
Other non-current liabilities*	27	11.7	21.3
Deferred tax liabilities	10	57.1	61.5
Non-current liabilities		1,284.1	1,141.6
Interest-bearing loans and borrowings	22	25.5	172.6
Lease liabilities	28	42.6	38.7
Trade and other payables	25	101.2	106.3
Contract liabilities	8	31.4	28.8
Other current financial liabilities	24	31.9	53.7
Payables from reverse factoring	26	61.8	69.0
Derivatives	28	6.4	1.9
Income tax payable	10	36.4	5.8
Provisions*	23	20.6	13.1
Employee benefits*	29	90.8	94.8
Other current liabilities*	27	38.2	30.7
Current liabilities		486.9	615.4
Total liabilities		1,771.0	1,757.1
Total equity and liabilities		2,020.5	1,986.5

*In the reporting year, the presentation of employee benefits, other liabilities and provisions was changed. Comparative figures for the previous year have been reclassified to ensure consistency. Please refer to chapter 2.3 Changes in presentation for more details.

Consolidated statement of changes in equity

for the year ended 31 December 2023 and 31 December 2024

million €	Subscribed capital*	Share premium*	Retained earnings	Other comprehensive income*		Total	Non-controlling interest	Total equity
				Other reserves**	Foreign currency translation reserve			
Balance at 1 January 2023	5.5	108.7	102.9	4.4	4.6	226.2	10.9	237.1
Profit for the period	-	-	49.0	-	-	49.0	-0.9	48.1
Other comprehensive income	-	-	-	-4.8	-25.8	-30.6	0.2	-30.4
Total comprehensive income	-	-	49.0	-4.8	-25.8	18.4	-0.7	17.7
Cash dividends (Note 20)	-	-	-30.0	-	-	-30.0	-1.1	-31.1
Acquisition of a subsidiary with non-controlling interest	-	-	-	-	-	-	0.4	0.4
Capital increase and other	-	-	4.7	-	-	4.7	0.6	5.3
Balance at 31 December 2023	5.5	108.7	126.6	-0.3	-21.2	219.3	10.1	229.4
Balance at 1 January 2024	5.5	108.7	126.6	-0.3	-21.2	219.3	10.1	229.4
Profit for the period	-	-	30.2	-	-	30.2	-2.3	27.9
Other comprehensive income	-	-	-	-1.2	-0.3	-1.5	0.4	-1.1
Total comprehensive income	-	-	30.2	-1.2	-0.3	28.7	-1.9	26.8
Changes in scope of consolidation	-	-	-8.0	-	-	-8.0	1.4	-6.6
Balance at 31 December 2024	5.5	108.7	148.8	-1.5	-21.5	239.9	9.6	249.5

*For more information on these items relating to equity, see Note 20.

**In 2023 accumulated actuarial gains and losses on defined benefit pension plans (€ 1.3 million) and the cash flow hedge reserve (€ -1.6 million) have been presented separately in the consolidated statement of changes in equity. Starting in 2024, these reserves are summarized in other reserves. For more information on the items relating to other reserves, see Note 20.

Consolidated statement of cash flows

for the year ended 31 December 2023 and 31 December 2024

million €	Notes	2024	2023*
Profit before tax		78.7	77.4
Financial result*	9.4	64.6	47.4
Depreciation, amortization and impairment	9.3	155.8	124.0
Results from disposals of non-current assets		0.7	0.8
Changes from long-term incentive plan		5.3	-11.8
Other non-cash expenses/income		-2.5	-11.1
Change in inventories		-16.5	9.3
Change in trade and other receivables		-6.4	-30.8
Change in other assets		-5.2	-1.5
Change in provisions		-2.1	0.9
Change in trade and other payables		19.3	-5.4
Change in other liabilities*		2.9	16.4
Income tax paid		-19.5	-17.9
Net cash provided by operating activities		275.1	197.8
Purchase of tangible and intangible assets		-102.0	-89.4
Proceeds from sales of fixed assets		11.3	7.4
Free cash flow**		184.4	115.8
Acquisition of subsidiaries (net of cash acquired)	6	-28.4	-14.0
Payment of earn-outs and deferred purchase prices		-15.7	-
Acquisition of other investments	6	-22.5	-
Proceeds from disposal of subsidiaries (net of cash disposed)		-1.7	-
Proceeds from other financial assets		10.1	-
Dividends received		0.9	-
Cash flows from investing activities		-148.1	-96.0
Proceeds from loans and borrowings	32	811.1	251.5
Repayment of loans and borrowings	32	-778.0	-250.0
Repayment of lease liabilities	32	-42.9	-41.9
Change in other financial liabilities	32	-	1.9
Payment of dividends		-15.9	-16.1
Payment for purchase of non-controlling interests		-5.5	-2.8
Interest paid*		-62.3	-50.7
Transaction costs for loans and borrowings		-12.1	-
Change in other financing activities*		-8.6	0.2
Cash flows from financing activities		-114.2	-108.0
Change in cash and cash equivalents		12.8	-6.2
Cash and cash equivalents at the beginning of the period		65.3	79.2
Effects of exchange rate changes		-1.4	-7.6
Cash and cash equivalents at the end of the period	19	76.7	65.3

*In the reporting year, the presentation of payables from reverse factoring was shifted from operating cash flow to financing cash flow. Comparative figures for the previous year have been reclassified to ensure consistency. Please refer to chapter 2.3 Changes in presentation for more details.

**Free cash flow is defined as cash flow from operating activities less cash flow from investments in tangible and intangible assets as well as proceeds from sales of fixed assets.

1. Corporate information

The consolidated financial statements of Ottobock SE & Co. KGaA and its subsidiaries (collectively, the Group or Ottobock) for the year ended 31 December 2024 were authorized for issue in accordance with a resolution of the Executive Board on 25 March 2025. Ottobock SE & Co. KGaA (the Company) is a company incorporated and domiciled in Germany whose shares are privately owned. The registered office is located at Max-Näder-Straße 15, 37115 Duderstadt (Germany).

The Group is principally engaged in healthcare business in the fields of healthcare products and services (see Note 7 Operating segments). Information on the Group's ultimate parent and information on other related party relationships of the Group is provided in Note 34 Related party disclosures.

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements of the Group for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). The financial statements were prepared on a voluntary basis as Ottobock SE & Co. KGaA is included in the consolidated financial statements of Näder Holding GmbH & Co. KG.

The consolidated financial statements are presented in millions of euros (abbreviated as million €), unless otherwise specified. Due to rounding, in some cases, the sums of the figures disclosed in this report may not precisely equal the stated totals, and percentages may not be exact.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of and for the year ended 31 December 2024 with comparatives presented as of and for the year ended 31 December 2023 (see Note 5 Group information).

Subsidiaries are all companies over which Ottobock SE & Co. KG has direct or indirect control according to IFRS 10. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the assets and liabilities as well as any related NCIs and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any ownership retained in the former subsidiary is measured at fair value when control is lost.

2.3. Changes in presentation

2.3.1. Employee benefits

In the reporting period 2024 employee benefits are initially presented separately. In previous periods employee benefits, e.g. pension obligations, bonus liabilities and share-based payment obligations, were contained in net employee defined benefit liabilities, other liabilities and provisions. This adjustment ensures a clearer distinction between obligations related to employee benefits and other financial liabilities. In the consolidated financial statements as of 31 December 2024 the figures for the two previous years were adjusted. For further details refer to Note 29 Employee benefits.

2.3.2. Reverse factoring

As of 2024, reverse factoring transactions are presented using the multiple cash flow approach. Therefore, cash flows are presented on a gross basis showing operating cash outflows and financing cash inflows. This reclassification has been made to better reflect the financing nature of reverse factoring arrangements (also see Note 26 Payables from reverse factoring). The change in the cash flow presentation also incurred adjustments to the profit and loss statement. In previous periods, the transaction costs associated with reverse factoring program were recognized as part of the operating profit in administrative expenses. In 2023 related reverse factoring fees amounted to € 4.4 million (2022: € 1.8 million). Following the change, reverse factoring fees with an amount of € 4.3 million are now presented as part of the financial result within the interest result in financial year 2024. Consequently, all cash flows related to payables from reverse factoring are now presented within the cash flow from financing activities.

2.3.3. Financial result

In 2024, the Group changed the presentation of the net financial result to better align with the way management monitors the business activities and to provide a more meaningful breakdown of the Group's financial performance. Specifically, the interest result has been presented as a separate line item within the profit or loss statement, reflecting its significance to the Group's operations and financial structure. Comparative figures have been adjusted accordingly to maintain consistency (refer to Note 9.4 Financial Result).

2.3.4. Profit and loss statement by function

Until 2023, IT and facility management costs were allocated to the individual functional areas to derive the consolidated income statement in accordance with the presentation of profit and loss by function. In order to reduce complexity and to facilitate comparability the corresponding costs

will be reported as administrative expenses from 2024 onwards. Ultimately, the disclosure of IT and facility management costs in administrative expenses also reflects the responsibilities within the Group.

2.3.5. Effects on comparative figures in the consolidated financial statements

Consolidated statement of profit or loss	2023	2023	2022	2022
million €	adjusted	previously reported	adjusted	previously reported
Revenue	1,495.0	1,495.0	1,334.2	1,334.2
Cost of sales*	-792.6	-800.3	-729.6	-737.4
Gross profit	702.4	694.8	604.6	596.8
Other income	64.9	64.9	88.9	88.9
Selling and distribution expenses*	-311.1	-337.3	-282.8	-305.6
Research and development expenses*	-71.9	-81.4	-75.7	-85.5
Administrative expenses*	-237.3	-198.3	-226.7	-188.1
Other expenses	-22.4	-22.4	-30.7	-30.7
Operating profit	124.7	120.4	77.6	75.9
Interest income*	1.7	-	1.5	-
Interest expenses*	-54.8	-	-31.8	-
Finance income*	-	25.4	-	50.8
Finance costs*	-	-72.1	-	-31.3
Other financial result*	5.7	3.7	47.1	-1.0
Financial result	-47.4	-43.0	16.7	18.5
Profit before tax	77.4	77.4	94.4	94.4
Income tax expense	-29.3	-29.3	-19.0	-19.0
Profit for the year	48.1	48.1	75.3	75.3
thereof attributable to equity holders of the parent	49.0	49.0	76.4	76.4
thereof attributable to non-controlling interests	-0.9	-0.9	-1.1	-1.1
Earnings per share				
Basic/diluted earnings per share attributable to the equity holders of the parent	€ 8.94	€ 8.94	€ 13.96	€ 13.96

*These line items have been adjusted to reflect the changes in presentation described above.

Consolidated statement of financial position	31 December 2023	31 December 2023	31 December 2022	31 December 2022
million €	adjusted	previously reported	adjusted	previously reported
Property, plant and equipment	247.0	247.0	252.4	252.4
Intangible assets	828.6	828.6	808.8	808.8
Right-of-use assets	212.1	212.1	225.1	225.1
Equity-accounted investees	3.1	3.1	0.3	0.3
Derivatives	16.0	16.0	24.6	24.6
Other non-current financial assets	5.8	5.8	5.9	5.9
Other non-current assets	2.9	2.9	1.4	1.4
Deferred tax assets	94.5	94.5	67.5	67.5
Non-current assets	1,410.1	1,410.1	1,386.0	1,386.0
Inventories	209.0	209.0	213.3	213.3
Trade and other receivables	233.4	233.4	200.7	200.7
Derivatives	2.2	2.2	3.7	3.7
Other current financial assets	5.1	5.1	6.9	6.9
Cash and cash equivalents	65.3	65.3	79.2	79.2
Other current assets	44.3	44.3	44.4	44.4
Income tax assets	17.0	17.0	21.0	21.0
Current assets	576.4	576.4	569.1	569.1
Total assets	1,986.5	1,986.5	1,955.0	1,955.0

Consolidated statement of financial position	31 December 2023	31 December 2023	31 December 2022	31 December 2022
million €	adjusted	previously reported	adjusted	previously reported
Subscribed capital	5.5	5.5	5.5	5.5
Share premium	108.7	108.7	108.7	108.7
Retained earnings	126.6	126.6	102.9	102.9
Other components of equity	-21.5	-21.5	9.1	9.1
Equity attributable to equity holders of the parent	219.3	219.3	226.2	226.2
Non-controlling interests	10.1	10.1	10.9	10.9
Total equity	229.4	229.4	237.1	237.1
Interest-bearing loans and borrowings	795.6	795.6	936.3	936.3
Lease liabilities	180.4	180.4	193.5	193.5
Derivatives	3.3	3.3	1.0	1.0
Other non-current financial liabilities	16.3	16.3	36.4	36.4
Net employee defined benefit liabilities*	-	16.1	-	15.4
Provisions*	4.7	13.5	4.4	9.7
Contract liabilities	32.1	32.1	30.0	30.0
Employee benefits*	26.3	-	23.2	-
Other non-current liabilities*	21.3	22.8	15.3	17.7
Deferred tax liabilities	61.5	61.5	51.7	51.7
Non-current liabilities	1,141.6	1,141.6	1,291.8	1,291.8
Interest-bearing loans and borrowings	172.6	172.6	23.7	23.7
Lease liabilities	38.7	38.7	37.5	37.5
Trade and other payables	106.3	106.3	92.6	92.6
Contract liabilities	28.8	28.8	26.1	26.1
Other current financial liabilities	53.7	53.7	23.8	23.8
Payables from reverse factoring	69.0	69.0	69.7	69.7
Derivatives	1.9	1.9	14.7	14.7
Income tax payable	5.8	5.8	5.5	5.5
Provisions*	13.1	29.8	9.2	38.9
Employee benefits*	94.8	-	92.6	-
Other current liabilities*	30.7	108.9	30.7	93.6
Current liabilities	615.4	615.4	426.2	426.2
Total liabilities	1,757.1	1,757.1	1,717.9	1,717.9
Total equity and liabilities	1,986.5	1,986.5	1,955.0	1,955.0

*These line items have been adjusted to reflect the changes in presentation described above.

Consolidated statement of cash flows	2023	2023	2022	2022
million €	adjusted	previously reported	adjusted	previously reported
Profit before tax	77.4	77.4	94.4	94.4
Financial result*	47.4	43.0	-16.7	-18.5
Depreciation, amortization and impairment	124.0	124.0	120.5	120.5
Results from disposals of non-current assets	0.8	0.8	0.1	0.1
Changes from long-term incentive plan	-11.8	-11.8	-20.6	-20.6
Other non-cash expenses/income	-11.1	-11.1	10.5	10.5
Change in inventories	9.3	9.3	-41.1	-41.1
Change in trade and other receivables	-30.8	-30.8	-18.5	-18.5
Change in other assets	-1.5	-1.5	-1.5	-1.5
Change in provisions	0.9	0.9	-15.0	-15.0
Change in trade and other payables	-5.4	-5.4	-4.7	-4.7
Change in other liabilities*	16.4	15.7	-13.6	3.4
Income tax paid	-17.9	-17.9	-11.7	-11.7
Net cash provided by operating activities	197.8	192.6	82.0	97.2
Purchase of tangible and intangible assets	-89.4	-89.4	-113.5	-113.5
Proceeds from sales of fixed assets	7.4	7.4	5.0	5.0
Free cash flow	115.8	110.6	-26.6	-11.3
Acquisition of subsidiaries (net of cash acquired)	-14.0	-14.0	-95.6	-95.6
Cash flows from investing activities	-96.0	-96.0	-204.1	-204.1
Proceeds from loans and borrowings	251.5	251.5	340.0	340.0
Repayment of loans and borrowings	-250.0	-250.0	-146.0	-146.0
Repayment of lease liabilities	-41.9	-41.9	-38.6	-38.6
Change in other financial liabilities	1.9	1.9	0.1	0.1
Proceeds from other financial assets	-	0.0	0.0	0.0
Payment of dividends	-16.1	-16.1	-15.0	-15.0
Payment for purchase of non-controlling interests	-2.8	-2.8	-0.7	-0.7
Interest paid*	-50.7	-46.3	-26.0	-24.2
Transaction costs for loans and borrowings	-	0.0	0.0	0.0
Change in other financing activities*	0.2	1.0	19.9	2.9
Cash flows from financing activities	-108.0	-102.9	133.7	118.5
Change in cash and cash equivalents	-6.2	-6.2	11.6	11.6
Cash and cash equivalents at the beginning of the period	79.2	79.2	67.6	67.6
Effects of exchange rate changes	-7.6	-7.6	-	-
Cash and cash equivalents at the end of the period	65.3	65.3	79.2	79.2

*These line items have been adjusted to reflect the changes in presentation described above.

2.4. Business combinations and goodwill

Business combinations including those under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration transferred and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-

related costs are expensed as incurred and included in other operating expenses. For business combinations under common control any difference between consideration transferred and net assets is accounted for as an equity contribution or distribution.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Option agreements concluded in the context of a business combination to acquire minority interests and which create an unconditional obligation for Ottobock to acquire these shares are accounted for using the anticipated acquisition method, if the non-controlling shareholders do not have present access to the returns with the underlying ownership interest. At the date of the business combination, these shares are deemed to be acquired and are included in the cost of the acquisition at fair value; a corresponding financial liability is recognized. Subsequent changes in the value of the financial liability are recognized in other financial result.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These

assets are measured at the lower of the carrying amount and fair value less costs of disposal and classified as non-current assets and disposal groups held for sale. Such assets are no longer depreciated. An impairment of such assets is recognized if fair value less costs of disposal is lower than the carrying amount.

2.6. Equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method, with the carrying amount reflecting the Group's prorated share of equity. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the cost of the investment is adjusted by Ottobock's share of the change in net assets. Shares in losses that exceed the carrying amount of the Group's equity interest, taking into account any attributable long-term loans, are not recognized. Recognized goodwill is presented in the carrying amount of the investment accounted for using the equity method.

The financial statements of investments accounted for using the equity method are generally prepared based on uniform accounting policies in the Group.

2.7. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between levels 1 to 3 in 2024 or the previous financial year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs into these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 28 Financial Instruments, Note 15 Other financial assets and 24 Other financial liabilities for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of fair value is based on DCF. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see Notes 6 Acquisitions and disposals and 28 Financial Instruments for details).

2.8. Revenue from contracts with customers

Performance obligations

The Group sells healthcare products and corresponding services through healthcare providers and own patient care centers. Revenue from sale of healthcare products such as prosthetic and orthotic products, human mobility products as well as industrial exoskeletons is recognized at the point in time when control of the asset is transferred to the customer. This is generally on delivery of the product to the retail customer or when the fitting is completed in the patient care center. Due to global activities, there are no uniform payment terms because of different terms and conditions that apply in significant jurisdictions, associated national health systems and tender processes. In general, payment terms range between 0 to 180 days.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., service-type warranties). Stand-alone transaction prices are determined through an expected cost-plus margin approach - both for premium healthcare products and related service-type warranties, since observable market prices are not readily determinable. The stand-alone transaction prices for premium healthcare products as well as related service-type warranties are determined based on average production costs, adjusted by product-related overhead costs and an adequate expected margin differentiated by type of performance obligation. The Group also considers the effects of variable considerations resulting from bonus agreements with

customers. These effects are determined by a probability estimation for contractually set sales targets within a bonus period considering actual and estimated future sales based on historical, current and forecast data. Volume discounts are granted to customers as a refund payment in cash or as a discount for future orders. Therefore, variable considerations are recognized as a deduction to revenue and financial liability.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in Note 23 Provisions.

For premium prosthetic and orthotic products, the Group also provides a warranty that goes beyond fixing defects that existed at the time of sale. These service-type warranties are sold regularly bundled together with the sale of premium healthcare products. Therefore, contracts for bundled sales of a premium healthcare product and a service-type warranty comprise two performance obligations. For those bundled packages, the transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of all performance obligations of the contract. The portion of the transaction price that is allocated to the service-type warranty is recognized as a contract liability. Revenue is recognized over the period in which the service-type warranty is provided based on the expected cost incurred.

Service-type warranties include service inspections. Service inspections are mandatory in order to maintain the warranty. As the service inspections are highly interrelated with the underlying service-type warranty, the service inspection is not distinct and accounted for together with the service-type warranty.

The Group determined that the input-oriented method is the best method in measuring progress of the services carried out towards the customer as the cost measure faithfully depicts the service provided through the service period. Under this method, revenue is recognized relative to the related costs i.e., labor and material incurred for the warranty packages.

Contract balances

Trade receivables represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities represent the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs services under the contract.

2.9. Foreign currencies

The Group's consolidated financial statements are presented in Euro. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation

and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate of the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in other comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., the translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Hyperinflation

Since 2018, Argentina's economy has been classified as hyperinflationary in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies. Since 2022, Turkey is also rated hyperinflationary. Accordingly, business activities in Argentina and Turkey are no longer disclosed at historical cost but are presented adjusted for inflation. For this purpose, Ottobock uses the consumer price indexes IPC (Índice de precios al consumidor, Argentina) and CPI (Tüketici fiyat endeks rakamları, Turkey). The indexes applied as of the balance sheet date amounted to:

Country	Index as of 31 December 2024	Index as of 31 December 2023
Argentina	7,693.70	3,533.19
Turkey	2,684.55	1,859.38

Revenues and expenses are restated using monthly inflation rates and therefore reflect both weighing and the non-linear development of the respective inflation.

The loss on the net monetary position is reported within the other financial result (see Note 9.4 Financial Result). After adjusting the figures for inflation, the balance sheet items and income and expenses are translated into the reporting currency, the Euro, at the closing rate in accordance with IAS 21.42.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euro at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the statement of profit or loss.

Any goodwill arising from the acquisition of a foreign operation, and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated with the spot exchange rate at the reporting date.

2.10. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. If the grant relates to an expense item, it is initially recognized as other liability (deferred income) and systematically amortized to income over the periods that the costs, which it is intended to compensate, are expensed. If the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

2.11. Taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Uncertain tax treatments are accounted for under IFRIC 23. Hence, if there is uncertainty about an income tax treatment, the Group will consider whether it is probable that a tax authority will accept the tax treatment included or planned to be included in the tax filings. The probability resulting from the assessment determines whether the uncertainty has to be reflected in the measurement.

The International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to

be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends and withholding taxes.

Current tax assets and liabilities are offset only if the criteria are met.

Deferred tax

Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (as well as loss carryforwards and unused tax credits). This includes temporary differences arising from business combinations but excludes the respective goodwill.

A deferred tax asset (DTA) is recognized for all deductible temporary differences to the extent that it is probable that taxable profit is available against which the deductible temporary difference can be utilized, unless the deferred tax arises from the initial recognition of an asset or a liability in a transaction that is not a business combination, at the time of the transaction affects neither accounting profit nor taxable profit (tax loss); and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. However, for deductible temporary difference associated with investments in subsidiaries and associates, deferred tax assets are only recognized to the extent that the temporary difference will reverse in the foreseeable future; and taxable profit will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

A deferred tax liability (DTL) is recognized for all taxable temporary differences associated with investments in subsidiaries and associates except to the extent that the following two conditions are both satisfied: The parent is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future. For the temporary differences associated with investments in the Group's subsidiaries and associates a deferred tax liability has not been recognized in the periods presented. The Group has determined that the undistributed profits of its subsidiaries or associates will not be distributed in the foreseeable future.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been (substantively) enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the way the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the criteria are met.

2.12. Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Land and buildings are measured at cost less accumulated depreciation on buildings, and impairment losses are recognized at the date of revaluation.

Depreciation is calculated over the estimated useful lives of the assets as follows:

	Useful life	Depreciation method
Land rights and buildings	7-40 years	Depreciated on a straight-line basis
Technical equipment and machines	10-25 years	Depreciated on a straight-line basis
Factory and office equipment	3-15 years	Depreciated on a straight-line basis
Other non-current tangible assets	3-8 years	Depreciated on a straight-line basis

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.13. Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value as on the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are capitalized if the criteria for capitalization in accordance with IAS 38 are met.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost, less any accumulated amortization and accumulated impairment losses. Development cost also include borrowing costs for long-term development projects if the recognition criteria are met. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Patents and licenses

Separately acquired intangible assets are capitalized at cost and amortized over their useful lives. Separately acquired intangible assets consist mostly of licenses and concessions with a limited useful life, usually no longer than five years. Ottobock does not have separately acquired intangible assets that meet the criteria of qualifying assets.

A summary of the policies applied to the Group's intangible assets is as follows:

	Useful life	Amortization method	Internally generated or acquired
Development costs	Finite (3-15 years)	Amortized on a straight-line basis over the period of expected future sales from the related project	Internally generated
Licenses	Finite (2-10 years)	Amortized on a straight-line basis over the period of the license	Internally generated and acquired
Patents	Finite (5-25 years)	Amortized on a straight-line basis over the period of the patent	Acquired
Patient or customer relationships	Finite (10 years)	Amortized on a straight-line basis	Acquired
Trademarks	Finite (10 years)	Amortized on a straight-line basis	Acquired

2.14. Leases

At contract inception, the Group assesses whether the contract is or contains a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

At the commencement date, the Group recognizes a right-of-use asset representing the right to use the underlying assets and a lease liability representing its obligation to make lease payments.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Subsequently, the right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives, and also subject to impairment. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The lease liability is measured at amortized cost under the effective interest method using the Group's incremental borrowing rate. The Group determines the incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the term of the lease and the type of the asset leased. The lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the purchase option price reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The Group has several lease contracts that contain extension and termination options. Local management oversees lease agreements in compliance with the group accounting policies, negotiating terms individually with a wide range of different terms and conditions. Extension and termination options are used to provide management with flexibility to align the Group's business needs. Some contracts have an indefinite term with a termination notice period. Therefore, the terms and conditions vary across the Group. Extension and termination options held may generally only be exercised by Ottobock, not by the lessors. At lease inception and upon the occurrence of a significant event or a significant change in circumstances that is outside the Group's control, it reassesses whether the exercise of the extension or termination option is reasonably certain.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The Group leases warehouses, factories, offices and patient care service facilities globally. Lease terms typically range from three to fifteen years, with an option to extend. Some underlying rental payments are linked to local price indices, meaning they are subject to adjustments based on fluctuations in the consumer price index relative to a defined baseline. These adjustments are applied in the same direction and at the same percentage as the change in the index.

Leasing agreements with fixed lease payments exist for factory and IT equipment, machinery, and automobiles. Lease terms of equipment and machines typically range from two to six years, and from two to four years for most automobiles. The Group has opted to apply the practical expedient for short-term leases and leases of low-value, which is essentially applied to these contracts. For these exemptions, the Group recognizes the lease payments as an expense on a straight-line basis over the lease term.

The Group as a lessor

If Ottobock acts as the lessor, it classifies each lease upon contract inception as either a finance lease or an operating lease. For the purposes of classifying each lease, Ottobock has made an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of an underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. In making this assessment, Ottobock takes into account certain indicators such as whether the lease comprises a major part of the economic useful life of the asset.

Ottobock acts as the lessor within the context of wheelchair leasing to the nursing homes and hospitals in Belgium. The lease agreements represent operating leases and the underlying lease agreements are recognized by the Group as income in revenue over the lease term. Further, Ottobock acts as a lessor for prostheses in the Netherlands whereby complex prostheses are accounted for as operating leases while prostheses without a current reuse pattern are accounted for as finance leases.

2.15. Borrowing costs

Borrowing costs directly attributable to the development activities, acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. The Group considered a substantial period to be more than six months. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are only capitalized for intangible assets.

2.16. Financial instruments — initial recognition and subsequent measurement**Financial assets**

The classification of a financial asset is made at the time of its initial recognition, namely when the entity becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value, plus or minus directly attributable transaction costs, in case of a financial asset not at fair value through profit or loss.

For purposes of subsequent measurement, financial assets, to the extent that they are currently relevant to Ottobock, are classified into the categories below:

- at amortized cost
- fair value through profit or loss, or
- fair value through OCI (equity instruments)

In case of designated cash flow hedges, related derivatives' fair values are disclosed in a separate class (see Note 28.2 Risk management objectives and policies).

In financial year 2024, as in the previous year, there were no reclassifications within the individual measurement categories.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets measured at amortized cost include trade and other receivables, loans to associates and loans to third parties included under other non-current financial assets and cash and cash equivalents.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Additionally, financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's financial assets measured at fair value through profit or loss include financial derivatives unless they are designated as effective hedging instruments, equity investments which the Group had not irrevocably elected to classify at fair value through OCI as well as trade receivables related to a factoring program. The current factoring program qualifies for derecognition of related receivables. Given the short period from recognition of factoring related receivables and their transfer to the factor, related quantified disclosures tend to be zero as of the reporting date. Ottobock does not currently intend to apply the fair value option.

Financial assets designated at fair value through OCI (equity instruments)

In the case of a financial asset that constitutes an equity instrument and is not held for trading, changes in the carrying amount are recognized in OCI if the respective instrument was designated to be measured as at fair value through OCI. The Group exercises this choice related to its financial investment in a non-controlling interest.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The measurement of expected credit losses on receivables and other financial assets includes assessments and evaluations of individual receivables and groups of receivables which are based on the credit standing of the relevant customer, analysis of ageing structures and historical defaults as well as future economic conditions. In case of adjustments to receivables balances, a determination of whether credit losses or transaction price changes are applicable will be made based on the relevant facts and circumstances.

The Group applies the simplified approach when calculating impairments of trade receivables. Under this approach, the loss allowance is determined immediately upon recognition of the receivable on the basis of the lifetime expected credit losses and further changes in the credit risk do not need to be tracked. The Group has established an impairment model which is based on historically overdue receivables as well as credit loss experiences, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents are subject to only slight fluctuations in value. Other financial assets (incl. loans to third parties) are currently classified as financial instruments with a low credit risk.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering the receivable in its entirety or a portion thereof. Additions to loss allowances are presented in selling and distribution expenses.

Further disclosures relating to the impairment of financial assets are also provided in the following notes:

- Credit risk Note 28.2 Risk management objectives and policies
- Trade and other receivables Note 17

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

The Group recognizes a financial liability when, and only when, the Group becomes party to the contractual provisions of the instrument. The initial recognition of financial liabilities is carried out at fair value. In case of primary financial liabilities - which are measured subsequently at amortized cost - the initial recognition is carried out at fair value, taking account of directly allocable transaction costs.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- at amortized cost
- fair value through profit or loss

In the financial year, as in the previous years, there were no reclassifications within the individual measurement categories.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. The Group has not designated any financial liability as at fair value through profit or loss.

An embedded derivative in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. In the financial year, as in the previous years, the group has no embedded derivatives that need to be bifurcated.

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in financial expenses in the statement of profit or loss. A change in the cash flow assumptions leads to an adjustment of the carrying amount recognized in profit or loss.

The Group's financial liabilities measured at amortized cost include trade and other payables, bank liabilities, reverse factoring and other financial liabilities.

Further disclosures relating to financial liabilities are also provided in the following notes:

- Interest-bearing loans and borrowings Note 22
- Trade and other payables Note 25
- Other financial liabilities Note 24
- Payables from reverse factoring Note 26
- Financial Instruments Note 28

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially

modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Reverse Factoring

The liabilities related to reverse factoring transactions are recognized in accordance with IFRS 9.3.1.1. as soon as the service provider acquires a claim against Ottobock. These liabilities are reported separately on the balance sheet, as the original trade accounts payable have already been settled by the payment service provider, thereby creating a new liability to the payment service provider. Liabilities subject to the reverse factoring program are classified as current financial liability in accordance with IFRS 9 and are disclosed separately. The related payments are part of the cash flow from financing activities. Corresponding fees from reverse factoring are recognized within the interest result.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value with changes in fair value generally being recognized in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates or foreign exchange rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The hedge ratio reflects 100% identical nominals in hedging instrument versus the hedged item. Ineffectiveness in designated hedges may generally arise from differing reset dates. For both interest rate and foreign currency hedges, initial fair values at the time of designating a derivative instrument, credit risks figured in and changes in the expected occurrence of hedged items may cause ineffectiveness. Ottobock avoided different reset dates as well as initial fair values of hedging instruments at the time of designation by now. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, the hedge accounting is discontinued prospectively.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses interest rate swaps and floors as hedges of its exposure to variable interest rate risk in loans, as well as forwards currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to interest derivatives and foreign currency contracts – if any – is recognized within the other financial result. The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.17. Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Purchase cost on a weighted average cost basis
- Finished goods and work in progress: Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Work in progress for an item of (un-)finished goods accumulates as soon as a production order is created. The valuation of such items covers the related cost of material and the value-add of the production process (i.e., personnel costs) but no margin. Level of completion of the work order determines the value as a percentage of the sales price (net of margin) which is the basis for the work in progress value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. With the Range of Coverage (RoC) method the Group identifies the net realizable value of obsolete inventories based on an analysis of historical usage data. This method is an appropriate approximation ensuring that the carrying amounts of inventory assets do not exceed their net realizable values.

2.18. Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3 Significant accounting judgements, estimates and assumptions
- Property, plant and equipment Note 11 Property, plant and equipment
- Intangible assets Note 12 Intangible assets
- Goodwill and intangible assets with indefinite lives Note 13 Goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Value in use was determined using a DCF method. For each of the Group's CGUs, an appropriate discount rate was calculated individually using current market data. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are derived from the Group's budget that has been approved by Management and prepared separately for each of the Group's CGUs to which individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous years. Such a reversal is recognized in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

2.19. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash, and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

2.20. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions for warranty-related costs are recognized when the product is sold or the service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.21. Employee benefits

Share-based payments

Under the terms of a share-based payment program operated by the Group, some key employees of the Group are granted performance share units (PSUs) that are settled in cash (cash-settled transactions). These PSUs vest in accordance with service conditions and/or performance conditions. Performance conditions relate to the occurrence of certain exit events. A provision is recognized for the fair value of cash-settled transactions. The fair value is measured at initial recognition and at each reporting date and at the settlement date. Changes in fair value are recognized in profit or loss until the grants have vested and in full until the provision is settled. The related expense is recognized in employee benefit expenses. For details of the share-based payments refer to Note 30 Share-based payments.

Pensions

Ottobock provides both defined benefit and defined contribution plans to its employees. For defined contribution plans, Ottobock pays contributions to independently administered funds at a fixed percentage of employees' pay. These contributions are recorded within operating profit.

Defined benefit plans are measured in accordance with the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Group recognizes service costs (comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements) in the net defined benefit obligation under 'cost of sales', 'administrative expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function). Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and recognized in the financial result.

The accounting method used when recognizing obligations arising from other long-term employee benefits is similar to the method used for defined benefit pension plans, considering benefit entitlements of employees based on years of service, except that actuarial gains and losses are immediately recognized in full in the consolidated statement of profit or loss.

Other long-term employee benefits

The Group provides its employees with various types of long-term employment benefits, such as jubilee benefits. The type of benefits offered to individual employees is related to local legal requirements as well as practices of the specific subsidiaries. Employees of some companies receive jubilee or other long-service benefits upon having served the company for a certain number of years. Such provisions are measured at their present value, considering benefit entitlements of employees based on years of service.

Other employee benefits

Other employee benefits include items such as liabilities for bonuses, vacation claims and payroll liabilities.

2.22. Changes in accounting policies and disclosures**New and amended standards and interpretations**

New standards and amendments to standards are applied from the effective date following the EU-Endorsement as applicable. Ottobock does not apply standards/amendments early unless stated otherwise.

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback

The amendment issued in September 2022 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendment applies retrospectively to annual periods beginning or after 1 January 2024 with earlier application permitted.

The Group is currently not engaged in transactions that are subject to this amendment.

Amendments to IAS 1 – Non-current liabilities with covenants

In October 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional information on covenants and related liabilities is required in the notes. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

Following the amendments, the Group has provided additional disclosures on covenants in section 4 Capital management.

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

The amendments issued to IAS 7 and IFRS 7 in May 2023 require specific disclosures about supplier finance arrangements (SFAs). An SFA is an arrangement in which a finance provider will pay the amount an entity owes its suppliers, and the entity agrees to pay on the same date as, or later than, suppliers are paid. In a typical arrangement, the entity receives extended payment terms, or its suppliers receive early payment terms, compared with the invoice payment due date. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangement. Please refer to note 26 Payables from reverse factoring and 28.2 Risk management objectives and policies.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these

standards, if applicable, when they become effective and follow their required EU-endorsement as applicable.

Introduction of IFRS 18 – Presentation and Disclosure in Financial Statement

The IASB issued IFRS 18 in April 2024, which replaces *IAS 1 – Presentation of Financial Statements*. The standard introduces new requirements for the presentation of the statement of profit or loss, including specific totals and subtotals. Additionally, entities must classify all income and expenses in the statement of profit or loss into one of the following five categories: operating, investing, financing, income taxes, and discontinued operations.

IFRS 18 also requires the disclosure of newly defined management performance measures. The standard also includes new requirements for aggregation and disaggregation of financial information. These requirements are structured around the distinct "roles" of the primary financial statements and the notes.

Additionally, narrow-scope amendments have been made to *IAS 7 – Statement of Cash Flows*. These changes include shifting the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss', and eliminating the option to choose how cash flows from dividends and interest are classified. There are also consequential amendments to several other standards.

IFRS 18 and the related amendments to other standards are effective for reporting periods beginning on or after 1 January 2027, with early application allowed and required to be disclosed. IFRS 18 will be applied retrospectively.

The Group is currently assessing the full impact these amendments will have on its primary financial statements and related notes.

Other accounting standards or amendments

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 21 – Lack of Exchangeability
- Annual Improvements to IFRS Accounting Standards – Volume 11
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management Note 4
- Risk management objectives and policies Note 28.2
- Sensitivity analyses disclosures in Note 13 Goodwill, Note 28.2 Risk management objectives and policies and Note 29 Employee benefits

Judgements

Internally generated intangible assets

In respect of internally generated intangible assets, judgement, assumptions and estimates need to be applied by the Group regarding the recognition criteria set out within the respective accounting standard. The determination of a threshold to distinguish between research costs and developments costs requires management's judgement. The Group capitalizes costs for product development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions. This includes significant investment in the development of new healthcare products, licenses and patents. Furthermore, the estimation of the useful lives for internally generated intangible assets to determine an amortization period as well as the amortization method includes Group management's judgement.

Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The majority of lease contracts relate to real estate that may contain a contract period of more than 25 years and/or may include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group regularly reassesses the lease term and in case there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Estimates and assumptions

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared, excluding non-adjusting events which occurred after the balance sheet date (e.g., business combinations effected in 2025). Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in

use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the post-tax discount rate used for the DCF model as well as the EBIT margin terminal value and the terminal value growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 13 Goodwill.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimation also requires determination of the most appropriate inputs to the valuation model. Key inputs include the expected amount of vested performance units and the realized value creation pool at the projected exit date. The considered inputs vary with regards to the specific valuation parameters by participant and thus cannot be outlined on an aggregated level. The assumptions and models used for estimating fair value for share-based payment transactions are market standard. The Group considers factors that knowledgeable, willing market participants would consider in selecting the option pricing model and the relevant input parameter to apply.

Further information to share-based payments are disclosed in Note 30 Share-based payments.

Deferred Taxes

Generally deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and the level of future taxable profits, together with future tax planning strategies.

The remaining unrecognized tax losses and interest carryforward relate to subsidiaries that have a history of losses, do expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward and interest carryforward.

Further details on deferred taxes are disclosed in Note 10 Income tax.

Business combinations

Upon the occurrence of business combinations, significant estimations and assumptions are made in the determination of the fair value of the consideration transferred (including contingent consideration) and fair value of the identified assets (especially patient relationships, brands and technologies) and liabilities assumed.

Further details are provided in Note 6 Acquisitions and disposals.

At acquisition date, contingent considerations were recognized at fair value and remeasured at the reporting date. The fair values were determined using the DCF.

4. Capital management

The objectives of capital management are to maintain and strengthen the financial substance and to ensure the flexibility of the Group. Particular attention is paid to the sustainable structure of balance sheet liabilities, especially regarding the capital structure, maturity profiles and a selected group of investors. Ottobock aims for an investment grade rating. Company acquisitions, which are part of Ottobock's growth strategy, can temporarily increase the level of debt. Capital management monitors the compliance with respective financial covenants at all times.

The managed capital consists of a diversified mix of financing instruments e.g., revolving credit facilities, term loans, promotional loans and assignable loans and amounts to committed gross debt facilities of € 1,104 million as of 31 December 2024 (2023: € 1,062 million). At the beginning of the reporting period, Ottobock successfully refinanced a revolving credit facility with a nominal value of € 660 million originally maturing in 2026 by entering into a new syndicated loan agreement with a nominal value of € 850 million and a maturity of five years. The syndicated loan comprises two tranches, of which € 400 million are granted as a term loan and € 450 million as a revolving loan. The nominal value can be increased to € 1 billion. The syndication was completed in April 2024.

The Group's most important capital management figure is the leverage as it is a financial covenant in loan agreements with corresponding regulations. Leverage is calculated as a ratio of net debt to reported EBITDA less other taxes and adjusted for extraordinary income and expenses, whereby a maximum of 10% of reported EBITDA less other taxes can be adjusted. The 10% threshold for extraordinary income and expenses may be increased for costs associated with a possible IPO.

As of 31 December 2024, loan agreements with financial covenants amount to € 950 million (2023: to € 760 million). Other indicators monitored include, for example, the ratio of EBITDA to net interest expenses as well as the equity ratio.

The syndicated loan is subject to the following covenant: The ratio of net debt to reported EBITDA less other taxes is not higher than 4,25x for any testing occurring on or before 30 September 2025, not higher than 4,00x for any testing occurring after 30 September 2025 and on or before 30 September 2026 and not higher than 3,75x occurring after 30 September 2026.

The promotional loan is subject to the following covenant: The ratio of net debt to reported EBITDA less other taxes is not higher than 4,28x (2023: 4,28x).

As of 31 December 2024, the ratio of net debt to reported EBITDA less other taxes is 3.43x (2023: 3.90x) according to the syndicated loan definitions and 3.43x according to the promotional loan definitions.

The covenant is tested half-yearly, on 30 June and 31 December. Breaches in meeting the financial covenants would permit the banks to recall loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in 2024 or previous periods. The Group has no indication that it will have difficulty complying with the covenant.

No changes were made in the objectives, policies or processes for managing capital.

5. Group information

The consolidated financial statements of the Group include:

Consolidated subsidiaries

Name	Country of incorporation	% equity interest 2024
EMEA		
Ottobock SE & Co. KGaA	Germany	parent company
Otto Bock Algeria EURL	Algeria	100
Otto Bock Healthcare Products GmbH	Austria	100
Pohlig Austria GmbH & Co. KG	Austria	100
Pohlig Austria GmbH	Austria	100
nstim Services GmbH	Austria	100
V!GO International NV	Belgium	100
V!GO NV	Belgium	100
Otto Bock Adria d.o.o. Sarajevo	Bosnia-Herzegovina	100
Otto Bock Bulgaria LTD	Bulgaria	100
Ottobock Manufacturing Bulgaria EOOD	Bulgaria	100
Otto Bock Adria d.o.o.	Croatia	100
Otto Bock ČR s.r.o.	Czech Republic	100
Sahva A/S	Denmark	100
AS Otto Bock Estonia	Estonia	100
Respecta OY	Finland	100
Otto Bock France SARL	France	100
La Prothese Generale SA	France	100
Ottobock Reseau Orthopedie et Services	France	100
John + Bamberg GmbH & Co. KG	Germany	100
John + Bamberg Verwaltungs GmbH	Germany	100
Otto Bock HealthCare Deutschland GmbH	Germany	100
Otto Bock HealthCare Beteiligungen GmbH	Germany	100
Otto Bock HealthCare Besitz- und Verwaltungs GmbH	Germany	100
Otto Bock Manufacturing Königsee GmbH	Germany	100
Otto Bock Mobility Solutions GmbH	Germany	100
Ottobock MedicalCare GmbH	Germany	100
Pohlig GmbH	Germany	100
plus medica OT GmbH	Germany	100
Orthopädie Brillinger GmbH & Co. KG	Germany	100
Brillinger Verwaltungs GmbH	Germany	100
IOT Gesellschaft für innovative Orthopädie-Technik mbH	Germany	100
nstim GmbH	Germany	100
SUITX GmbH	Germany	100
ottobock.care GmbH	Germany	100
Otto Bock Hungaria Kft.	Hungary	100
Independent Disablement Services Limited	Ireland	100

Consolidated subsidiaries

Medifix Healthcare Limited	Ireland	100
Neobock Ltd.*	Israel	50
Eshed Advanced Orthopedics Ltd.	Israel	66,7
Technoleg Orthopedic Institute Ltd.	Israel	100
Otto Bock Italia Srl	Italy	100
Otto Bock Soluzioni Ortopediche Srl	Italy	100
Ottobock Kenya Limited	Kenya	100
Ottobock (Mauritius) Ltd.	Mauritius	100
Otto Bock Maroc SARL	Morocco	100
Otto Bock Benelux B.V.	Netherlands	100
Otto Bock Holding B.V.	Netherlands	100
Albatros Son Holding B.V.	Netherlands	100
Otto Bock MP B.V.	Netherlands	100
Otto Bock Equipment B.V.	Netherlands	100
Veldink Rolstoeltechniek B.V.	Netherlands	100
Livit Orthopedie B.V.	Netherlands	100
Livit Schoentechneik B.V.	Netherlands	100
G.M. Medical Bracing B.V.	Netherlands	100
Schonagen Orthopedische Schoentechneik B.V.	Netherlands	100
Otto Bock Polska Sp. z o.o.	Poland	100
Industria Ortopedica Otto Bock Limitada	Portugal	100
Ortho-Fix LDA	Portugal	100
Otto Bock Romania SRL	Romania	100
Otto Bock Servicii Ortopedice S.R.L.	Romania	100
OOO Otto Bock Service Moskau	Russia	100
Otto Bock - Orthopedic Technique LLC	Russia	100
OOO Otto Bock Yekaterinburg	Russia	100
OOO Otto Bock St. Petersburg	Russia	100
Otto Bock Mobility LLC	Russia	100
Otto Bock Sava d.o.o.	Serbia	100
Otto Bock Slovakia s.r.o.	Slovakia	100
Otto Bock South Africa (Pty) Ltd	South Africa	100
Otto Bock S A Holding (Pty) Ltd.	South Africa	100
Otto Bock Iberica S.A.	Spain	100
Otto Bock Scandinavia AB	Sweden	100
Aktiv Ortopedteknik i Värmland AB	Sweden	100
Aktiv Ortopedteknik i Sverige AB	Sweden	100
Exoneural Network AB	Sweden	100
Otto Bock Suisse AG	Switzerland	100
Otto Bock Ortopedi ve Rehabilitasyon Teknigi LS	Turkey	100
Otto Bock Medikal Hizmetleri Ltd Sti.	Turkey	100
Proklinik Sağlık Hizmetleri Sanayi ve Dış Ticaret Anonim Şirketi	Turkey	51
Bilimop Ortopedi Anonim Şirketi	Turkey	70
Otto Bock HealthCare PLC	UK	100
Dorset Orthopaedic Company Limited	UK	100
Ensco 1214 Ltd.	UK	100
Ensco 1212 Ltd.	UK	100
Ottobock Ukraine LLC	Ukraine	100
Otto Bock Middle East FZ-LLC Dubai	United Arab Emirates	100

*The Group consolidates this entity as it has the power over the relevant activities.

Americas

Otto Bock Argentina S.A.	Argentina	100
Otto Bock do Brasil Tecnica Ortopedica LTDA	Brazil	100
Clínica de Reabilitação Ottobock Sao Paulo Ltda.	Brazil	100
Polior Industria e Comercio de Produtos Ortopedicos Ltda.	Brazil	100
OTTOBOCK INDÚSTRIA, COMÉRCIO, IMPORTAÇÃO, E EXPORTAÇÃO DE PRODUTOS ORTOPEDICOS E CADEIRAS DE RODAS LTDA	Brazil	100
Otto Bock HealthCare Canada Ltd.	Canada	100
Otto Bock Chile SpA	Chile	100
Otto Bock HealthCare Andina SAS	Colombia	100
Orthopraxis SAS	Colombia	51
Otto Bock de Mexico S.A. de C.V.	Mexico	100
Otto Bock HealthCare Andina SAS	Peru	100
Ottobock Uruguay S.A.	Uruguay	100
Otto Bock HealthCare Limited Partnership	USA	100
Otto Bock HealthCare North America Inc.	USA	100
Otto Bock HealthCare U.S. Inc.	USA	100
Otto Bock HealthCare US Participation LP	USA	100
Otto Bock HealthCare US Management Inc.	USA	100
Otto Bock Orthopedic Services LLC	USA	100
Otto Bock Patient Care, LLC	USA	90,5
Ottobock GP, LLC	USA	100
Wright & Filippis. LLC	USA	100
Wright & Filippis. Southeast, LLC	USA	100
Carolina Orthotics & Prosthetics, LLC (MI)	USA	100
Prosthetics/Orthotics Consulting Service	USA	75
Active Life Health LLC	USA	90
Active Life LLC	USA	100
Active Life Orthotics and Prosthetics Corporation	USA	100
suitX, Inc.	USA	100

APAC

Otto Bock Australia Pty Ltd	Australia	100
Southern Prosthetics & Orthotics Pty. Ltd.	Australia	100
Ottobock (China) Industries Co. Ltd	China	100
Otto Bock Asia Pacific Limited	China	100
Otto Bock International (Beijing) Co. Ltd.	China	100
Ottobock (Shanghai) Orthopedics Co., Ltd.	China	100
Otto Bock HealthCare India Private Ltd.	India	100
Otto Bock Japan K.K.	Japan	100
Otto Bock Korea HealthCare Co. Ltd.	South Korea	100
Ottobock Lanka (Private) Limited	Sri Lanka	100
Otto Bock South East Asia Co., Ltd.	Thailand	100

Unconsolidated subsidiaries

Name	Country of incorporation	% equity interest 2024
EMEA		
Otto Bock Ortopaedic Services S.A.E.	Egypt	100
APAC		
Otto Bock Holding South East Asia Co., Ltd.	Thailand	100

Associated companies accounted for using the equity method*

Name	Country of incorporation	% equity interest 2024
EMEA		
EproTec GmbH	Germany	25
Americas		
Prosthetics Consulting Services, LLC	USA	50
Pro-Care, LLC	USA	33,33
MUSC Prosthetics Orthotics Services LLC	USA	49
APAC		
Qingdao Ao Kang Rehabilitation & Assistive Device Co. Ltd.	China	40
SiChuan ZhongdeaoLi Prosthetics and Orthotics Co., Ltd.	China	30

Other investments*

Name	Country of incorporation	% equity interest 2024
EMEA		
Biogas Duderstadt GmbH & Co. KG	Germany	25,07
Biogas Duderstadt Verwaltungs GmbH	Germany	25,07
DUNA S.R.L.	Italy	7,65
ONWARD Medical N.V.	Netherlands	10,1

*The unconsolidated subsidiaries and the other investments are reported under non-current financial assets. Other investments are those investments for which the Group does not have significant influence over the investees as it does not have the power to participate in the financial and operating policy decisions of the investees.

In 2024, Ottobock has undertaken a number of organizational changes to simplify the existing legal structure and streamline its operations. For this purpose, legal entities in Ecuador and the United Kingdom were closed and legal entities in Germany, Austria, Belgium, the Netherlands, Sweden and the USA were merged into local Ottobock subsidiaries. Furthermore, three subsidiaries were sold in 2024 (see section 6 Acquisitions and disposals).

6. Acquisitions and disposals

Acquisitions in 2024

Acquisition of Sahva

On 10 July 2024, Otto Bock Scandinavia AB, Sweden, acquired 100% of the shares in Sahva A/S, Denmark (thereinafter Sahva). Sahva is a leading professional supply network for orthopedic technology in Denmark with more than 30 clinics.

With the acquisition of Sahva, Ottobock enlarges its patient care network by entering the Danish market and strengthening the group's presence in Scandinavia. Accordingly, the business operations of Sahva will be integrated into the segment Europe, Middle East and Africa (EMEA).

From the date of acquisition until 31 December 2024, Sahva contributed € 20.7 million of revenue and € 1.9 million to profit before tax from continuing operations of the Group. Had Sahva already been consolidated as of 1 January 2024, Sahva would have generated revenue of € 39.1 million and a profit before tax of € 3.3 million for the Group.

The Group incurred acquisition-related costs of € 0.4 million on due diligence and legal costs. These costs have been included in other operating expenses.

The consideration transferred amounts to € 38.1 million and is defined as the enterprise value minus net debt plus working capital. An amount of € 30.0 million was fully paid in cash. The remaining part of the consideration with an amount of € 8.1 million is due as a deferred payment in 2025.

The fair values of the identifiable assets and liabilities of Sahva as at the date of acquisition were:

million €	Fair value recognized on acquisition
Property, plant and equipment	0.5
Intangible assets	17.7
Right-of-use assets	3.6
Other non-current financial assets	0.4
Deferred tax assets	0.1
Non-current assets	22.3
Inventories	2.4
Trade and other receivables	4.9
Cash and cash equivalents	2.0
Other current assets	0.3
Current assets	9.6
Total assets	31.9
Lease liabilities	2.7
Deferred tax liabilities	3.9
Non-current liabilities	6.6
Lease liabilities	0.9
Trade and other payables	1.8
Other current financial liabilities	0.1
Income tax payable	0.7
Employee benefits	3.3
Other current liabilities	1.5
Current liabilities	8.4
Total liabilities	15.0
Total equity and liabilities	31.9
Total identifiable net assets at fair value	16.9
Goodwill arising on acquisition	21.2
Acquisition date fair value	38.1

The goodwill is attributable mainly to revenue and cost synergies expected to be achieved from integrating the company into the Group's existing business in Scandinavia. None of the goodwill recognized is expected to be deductible for tax purposes.

The trademark was valued at € 3.6 million as an intangible asset. The brand "Sahva" is well known in Denmark and associated with high-quality products and high-quality services. The trademark is recognized at fair value using the Relief-from-Royalty Method.

Customer relationships were valued at € 14.1 million as a customer-related intangible asset. The company has direct business relationships with patients with reduced mobility for patient care and orthopedic products. This leads to a long-lasting customer relationship creating value for the company as the business model relies on the connection with the customers. Patient relationships are recognized at fair value using the Multi-Period Excess Earnings Method (MEEM).

The fair value of the trade receivables amounted to € 4.9 million. The gross amount of trade receivables was € 4.9 million, and it is expected that the full contractual amounts can be collected.

Acquisitions of non-controlling interests in 2024

In January 2024, the Group acquired the remaining 15% of shares in Wright & Filippis, LLC, USA, and simultaneously sold 100% of its shares in A4 Access, LLC, USA. The net purchase consideration amounted to € 2.0 million.

Also in January 2024, the Group acquired 49% of the outstanding shares in plus medica OT GmbH, Germany, for a purchase consideration of € 200 thousand.

In March 2024, the Group acquired 51% of the outstanding shares in Ortho-Fix LDA, Portugal. The purchase price of € 1.6 million was paid in cash.

Other acquisitions in 2024

In October 2024, the Group acquired a non-controlling interest of 10% in ONWARD Medical N.V., Netherlands listed at the Euronext stock exchange. The purchase price amounted to € 22.5 million. The investment is measured at fair value according to IFRS 9. The value changes of this investment are recognized in OCI in accordance with the policy choice provided by IFRS 9 due to the volatility resulting from the stock exchange listing.

Three further share deals took place in 2024 that neither individually nor collectively have a significant impact on the Group's financial statements. The considerations transferred amounted to € 482 thousand and net cash acquired totaled € 38 thousand.

Disposals in 2024

In May 2024, management committed to a plan to sell Cascade Orthopedic Supply, LP and its subsidiary Ortoped ULC which were part of the segment Americas. Cascade is a wholesale distributor of orthotics, prosthetics, materials and equipment in the U.S. and Canada. In accordance with IFRS 5, the associated assets and liabilities were consequently presented as held for sale and an impairment allocated to goodwill of € 15.2 million was recognized as of 30 June 2024. The sale of the subsidiary was completed on 27 September 2024 for € 7.2 million, resulting in a gain on disposal of € 0.5 million.

7. Operating segments

The Group has the following three reportable segments.

Reportable segments	Operations
Europe, Middle East and Africa (EMEA)	Manufacturing and distributing of prosthetic, orthotic and neurostimulation products
Americas	
Asia Pacific (APAC)	

The operating segments are based on the location of the entities and reflect the Group's management structure and the way financial information is regularly viewed by the chief operating decision maker.

There are various transactions between the different segments. These transactions include the transfer of products, materials and shared distribution services while manufacturing operations and central group functions are allocated to the respective segments. Intersegment pricing is determined on an arm's length basis.

Segment revenue and underlying profit (loss) before interest, tax, depreciation and amortization (underlying EBITDA) are used by management to measure the performance of Ottobock. Management assesses this information as the most relevant for the evaluation of Ottobock's operating results. Segment assets and liabilities are not regularly reported to the management. Underlying EBITDA is defined as EBITDA adjusted for extraordinary items. Extraordinary items are expenses and income in connection with acquisitions, divestments, restructuring activities and special projects which distort sustainable profitability.

2024 million €	Reportable Segments			Elimination	Total
	EMEA	Americas	APAC		
External revenues	1,074.5	424.3	105.8	-	1,604.6
Intersegment revenue	4.0	4.7	-0.6	-8.1	-
Segment revenue	1,078.5	429.0	105.2	-8.1	1,604.6
Underlying EBITDA	248.4	54.2	23.6	-	326.2

2023 million €	Reportable Segments			Elimination	Total
	EMEA	Americas	APAC		
External revenues	965.5	429.1	100.4	-	1,495.0
Intersegment revenue	5.9	-1.3	-0.8	-3.8	-
Segment revenue	971.4	427.8	99.6	-3.8	1,495.0
Underlying EBITDA	215.9	47.4	20.8	-	284.2

2022 million €	Reportable Segments			Elimination	Total
	EMEA	Americas	APAC		
External revenues	821.5	414.6	98.1	-	1,334.2
Intersegment revenue	3.8	1.1	-1.0	-3.9	-
Segment revenue	825.3	415.7	97.1	-3.9	1,334.2
Underlying EBITDA	180.3	41.1	18.4	-	239.8

million €	2024	2023	2022
Profit before tax	78.7	77.4	94.4
Financial result	64.6	47.4	-16.7
Operating profit	143.3	124.7	77.6
Depreciation and amortization	130.0	122.3	115.3
Impairment	25.9	1.7	5.2
EBITDA	299.2	248.7	198.1
Restructuring and major corporate projects	17.9	16.9	21.0
Mergers, acquisitions and divestments	9.1	14.7	15.2
Other	-	3.9	5.5
Underlying EBITDA	326.2	284.2	239.8

The geographic information for revenue is based on the geographic location of the customers; the analysis does not indicate any reliance on a single or group of major customers. The non-current assets are regionally allocated based on the respective company location.

External revenue and non-current assets are regionally distributed as follows:

Revenue

million €	2024	2023
EMEA	1,069.4	965.3
thereof Germany	270.9	261.1
Americas	426.0	427.2
thereof United States of America	360.2	366.5
APAC	109.2	102.5
thereof Australia	29.6	28.2
Total revenue	1,604.6	1,495.0

Non-current assets

million €	31 December 2024	31 December 2023
EMEA	1,019.4	972.0
thereof Germany	347.1	348.5
Americas	243.8	280.5
thereof United States of America	235.5	269.4
APAC	35.7	35.2
thereof Australia	11.5	11.0
Total non-current assets	1,299.0	1,287.7

8. Revenue

In the following table, revenue from contracts with customers is disaggregated by geographical regions (reportable segments, see Note 7) and product categories including a distinction between core and non-core revenues:

2024

million €	EMEA	Americas	APAC	Total
Products and components (B2B)	472.8	232.5	72.3	777.6
Patient care (B2C)	531.9	83.5	24.1	639.5
Core revenue	1,004.6	316.0	96.4	1,417.1
Non-core revenue*	55.1	108.3	8.6	172.1
Total revenue from contracts with customers	1,059.8	424.3	105.0	1,589.1
Rental sales	14.7	-	0.8	15.5
Total revenue (as reported in Note 7)	1,074.5	424.3	105.8	1,604.6

2023

million €	EMEA	Americas	APAC	Total
Products and components (B2B)	423.6	206.5	68.4	698.5
Patient care (B2C)	475.4	84.2	21.7	581.3
Core revenue	898.9	290.7	90.1	1,279.8
Non-core revenue*	56.7	138.2	9.7	204.5
Total revenue from contracts with customers	955.6	428.9	99.8	1,484.3
Rental sales	9.9	0.2	0.7	10.8
Total revenue (as reported in Note 7)	965.5	429.1	100.4	1,495.0

2022

million €	EMEA	Americas	APAC	Total
Products and components (B2B)	386.6	189.9	64.3	640.9
Patient care (B2C)	375.1	91.3	23.1	489.5
Core revenue	761.7	281.2	87.4	1,130.4
Non-core revenue*	51.1	133.0	10.4	194.5
Total revenue from contracts with customers	812.8	414.2	97.8	1,324.8
Rental sales	8.8	0.3	0.3	9.4
Total revenue (as reported in Note 7)	821.6	414.5	98.1	1,334.2

*Non-core comprises revenues generated by subsidiaries or business areas which have been divested or closed or for which a divestment or closure within the next 18 months was approved by the board.

Non-core revenues refer to the divestment of A4 Access, LLC and Cascade Orthopedic Supply, LP and its subsidiary Ortoped ULC as well as the closure of Active Life Health LLC and its subsidiaries Active Life LLC and Active Life Orthotics and Prosthetics Corporation. Due to the envisaged divestment of the Human Mobility business and Otto Bock Orthopedic Services LLC, corresponding revenues are also shown as non-core.

In 2024, € 23.1 million of the total non-core revenues are attributable to the patient care (B2C) business (2023: € 29.0 million, 2022: € 24.6 million). The remainder of € 149.0 million is attributable to the products and components (B2B) business (2023: € 175.5 million, 2022: € 169.9 million).

In 2024, € 5.4 million of the total rental sales are attributable to the products and components (B2B) business (2023: € 1.4 million, 2022: € 1.3 million). The remainder of € 10.1 million is attributable to the patient care (B2C) business (2023: € 9.4 million, 2022: € 8.0 million).

The following table provides information about receivables and contract liabilities from contracts with customers.

million €	31 December 2024	31 December 2023
Trade receivables	214.4	223.9
Contract liabilities	66.4	60.9

Trade receivables are non-interest-bearing (refer to 2.8 Revenue from contracts with customers for general terms).

Contract liabilities mainly include prepayments on customer orders as well as deferred revenues for outstanding services related to the corresponding warranties and service packages (service-

type warranties). In 2024, € 28.1 million included in contract liabilities at the beginning of the year were recognized as revenue (2023: € 25.2 million).

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as of 31 December is as follows:

million €	31 December 2024	31 December 2023
Within one year	31.4	28.8
More than one year	35.1	32.1
Total contract liabilities	66.4	60.9

The remaining performance obligations expected to be recognized in more than one year mainly relate to the service packages and guarantees which will be realized between three and six years.

9. Other income and expenses

9.1. Other income

The following table illustrates the other income:

million €	2024	2023
Foreign exchange gains	10.3	49.0
Profit on sale of fixed assets	0.5	0.3
Release of non-operating provisions	0.1	0.1
Remaining other operating income	3.3	15.6
Total other income	14.2	64.9

In 2023, the remaining other operating income mainly includes resolutions of provisions from share-based participations.

9.2. Other expenses

The following table represents the other expenses:

million €	2024	2023
Foreign exchange losses	-18.7	-20.4
Impairment of goodwill (see Note 6)	-15.2	-
Remaining other operating expenses	-6.5	-2.0
Total other expenses	-40.4	-22.4

The increase in remaining other operating expenses results from real estate transfer tax expenses incurred in the context of the transaction to repurchase the 20% shares of Ottobock SE & Co. KGaA.

9.3. Depreciation, amortization and impairment

Depreciation, amortization and impairment, which are included in the expenses by function, amount to € 155.8 million (2023: € 124.0 million). For further information regarding impairments, see Note 12 Intangible assets and Note 13 Goodwill.

9.4. Financial Result

The following table outlines the financial result:

million €	2024	2023*	2022*
Interest income	2.9	1.7	1.5
Interest expense	-61.5	-54.8	-31.8
Interest result	-58.6	-53.1	-30.3
Net-Result from fair value changes in derivatives	-13.7	1.4	47.8
Fair value adjustments of financial liabilities	-1.0	4.5	2.5
Result from participations and investments	1.2	1.0	1.3
Miscellaneous financial result	7.5	-1.1	-4.5
Other financial result	-6.0	5.7	47.1
Total financial result	-64.6	-47.4	16.7

*In the reporting year, the structure of the net financial result has been adjusted. Comparative figures for the two previous years have been reclassified to ensure consistency. Please refer to chapter 2.3 Changes in presentation for more details.

Interest expenses mainly include interest expenses from bank loans and interest expenses on leasing contracts.

The result from fair value changes in derivatives mainly includes income from fair value changes in foreign exchange derivatives of € 2.3 million (2023: € 17.1 million) and related expenses of € 8.8 million (2023: € 4.7 million), as well as expenses from fair value changes in interest derivatives of € 7.1 million (2023: € 11.0 million).

The miscellaneous financial result mainly contains the income and expenses on foreign exchange translations arising from the revaluation of loans, as well as income and expenses from hyperinflation accounting.

10. Income tax

Income tax expenses recorded in profit or loss are comprised as follows:

Consolidated statement of profit or loss

million €	2024	2023
Current income tax charge	-39.5	-28.2
Taxes for previous years	-1.3	-6.0
Current income tax expense	-40.8	-34.2
From changes in temporary differences	-6.1	-0.5
From changes in tax loss carryforwards/unused tax credits	-3.8	5.5
Deferred tax expense/(income)	-10.0	5.0
Income tax expense	-50.8	-29.3

Reconciliation of tax expense and the accounting profit multiplied by applying a combined statutory corporate income tax and trade tax rate for 2024 and 2023:

million €	2024	2023
Profit before income tax	78.7	77.4
Expected tax based on statutory tax rate of 30.5% (2023: 29.1%)	-24.0	-23.6
Foreign tax rate differential	6.4	4.2
Taxes for previous years	-4.5	-11.8
Tax rate changes	0.2	1.3
Non-deductible expenses	-7.5	-12.1
Tax exempt income	1.8	2.3
Effects due to change of permanent balance sheet differences	-12.1	4.8
Non-recognition/valuation of deferred tax asset	-3.0	8.3
Valuation allowances related to tax losses carried forward, interest expense carryforward and tax credits	-3.4	1.7
Unrecognized deferred tax assets related to tax losses carried forward, interest expense carryforward and tax credits	-1.9	-3.4
Additions/deductions for local/state/trade tax purposes	-2.7	-1.9
Others	0.0	0.8
Income taxes/effective tax rate of 64.5% (2023: 37.8%)	-50.8	-29.3

The Group is subject to the global minimum taxation (Pillar Two Model Rules), which was implemented in 2023 and took effect for the first time in 2024. Only two countries (China and India) in which the Group operates, are affected by the Pillar Two Model Rules in 2024. In China and India, the effective tax rate is currently determined to be below 15 %. However, the calculated top-up tax is not significant from a Group perspective.

The variance in effects due to change of permanent balance sheet differences of € 16.6 million compared to the previous year mainly results from non-deductible expenses for goodwill impairment and non-taxable income related to the valuation of contingent liabilities.

The reconciling item referring to the non-recognition / valuation of deferred tax asset changed in the amount of € 11.3 million mainly due to the revaluation of deferred tax assets compared to the previous year.

Deferred tax relates to the following:

million €	1 January 2024, net	Effects recognized in profit or loss	Effects recognized in OCI	FX impact	Recognized in equity	31 December 2024, net	Deferred tax asset at 31 December 2024	Deferred tax liabilities at 31 December 2024
Property, plant and equipment	1.0	0.5	-	0.1	0.0	1.6	6.2	-4.6
Intangible assets	-71.5	-5.2	-	-0.7	-4.2	-81.6	4.5	-86.1
Right-of-Use assets	-52.9	0.7	-	-0.4	1.0	-51.6	0.1	-51.6
Non-current financial assets	-4.8	0.4	0.3	-	-	-4.1	1.4	-5.6
Other non-current assets	-0.8	1.0	-	0.0	-	0.2	0.2	-
Current financial assets	0.2	-1.2	-	-	-	-1.0	0.0	-1.0
Other current assets	16.2	2.2	-	0.1	0.0	18.5	22.2	-3.7
Non-current provision and liabilities	1.7	0.5	0.1	0.0	-0.0	2.3	15.3	-13.0
Non-current financial liabilities	44.8	3.4	-	0.3	-0.7	47.9	48.0	-0.2
Current provision and liabilities	14.3	-3.7	-	-0.1	1.5	12.0	15.7	-3.6
Current financial liabilities	15.1	-1.6	-	-0.0	-0.2	13.3	13.5	-0.2
Tax Loss carryforward	91.1	3.2	-	1.6	-1.1	94.9	94.9	-
Interest expense carryforward	17.3	1.6	-	0.9	-	19.7	19.7	-
Federal tax credits	1.1	-0.2	-	0.0	-	0.9	0.9	-
Non-recognition/valuation allowances on DTA on temporary differences	-3.5	-3.2	-0.2	0.1	-0.1	-7.0	-7.0	-
Non-recognition/valuation allowances on DTA on tax loss carryforwards, interest expense carryforwards and tax credits	-36.4	-8.4	-	0.5	1.2	-43.0	-43.0	-
Tax assets (liabilities) before set-off	32.9	-10.0	0.1	2.5	-2.7	23.0	192.7	-169.7
Set-off of tax	-	-	-	-	-	-	-112.5	112.5
Net tax assets (liabilities)	32.9	-10.0	0.1	2.5	-2.7	23.0	80.1	-57.1

million €	1 January 2023, net	Effects recognized in profit or loss	Effects recognized in OCI	FX impact	Recognized in equity	31 December 2023, net	Deferred tax asset at 31 December 2023	Deferred tax liabilities at 31 December 2023
Property, plant and equipment	7.7	-6.5	-	-0.1	-0.1	1.0	5.9	-4.9
Intangible assets	-59.7	-12.2	-	0.3	0.1	-71.5	2.9	-74.4
Right-of-Use assets	-56.9	3.5	-	0.5	0.0	-52.9	-	-52.9
Non-current financial assets	-11.5	4.9	1.7	0.1	-	-4.8	0.9	-5.7
Other non-current assets	-0.2	-0.6	-	-	-0.1	-0.8	-	-0.8
Current financial assets	-1.3	1.6	-	-	-	0.2	1.1	-0.9
Other current assets	12.9	3.5	-	-0.2	-	16.2	18.5	-2.3
Non-current provision and liabilities	-1.0	2.6	0.2	-0.1	-0.0	1.7	15.0	-13.3
Non-current financial liabilities	49.7	-4.4	-	-0.5	-	44.8	47.2	-2.4
Current provision and liabilities	14.9	-1.3	-	-0.2	0.9	14.4	15.7	-1.4
Current financial liabilities	12.9	2.3	-	-0.1	-0.0	15.1	15.3	-0.2
Tax Loss carryforward	81.0	3.4	-	-2.9	9.7	91.1	91.1	-
Interest expense carryforward	16.5	1.4	-	-0.6	-	17.3	17.3	-
Federal tax credits	1.2	-0.0	-	-0.0	-	1.1	1.1	-
Non-recognition/valuation allowances on DTA on temporary differences	-9.8	6.2	-	0.0	0.1	-3.5	-3.5	-
Non-recognition/valuation allowances on DTA on tax loss carryforwards, interest expense carryforwards and tax credits	-40.5	0.7	-	1.6	1.8	-36.4	-36.4	-
Tax assets (liabilities) before set-off	15.8	5.0	2.0	-2.1	12.4	33.0	192.0	-159.1
Set-off of tax	-	-	-	-	-	-	-97.6	97.6
Net tax assets (liabilities)	15.8	5.0	2.0	-2.1	12.4	33.0	94.5	-61.5

Deferred tax assets have not been recognized in respect of tax losses of € 212.1 million (2023: € 163.1 million) and interest expense carryforwards/tax credits of € 3.8 million (2023: € 17.6 million) because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom. The split of total unrecognized and recognized tax losses and interest expense carryforwards/tax credits as per the reporting date with respect to expiration, minimum taxation rules and unlimited usability is shown in the following table:

million €	2024	2023
Unrecognized tax losses expiring within 4 years	8.3	5.3
Unrecognized tax losses expiring within 4 to 20 years	15.6	14.1
Unrecognized tax losses with unlimited usability, only subject to minimum taxation rule	157.0	119.0
Other unrecognized tax losses with unlimited usability	31.2	24.7
Non-recognition/valuation allowances on DTA on interest expense carryforward	3.8	17.1
Non-recognition/valuation allowances on DTA on tax credits	-	0.5
Total unrecognized tax losses	215.9	180.6

The deductible temporary differences for which deferred tax assets have not been recognized are further detailed below:

million €	2024	2023
Non-recognition/valuation allowances on deductible temporary differences	33.9	18.5

The temporary differences associated with investments in the Group's subsidiaries and associates, for which a deferred tax asset has not been recognized in the periods presented, aggregate to € 396.5 million (2023: € 59.9 million). The increase in 2024 is related to mergers and divestments as well as restructurings within the group.

The Group has determined that the undistributed profits of its subsidiaries and associates will not be distributed in the foreseeable future. The Group has an agreement with its associates that the profits of the associate will not be distributed until it obtains the consent of the Group. The Group does not anticipate giving such consent at the reporting date.

There are no income tax consequences attached to the payment of dividends in either 2024 or previous financial years by the Group to its shareholders.

The Group has recognized deferred tax assets only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax assets of € 50.2 million (2023: € 54.6 million) are recognized, although the utilization of these deferred tax assets depends on future taxable profits exceeding the profit from the reversal of existing taxable temporary differences and the entities to which the deferred tax assets relate having suffered a loss either in the current year or in the previous year. This relates especially to the Ottobock US-Tax Group, with deferred tax assets of € 48.0 million (2023: € 51.7 million). As the US Group's mid-term planning forecasts a positive development of results for the coming years (2025 to 2029), additional income can be generated by reducing the interest burden and therefore tax loss carry forward can be used with the next five years, we expect that the recognized deferred tax assets can be utilized.

11. Property, plant and equipment

million €	Land, land rights and buildings	Technical equipment and machines	Factory and office equipment	Other non- current tangible assets	Payments on account and in construction	Total
Cost						
At 1 January 2023	250.5	104.9	155.4	44.9	29.9	585.6
Additions	5.1	10.6	12.9	4.5	8.1	41.2
Acquisition of a subsidiary (Note 6)	1.1	0.4	0.7	0.0	0.0	2.2
Disposals	-4.5	-2.0	-7.6	-3.4	-0.5	-18.0
Reclassifications*	7.5	6.7	2.4	0.2	-20.0	-3.2
Exchange differences	-0.8	-0.4	-1.7	-0.7	-0.1	-3.7
At 31 December 2023	259.0	120.3	162.1	45.5	17.4	604.1
Additions	5.8	6.7	10.2	7.9	14.1	44.7
Acquisition of a subsidiary (Note 6)	0.0	0.0	0.6	0.0	0.0	0.6
Disposals	-2.8	-2.6	-2.0	-1.7	-8.1	-17.2
Reclassifications	6.2	-1.5	-3.8	5.0	-5.9	0.0
Exchange differences	1.1	0.3	0.8	1.0	0.0	3.2
At 31 December 2024	269.3	123.2	167.8	57.6	17.4	635.4

*In 2023, reclassifications include reallocations of payments on account and in construction (property, plant and equipment) to intangible assets and, to a minor extent, to right-of-use assets.

million €	Land, land rights and buildings	Technical equipment and machines	Factory and office equipment	Other non- current tangible assets	Payments on account and in construction	Total
Depreciation and impairment						
At 1 January 2023	-114.1	-70.6	-118.2	-30.0	-0.2	-333.1
Depreciation charge for the year	-11.4	-8.7	-12.5	-6.3	-0.5	-39.3
Disposals	4.3	1.3	6.4	3.2	0.3	15.5
Reclassifications*	-1.7	-0.4	0.0	-0.2	-0.2	-2.4
Exchange differences	0.5	0.1	1.2	0.5	0.0	2.2
At 31 December 2023	-122.5	-78.3	-123.1	-32.7	-0.6	-357.1
Depreciation charge for the year	-10.8	-8.2	-11.6	-7.4	0.0	-37.9
Impairment	-0.4	0.0	-0.1	0.0	0.0	-0.5
Disposals	2.4	0.8	0.4	1.7	0.6	5.9
Reclassifications	-3.2	1.9	1.7	-0.3	0.0	0.0
Exchange differences	-0.9	-0.2	-0.7	-0.7	0.0	-2.5
At 31 December 2024	-135.3	-84.0	-133.4	-39.5	0.0	-392.2

*In 2023, reclassifications include reallocations of payments on account and in construction (property, plant and equipment) to intangible assets and, to a minor extent, to right-of-use assets.

Net book value

At 31 December 2024	134.0	39.2	34.4	18.2	17.4	243.2
At 31 December 2023	136.5	42.0	39.0	12.8	16.8	247.0

12. Intangible assets

million €	Development costs	Patents, software and licenses	Customer relationships and trademarks	Advance payments on intangible assets	Goodwill	Total
Cost						
At 1 January 2023	293.7	150.5	73.5	11.5	520.8	1,049.9
Additions	45.7	4.4	0.8	6.0	0.1	56.9
Acquisition of a subsidiary (Note 6)	0.0	0.0	3.8	0.0	8.5	12.3
Disposals	-5.0	-1.3	-1.8	0.0	-0.1	-8.2
Reclassifications*	43.5	-25.9	0.0	-16.8	0.0	0.7
Exchange differences	-0.3	-1.4	-0.7	-0.1	-7.1	-9.5
At 31 December 2023	377.4	126.3	75.5	0.6	522.3	1,102.1
Additions	55.3	5.0	0.0	0.3	0.0	60.6
Acquisition of a subsidiary (Note 6)	0.0	0.0	18.0	0.0	20.9	39.0
Disposals	-0.8	0.0	0.0	-0.6	-15.5	-16.9
Reclassifications**	4.6	-9.1	7.0	0.1	0.0	2.6
Exchange differences	0.6	2.4	1.1	0.0	7.4	11.5
At 31 December 2024	437.1	124.6	101.7	0.4	535.1	1,198.9

*In 2023, reclassifications include reallocations of payments on account and in construction (property, plant and equipment) to intangible assets and, to a minor extent, to right-of-use assets.

**In 2024, the net reclassifications of € 0,8 million relate to an adjustment of the provisional amounts within the measurement period of a business combination.

million €	Development costs	Patents, software and licenses	Customer relationships and trademarks	Advance payments on intangible assets	Goodwill	Total
Amortization and impairment						
At 1 January 2023	-132.1	-88.2	-16.5	-0.1	-4.2	-241.1
Amortization	-15.7	-16.6	-7.0	0.0	0.0	-39.3
Impairment	-1.6	0.0	0.0	0.0	0.0	-1.6
Disposals	0.0	1.3	1.4	0.0	0.0	2.8
Reclassifications*	-12.0	16.8	0.0	-0.1	0.0	4.8
Exchange differences	0.1	0.8	0.1	0.0	0.0	1.1
At 31 December 2023	-161.2	-85.9	-22.0	-0.1	-4.2	-273.4
Amortization	-26.0	-14.1	-7.9	0.0	0.0	-48.0
Impairment	-6.9	-0.2	0.0	0.0	-15.2	-22.3
Disposals	0.1	0.0	0.0	0.0	0.0	0.1
Reclassifications**	-9.4	9.3	-1.8	0.1	0.0	-1.8
Exchange differences	-0.4	-1.5	-0.3	0.0	0.0	-2.1
At 31 December 2024	-203.8	-92.4	-32.0	0.0	-19.3	-347.6

*In 2023, reclassifications include reallocations of payments on account and in construction (property, plant and equipment) to intangible assets and, to a minor extent, to right-of-use assets.

**In 2024, the net reclassifications of € 0,8 million relate to an adjustment of the provisional amounts within the measurement period of a business combination.

Net book value

At 31 December 2024	233.3	32.1	69.7	0.4	515.8	851.3
At 31 December 2023	216.2	40.4	53.5	0.4	518.1	828.6

Capitalized development costs included borrowing costs related to development projects of € 3.3 million (2023: € 4.3 million), calculated using a capitalization rate of 4.63% during the first half of 2024 (H1 2023: 3.79%) and 5.22% during the second half of 2024 (H2 2023: 4.63%). The recoverable amount of the intangible asset that included these development costs was estimated based on the present value of the future cash flows expected to be derived from the projects (value in use), using a pre-tax measure estimated based on the historical industry average weighted-average cost of capital in accordance with IAS 36. Based on the recoverability assessment for each research and development project impairment losses of € 6.9 million (2023: € 1.6 million) have been recognized and presented in the research and development expenses. Impairment losses mainly relate to discontinued projects for which changes in market conditions and strategic priorities rendered their further development unviable for the segment EMEA.

13. Goodwill

For impairment testing goodwill acquired through business combinations is allocated to the following CGUs.

Carrying amount of goodwill per cash-generating unit

million €	31 December 2024	31 December 2023
Western Europe	331.8	309.5
North America	160.0	184.4
Asia Pacific	14.7	14.6
EEMEA*	9.3	9.6
Total goodwill	515.8	518.1

*EEMEA Eastern Europe Middle East & Africa

The Group performs its impairment test by comparing a CGU's carrying amount with the CGU's recoverable amount. The recoverable amount for all CGUs is based on the value in use of a CGU, determined by discounting the future cash flows to be generated from the continuing use of the CGU (level 3).

To calculate post-tax discount rates, the Group considers the capital structure and the beta factor of the respective peer group as well as the average tax rate of each CGU. The corresponding pre-tax discount rates used range from 12.17% - 13.56% (2023: 11.61% - 13.26%).

The cash flow projections are determined per CGU and cover a five-year period. Cash flows after the five-year period are extrapolated on the assumption of a growth rate based on management's estimate of the long-term compound annual EBITDA growth rate. The EBIT margin used in the terminal value derivation corresponds to the EBIT margin of the fifth planning year.

These key assumptions are set out below and represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2024			2023		
in %	Post-tax discount rate	Terminal value growth rate	Terminal value EBIT margin	Post-tax discount rate	Terminal value growth rate	Terminal value EBIT margin
Western Europe	9.2	2.0	18.2	8.8	1.5	17.7
North America	9.1	2.0	24.1	8.7	1.5	19.9
Asia Pacific	9.3	2.0	19.4	8.9	1.5	15.7
EEMEA	10.2	2.0	28.7	10.0	1.5	24.0

The annual impairment test did not result in the recognition of impairment losses as of 31 December 2024 (also refer to Note 6 Acquisitions and disposals regarding goodwill impairment related to a disposal group held for sale).

Reasonable deviations from the key assumptions would not lead to carrying amounts of any CGU exceeding their respective recoverable amounts.

14. Leasing

Group as a lessee

Information about leases for which the Group is a lessee is presented below:

million €	Land and buildings	Technical and factory equipment and machines	Automobiles	Total
At 1 January 2023	203.5	10.3	11.3	225.1
Additions to right-of-use assets	39.4	2.2	9.3	51.0
Disposals of right-of-use assets	-17.2	-0.0	-0.6	-17.9
Depreciation charge for the year	-34.8	-2.0	-6.8	-43.7
Exchange differences	-2.4	-0.0	-0.0	-2.4
At 31 December 2023	188.6	10.4	13.1	212.1
Additions to right-of-use assets	29.6	8.0	8.3	45.9
Disposals of right-of-use assets	-8.4	0.8	-0.4	-8.0
Depreciation charge for the year	-34.4	-2.1	-7.4	-44.0
Impairment	-3.0	-	-	-3.0
Exchange differences	1.5	0.0	0.1	1.6
At 31 December 2024	173.8	17.1	13.7	204.5

The disposal of right-of-use assets results from changes in the lease agreements and the associated rent reduction.

The following amounts were recognized in the profit and loss statement:

million €	2024	2023
Interest on lease liabilities	7.6	6.1
Variable lease payments not included in the measurement of lease liabilities	0.1	0.1
Income from sub-leasing right-of-use assets presented in revenue	-1.4	-0.3
Expenses relating to short-term leases	1.2	0.9
Expenses relating to leases of low-value assets, excluding short-term leases of low-values assets	2.0	1.5

The total cash outflow for leases recognized in the statement of cash flows in 2024 amounted to € 53.6 million (2023: € 50.3 million), thereof € 50.3 million (2023: € 47.9 million) are included in the cash flows from financing activities.

In addition to cash outflows for the interest and principal portion of recognized lease liabilities, the cash outflow for leases also includes lease payments for unrecognized leases for low-value assets as well as for short-term leases. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 33 Commitments and contingencies.

Some real estate leases contain extension options exercisable by the Group. Extension options that are reasonably certain have been considered in the initial measurement of the lease liability. The Group has estimated that the potential future lease payments for extension options that are not reasonably certain, should it exercise the extension option, would result in an increase in lease liability of € 19.9 million. No material cash outflows attributable to variable lease payments and residual value guarantees are expected.

For information on lease liabilities refer to Note 28 Financial Instruments.

Group as a lessor

The Group leases out wheelchairs and has classified these leases as operating leases. The respective assets are presented in technical equipment and machines in the amount of € 3.0 million (2023: € 2.4 million).

The Group recorded income (included in revenue) from wheelchair leases in the amount of € 9.0 million (2023: € 8.1 million) and respective interest income of € 0.2 million (2023: € 0.1 million) in the reporting period.

15. Other financial assets

Other financial assets consist of the following:

million €	31 December 2024	31 December 2023
Equity investments	24.0	-
Loans	6.0	2.1
Rent deposits	4.1	3.5
Lease receivables	1.8	1.0
Other financial assets	2.8	4.3
Total other financial assets	38.7	10.9
Current	5.0	5.1
Non-current	33.7	5.8

In 2024, equity investments mainly include the shares in ONWARD Medical N.V., Netherlands, acquired for a purchase price of €22.5 million. On the reporting date, the fair value of the investment amounted to €23.5 million, and the value change was recognized in other comprehensive income.

16. Inventories

million €	31 December 2024	31 December 2023
Raw materials	85.5	70.0
Merchandise	33.7	42.5
Work in progress	28.3	27.1
Finished goods	73.5	69.4
Total inventories	221.0	209.0

In 2024, inventories of € 792.9 million (2023: € 792.6 million) were recognized as an expense during the year and included in cost of sales. During 2024, € 0.5 million were recognized as an income for inventories carried at net realizable value (2023: € 0.2 million).

17. Trade and other receivables

Trade and other receivables, which are non-interest-bearing and due within one year, include net trade receivables (after impairment), receivables from affiliates and other receivables as follows:

million €	31 December 2024	31 December 2023
Trade receivables	214.4	223.9
Government grants receivable	5.8	5.9
Receivables from affiliates	1.1	1.2
Other receivables	2.4	2.4
Total trade and other receivables	223.6	233.4

Other receivables mainly include insurance claim receivables (2024: € 2.4 million, 2023: € 2.4 million). More information on trade receivables with respect to credit exposures and impairment losses is disclosed in Note 28.2 Risk management objectives and policies.

18. Other assets

Other current assets comprise of the following:

million €	31 December 2024	31 December 2023
Prepayments	27.5	25.3
VAT receivables	12.7	10.9
Vendor bonuses and travel advances	3.0	3.0
Other tax assets	0.1	0.6
Miscellaneous other assets	5.6	7.4
Total other assets	48.9	47.2
Non-current assets	2.2	2.9
Current assets	46.7	44.3

Prepayments mainly relate to prepaid expenses for insurance, rent and other operating advances.

19. Cash and cash equivalents

million €	31 December 2024	31 December 2023
Cash at banks	75.8	64.1
Cash in hands and cheques	0.9	1.2
Cash and cash equivalents	76.7	65.3

Cash and cash equivalents do not include restricted cash items which are presented as part of the other assets. Those mainly relate to rent deposits provided as collateral in favor of the lessor.

20. Capital and reserves

20.1. Subscribed capital and share premium

In financial years 2023 and 2024, the subscribed capital of Ottobock SE & Co. KGaA is comprised of 5,475,000 ordinary registered shares with no par value and a notional value of € 1.00 per share. The shares are fully paid in. Each share has one vote and accounts for the shareholder's proportionate share in net income. All shares confer the same rights and obligations.

Share premium includes the additional amounts shareholders of Ottobock SE & Co. KGaA paid in excess of the notional value of the shares. Share premium also includes € 108.7 million as a result of shareholder contributions not (fully) linked to increases in subscribed capital. Premiums in accordance with Article 272 paragraph 2 No. 4 German Commercial Code are freely available.

20.2. Other comprehensive income

Other reserves as of 31 December 2024

million €	Gross value	Deferred tax	Net Value
Cash flow hedge reserve	-4.2	1.3	-2.9
Revaluation reserve for defined benefit plans	1.3	-0.6	0.7
Fair value reserve for equity instruments (FVOCI)	1.0	-0.3	0.7
Items accumulated in other reserves	-1.9	0.3	-1.5

Other reserves as of 31 December 2023

million €	Gross value	Deferred tax	Net Value
Cash flow hedge reserve	-2.3	0.7	-1.6
Revaluation reserve for defined benefit plans	1.7	-0.5	1.3
Fair value reserve for equity instruments (FVOCI)	-	-	-
Items accumulated in other reserves	-0.5	0.2	-0.3

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at FVOCI.

Defined benefit plans reserve

Actuarial gains and losses from defined benefit plan commitments, including their respective tax effects, are included in pension reserves. For further details, see Note 29 Employee benefits. The amounts included in here will not be recycled to profit and loss in future.

Cash flow hedge reserve

Amounts recognized in other comprehensive income as part of an effective hedging relationship are transferred to the cash flow hedging reserves. In particular, these are fluctuations in the fair value of interest and currency hedges as well as their respective tax effects. The amounts included in the reserve will generally be recycled to profit or loss at the time the hedged transaction affects profit or loss. Further reference is made to Note 28.2 Risk management objectives and policies (Hedge Accounting) and the accounting policies section in 2.16.

Foreign currency translation reserve

Translation differences from the annual financial statements of foreign subsidiaries without an effect on profit or loss are recognized in the currency translation adjustment.

20.3. Dividends

The dividend declared of € 15.0 million for fiscal year 2023 was paid in 2024.

21. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Since no dilutive potential ordinary shares exist, diluted EPS equals basic EPS.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

		2024	2023
Profit attributable to ordinary equity holders of the parent for basic earnings	million €	30.2	49.0
Weighted average number of ordinary shares for basic EPS	thousand	5,475	5,475

22. Interest-bearing loans and borrowings

The Group's debt structure is supported by several pillars. Bonded loans of € 153.5 million were drawn at the end of 2024 (2023: € 301.5 million) consisting of several tranches with maturities between 2026 and 2028. Furthermore, at the beginning of 2024 Ottobock signed an underwriting agreement to refinance the revolving credit facility in the amount of € 660 million with a syndicated loan in the amount of € 850 million having a maturity until 2029 (refer to Note 4 Capital management). Additionally, a promotional loan from the Europäische Investitionsbank (EIB) is used to finance research and development projects. The loan has a nominal amount of € 100 million and has a final maturity in 2026.

These loan agreements cover both the short-term and the medium-term liquidity needs of Ottobock. Day-to-day fluctuations in capital requirements are handled with revolving short-term loans. In addition, a small portion of our borrowing needs are financed through lines of credit.

€ 720 million of the syndicated loan had been used at the end of 2024 (2023: € 540 million). For additional disclosures on financial covenants see Note 4 Capital management).

As of 31 December 2024, the Group had total available credit lines of € 130 million from the syndicated loan (2023: € 120 million). The lending banks do not demand any mortgage collateral, but some agreements require the compliance with financial covenants such as the ratio of net debt to reported EBITDA less other taxes.

23. Provisions

million €	Assurance- type warranties	Other provisions	Total
At 1 January 2024*	6.3	11.4	17.8
Additions	7.0	9.6	16.7
Utilization	-1.4	-4.5	-6.0
Releases	-0.4	-1.3	-1.7
Exchange differences	0.0	0.1	0.1
At 31 December 2024	11.5	15.3	26.8
Current	9.9	10.6	20.6
Non-current	1.5	4.7	6.2

*In the reporting year, the presentation of employee benefits, other liabilities and provisions was changed. Comparative figures for the previous year have been reclassified to ensure consistency. Please refer to chapter 2.3 Changes in presentation for more details.

The assurance-type warranties represent the statutory warranty claims. Other provisions mainly include obligations for legal risks in connection with compensation claims based on the launch of new products (€ 4.2 million), onerous contracts (€ 3.2 million) and dismantling and restoration (€ 2.0 million).

24. Other financial liabilities

The following table shows the structure of the other financial liabilities:

million €	31 December 2024	31 December 2023
Customer bonuses	15.4	14.8
Liabilities resulting from business combinations	14.0	26.5
Accrued interests on borrowings	3.9	14.9
Other financial liabilities	5.9	13.8
Total other financial liabilities	39.1	70.0
Current	31.9	53.7
Non-current	7.2	16.3

The decrease on accrued interests on borrowings is related to the refinancing agreement and resulting changes in payment dates. Other financial liabilities mainly refer to loan from a minority shareholder of a subsidiary and other financial obligations towards a shareholder of a subsidiary.

25. Trade and other payables

Trade and other payables are due within one year. At the reporting date € 0.6 million of the € 101.2 million balance account are trade payables to related parties (2023: € 15.5 million of € 106.3 million). The deviation compared to the previous year is mainly due to the outstanding payment of the dividend declared for financial year 2023 with an amount of € 15.0 million. Please refer to Note 34 Related party disclosures.

26. Payables from reverse factoring

The Group participates in a reverse factoring program to improve its working capital structures, in particular by simplifying and automating the purchase-to-pay process. The contractual partner takes on the role of an intermediary in its function as a payment transaction service provider. The payment provider issues the payments to the suppliers on behalf of Ottobock upon maturity of trade payables. The respective trade payables are not transferred to the payment provider.

Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The reverse factoring service provider grants payment terms of additional 90 days after the initial trade payables are settled. There were no significant non-cash changes in the carrying amount of financial liabilities subject to SFAs. All liabilities subject to the reverse factoring program are reported as current.

million €	31 December 2024	31 December 2023
Carrying amount of trade payables that are part of a SFA	61.8	69.0
of which suppliers have received payment	61.8	–*
Range of payment due dates		
Payables from reverse factoring (days after invoice date)	90-180	–*
Comparable trade payables (days after invoice date)	0-90	–*

*The Group applied transitional relief under Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 and has not provided comparative information in the first year of adoption.

27. Other liabilities

The structure of other liabilities is shown in the following table:

million €	31 December 2024	31 December 2023*
Other tax liabilities	24.8	33.6
Accruals for consultancy, audit and other fees	7.2	5.2
Deferred income	4.1	4.0
Government grants	3.0	1.0
Sales commitments	2.9	1.6
Other liabilities	8.0	6.6
Total other liabilities	50.0	52.0
Current	38.2	30.7
Non-current	11.7	21.3

*In the reporting year, the presentation of employee benefits, other liabilities and provisions was changed. Comparative figures for the previous year have been reclassified to ensure consistency. Please refer to chapter 2.3 Changes in presentation for more details.

28. Financial Instruments

28.1. Accounting classifications and fair values

The table provides an overview of the breakdown of financial assets and liabilities by measurement category and class. Lease liabilities and derivatives that qualify for hedge accounting are shown even though they do not belong to the IFRS 9 measurement categories. The financial assets and liabilities measured at fair value were allocated to one of three categories in accordance with the fair value hierarchy described in IFRS 13.

Carrying amounts and fair values of financial instruments as of 31 December 2024

million €	Valuation category in accordance with IFRS 9	Carrying amount	Fair value	Of which fair value level 1	Of which fair value level 2	Of which fair value level 3
Cash and cash equivalents	AC	76.7	76.7	-	-	-
Trade and other receivables	AC	223.6	223.6	-	-	-
Derivatives that qualify for hedge accounting	n.a.	1.9	1.9	-	1.9	-
Derivatives that do not qualify for hedge accounting	FVTPL	6.2	6.2	-	6.2	-
Other financial assets mandatorily measured at FVTPL	FVTPL	0.6	0.6	-	-	0.6
Other financial assets designated to be measured at FVOCI	FVOCI	23.5	23.5	23.5	-	-
Other financial assets from finance leases	n.a.	1.8	1.8	-	-	-
Other financial assets mandatorily measured at AC	AC	12.9	12.9	-	-	-
Total financial assets		347.2	347.2	23.5	8.1	0.6
Trade and other payables	AC	101.2	101.2	-	-	-
Payables from reverse factoring	AC	61.8	61.8	-	-	-
Interest-bearing loans and borrowings	AC	991.8	991.5	-	991.5	-
Lease liabilities	n.a.	213.1	-	-	-	-
Derivatives that qualify for hedge accounting	n.a.	5.5	5.5	-	5.5	-
Derivatives that do not qualify for hedge accounting	FVTPL	6.5	6.5	-	6.5	-
Other financial liabilities mandatorily measured at FVTPL	FVTPL	3.6	3.6	-	-	3.6
Other financial liabilities mandatorily measured at AC	AC	35.5	35.5	-	-	-
Total financial liabilities		1,418.9	1,205.6	-	1,003.4	3.6

Carrying amounts and fair values of financial instruments as of 31 December 2023

million €	Valuation category in accordance with IFRS 9	Carrying amount	Fair value	Of which fair value level 1	Of which fair value level 2	Of which fair value level 3
Cash and cash equivalents	AC	65.3	65.3	-	-	-
Trade and other receivables	AC	233.4	233.4	-	-	-
Derivatives that qualify for hedge accounting	n.a.	1.4	1.4	-	1.4	-
Derivatives that do not qualify for hedge accounting	FVTPL	16.8	16.8	-	16.8	-
Other financial assets mandatorily measured at FVTPL	FVTPL	0.8	0.8	-	-	0.8
Other financial assets designated to be measured at FVOCI	FVOCI	-	-	-	-	-
Other financial assets from finance leases	n.a.	1.1	1.1	-	-	-
Other financial assets mandatorily measured at AC	AC	9.1	9.1	-	-	-
Total financial assets		327.9	327.9	-	18.3	0.8
Trade and other payables	AC	106.3	106.3	-	-	-
Payables from reverse factoring	AC	69.0	69.0	-	-	-
Interest-bearing loans and borrowings	AC	968.2	967.1	-	967.1	-
Lease liabilities	n.a.	219.2	-	-	-	-
Derivatives that qualify for hedge accounting	n.a.	3.3	3.3	-	3.3	-
Derivatives that do not qualify for hedge accounting	FVTPL	1.9	1.9	-	1.9	-
Other financial liabilities mandatorily measured at FVTPL	FVTPL	19.5	19.5	-	-	19.5
Other financial liabilities mandatorily measured at AC	AC	50.5	50.5	-	-	-
Total financial liabilities		1,437.8	1,217.5	-	972.3	19.5

Financial instruments measured at fair value

Other financial assets (FVTPL) include the Group's non-listed equity investments measured at fair value level 3 which are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through monitoring and by placing limits on individual and total equity instruments. The fair value level 3 measurement is performed using established company valuation methods. Ottobock measures and accounts for investments at historical cost in case this is the best representative for fair values level 3 and if the conditions for the historical cost simplification according to IFRS 9.B5.2.4 are met.

The following table presents the changes in level 3 instruments for financial assets:

million €	31 December 2024	31 December 2023
Balance at the beginning of the period	0.8	0.8
Additions	0.0	0.0
Disposals	-0.2	0.0
Foreign currency effects	0.0	0.0
Balance at the end of the period	0.6	0.8
Total gains or losses for the period		
Recognized through profit and loss	-0.2	0.0
Recognized in other comprehensive income	-	-

Ottobock's equity investment in ONWARD Medical was designated as a financial asset to be measured at FVOCI. The measurement is based on quoted prices and categorized within level 1, as the shares are publicly traded.

Other financial liabilities (FVTPL) result from business acquisitions and relate to contingent payments. The fair value level 3 of these financial liabilities has been determined by using the relevant valuation method required by the respective agreement (discounted cash flow method, EBITDA multiple, revenue multiple). This involves the market data and other parameters required for measurement being compiled or validated. Non-observable input parameters are reviewed based on internally available information and updated if necessary.

Depending on the valuation method, the unobservable input parameters relate to the estimated EBITDA, estimated revenues or estimated free cash flow. The weighted average cost of capital (WACC), that has been used in the valuations, is 8.46% (previous year 8.92% – 8.96%). With the exception of the WACC, there is a positive correlation between the input factors and the fair value. Due to materiality, no further details on other input parameters are disclosed.

The following table presents the changes in Level 3 instruments for financial liabilities:

million €	31 December 2024	31 December 2023
Balance at the beginning of the period	19.5	24.8
Additions due to business combinations	0.1	0.1
Disposals	-7.6	-
Payments	-9.3	-0.9
Revaluation of fair value	0.9	-4.5
Foreign currency effects	0.0	-
Balance at the end of the period	3.6	19.5
Total gains or losses for the period		
Recognized through profit and loss	-6.7	-4.5
Recognized in other comprehensive income	-	-

Further information on equity investments and related financial instruments is included in Note 6 Acquisitions and disposals.

Financial instruments not measured at fair value

Financial instruments measured at amortized costs comprise cash and cash equivalents, trade and other receivables, trade and other payables as well as other financial assets and liabilities. Management assessed that the fair values of these instruments approximate their carrying amounts mainly due to the short-term maturities. According to IFRS 7.29, the Group does not disclose fair value of group lease liabilities.

As part of a factoring program, the Group disposed and derecognized € 39.3 million of trade receivables as of 31 December 2024 (31 December 2023: € 35.6 million) while retaining responsibility for their administrative management, including collection of receivables.

The valuation model to determine the fair value of financial liabilities recognized at amortized costs considers the present value of expected payments, discounted using a risk-adjusted discount rate.

Derivatives

For foreign exchange forward contracts the fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies. For interest rate swaps the fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates and interbank borrowing rates using common yield curves. As of 31 December 2024 interest rate derivatives contributed € 6.2 million to assets (31 December 2023: € 15.8 million contributed to assets). The remainder of derivatives therefore reflects foreign exchange derivatives. Information on (interest rate) cash flow hedges is available in Note 28.2 Risk management objectives and policies.

Net gains and losses on financial assets and financial liabilities

The following income and expenses from financial instruments were recognized in the consolidated income statement:

Net gains and losses from financial instruments as of 31 December 2024

million €	Interest income and expenses	Other net gains and losses	Total net gains and losses
Financial assets (AC)	2.3	-8.2	-5.9
Financial assets (FVTPL)	7.0	1.3	8.3
Financial liabilities (AC)	-63.7	0.0	-63.7
Financial liabilities (FVTPL)	-1.9	-16.0	-17.9
Total	-56.3	-22.9	-79.2

Net gains and losses from financial instruments as of 31 December 2023

million €	Interest income and expenses	Other net gains and losses	Total net gains and losses
Financial assets (AC)	1.3	-9.6	-8.4
Financial assets (FVTPL)	6.5	21.5	28.0
Financial liabilities (AC)	-54.1	-0.1	-54.2
Financial liabilities (FVTPL)	-1.6	-15.7	-17.3
Total	-47.9	-3.9	-51.9

Interest income and expense from financial instruments is reported as part of the financial result (Note 9.4 Financial Result). The total net gains and losses on financial assets and liabilities at fair value through profit and loss relate primarily to non-designated derivatives. Interest expenses mainly relate to liabilities to banks and other financial debt. Other net gains and losses mainly comprise net foreign currency valuation of financial assets and liabilities.

28.2. Risk management objectives and policies

The Group is exposed to market risks, credit risk and liquidity risk. The Group's treasury department oversees the management of these risks and advises on these financial risks on a group level. The corresponding Group policies define the separation of duties, strategies for hedging the Group's risks, risk budgets as well as certain key figures, such as cash-flow-at-risk (CfaR) and value-at-risk (VaR). The Group uses derivatives (such as interest rate swaps) to hedge specific risks, however, it is the Group's policy that no trading for speculative purposes may be undertaken.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. As a result of its business and the global nature of its operations, Ottobock is exposed in particular to market risks from changes in foreign currency exchange rates as well as interest rates. Moreover, Ottobock is exposed to risks resulting from the volatility of the share price of its listed equity investment in ONWARD Medical, which is designated as FVOCI. If these market risks materialize, they could adversely affect Ottobock's profitability, liquidity and capital resources and financial position.

Due to Group's policies to maintain a diversified portfolio and global activities, there is no significant concentration of interest rate or currency risk.

Currency risk

As an enterprise with worldwide operations, the Group conducts business in a variety of currencies, from which currency risks arise. To hedge currency risks, the Group holds, as of 31 December 2024, derivative financial instruments mainly in the form of forward currency contracts and currency swaps.

As part of the implementation of the risk management strategy, the extent to which risk exposures should be hedged is decided at regular intervals. The economic relationship between the hedged item and the hedging instrument is based essentially on the fact that they are denominated in the same currency and have the same maturity.

The Group measures currency risk using a sensitivity analysis for financial instruments recognized in the financial statements.

Hedging measures are derived from a cash-flow-at-risk model. The leading key figure is cash-flow-at-risk (CfaR), which is a risk measure on cash flows from the underlying business. Cash-flow-at risk shall not exceed € 2.5 million, which is supported by hedging measures using appropriate derivatives. Further, the value-at-risk (VaR) measures the risk of negative market value potential. CfaR and VaR are each calculated across the entire portfolio. For this purpose, relevant real-time market data such as spot prices, volatilities and correlations are used.

Both key figures are calculated for a confidence interval of 95%. As of 31 December 2024, the CfaR was € 1.7 million and the VaR was € 3 million. In addition to both indicators, at least 64% of the exposure of the following 12 months is hedged.

At the end of the reporting period, the economic currency exposures (net exposures), including long and short positions, amounting to € 351.7 million (2023: € 298.0 million). As Ottobock's most relevant currency, the USD has a net exposure of € 130.6 million (2023: € 113.9 million).

The potential negative profit and loss impact for the following year resulting from unfavourable changes in the USD exchange rate, measured based on the sensitivity analysis of the recognized financial instruments in foreign currency under a change in the USD exchange rate of -10% would be € 14.9 million (2023: € 12.4 million). Equity (net of tax) would have changed by € 2.2 million due to foreign exchange cash flow hedges (2023: € 0.1 million). An improvement of USD exchange rate by 10% in favour of the Group would increase earnings by € 10.5 million (2023: € 8.6 million). Equity (net of tax) would have changed by € 1.8 million (2023: € 0.1 million).

The nominal values of the USD forwards consist of a designated portion amounting to € 18.9 million (2023: € 0.9 million) and a non-designated portion in the amount of € 114.0 million (2023: € 95.8 million).

Interest rate risk

Interest rate risks arise from changes in prevailing market interest rates, which can lead to changes in the fair value of fixed-rate instruments and in interest payments for variable-rate instruments. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Additionally, in some financing agreements, the amount of interest to be paid depends on the debt ratio.

The Group is exposed to interest rate risks primarily in the eurozone. To manage this risk, the Group maintains a balanced mix of fixed-rate and variable-rate debt. For euro-denominated debt, an annual cap is set for the variable portion. To comply with this upper limit, interest rate swaps are used to exchange variable interest rates with fixed interest rates.

As of 31 December 2024 total drawn, committed credit lines amounted to € 973.5 million.

Of this amount € 568.5 million is financed fixed (including (economical) hedges and hedge accounting) and € 405.0 million is financed floating (unhedged). The fixed-interest structure results either directly from the financing or from a corresponding interest rate hedge. Loans amounting to € 5.5 million to be repaid in 2026 are agreed at a fixed rate of 2.4%. These fixed rate instruments' fair value is € 0.3 million lower than their carrying amount. Further loans are Euribor-based plus margin. Their carrying amount therefore approximates the fair value of these loans.

The weighted average maturity of the committed credit lines is 3.7 years.

The following table shows the impact of a 100 basis point (bp) increase / decrease in the market interest rates on profit or loss and the pre-tax equity:

million €	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2024				
Market interest rate	3.4	-3.7	8.9	-9.3
31 December 2023				
Market interest rate	7.7	-1.8	8.0	-6.8

The hypothetical effects on profit or loss primarily result from interest rate derivatives, and from non-derivative financial liabilities with variable interest rates. Please note that due to the included floors in the variable financial liabilities the shown effect is one-sided. Potential effects from interest rate derivatives are partially balanced out by the contrasting performance of non-derivative financial instruments.

Hedge accounting

The Group holds interest rate and foreign currency derivatives for risk management purposes which are partly designated in cash flow hedging relationships. The interest rate swaps have floating leg's interest rate that are indexed to EURIBOR. No hedge accounting relationship ended early in the periods presented. For designated interest rate hedges the economic relationship between the hedged item and the hedging instrument is determined by comparing the nominals for the hedged risk designated with the hedging instruments' nominal as far as designated, their duration, the reset dates and the reference rate being designated. Hedge designations relating to the EURIBOR component of variable rate loans use a hedge ratio of 100% (1:1) as the critical terms generally match.

In 2024, the Group increased the share in designated foreign currency derivatives to mitigate risk from foreign currency related volatility in cash flow hedges of highly probable forecasted transactions.

Hedging instruments are disclosed in other financial assets and other financial liabilities. Their major characteristics for 2024 are as follows:

31 December 2024

million €	Nominal Amount	Financial assets (carrying amount)	Financial liabilities (carrying amount)	Change in value used for assessing ineffectiveness
Foreign currency risks	18.9	-	1.0	-
Interest rate risk (EURIBOR)	353.0	1.9	4.6	-
Total	371.9	1.9	5.6	-

31 December 2023

million €	Nominal Amount	Financial assets (carrying amount)	Financial liabilities (carrying amount)	Change in value used for assessing ineffectiveness
Foreign currency risks	0.9	-	0.0	0.0
Interest rate risk (EURIBOR)	190.0	1.4	3.3	5.8
Total	190.9	1.4	3.3	5.8

Interest rate swaps not designated in hedge accounting relationships have the following carrying amounts as of 31 December 2024 and 31 December 2023:

Interest rate derivatives not designated

million €	31 December 2024	31 December 2023
Assets		
Nominal amount	210.0	323.0
Carrying amounts	5.6	14.3
Liabilities		
Nominal amount	-	-
Carrying amounts	-	-

Foreign currency derivatives not designated in hedge accounting relationships have the following carrying amounts as of 31 December 2024 and 31 December 2023:

Foreign currency derivatives not designated

million €	31 December 2024	31 December 2023
Assets		
Nominal amount	23.2	137.2
Carrying amounts	0.6	2.5
Liabilities		
Nominal amount	153.7	71.1
Carrying amounts	6.4	1.9

The profile of the timing of the nominal amount of hedging instruments designated and related average rates as of period end is as follows:

2024	Total	< 1 year	1-5 years	> 5 years
Interest rate risk - EURIBOR				
Nominal (million €)	353.0	-	323.0	30.0
Average fixed interest rate (%)	2.44	-	2.36	3.23
Foreign currency risk - USD				
Nominal (million \$)	21.0	11.0	10.0	-
Average exchange rate (USD)	1.1114	1.1093	1.1137	-
2023				
Interest rate risk - EURIBOR				
Nominal (million €)	190.0	0	120.0	70.0
Average fixed interest rate (%)	2.72	0	2.91	2.5217
Foreign currency risk - USD				
Nominal (million \$)	1.0	0	1.0	0
Average exchange rate (USD)	1.1337	0	1.1337	0

Related hedged items show the following:

Cash flow hedges - Disclosures on hedged items in hedging relationships

	2024		2023	
	Interest rate risk	Foreign currency risk	Interest rate risk	Foreign currency risk
million €				
Change in the fair value of the hedged items for determining ineffectiveness in the reporting period	-2.9	-0.9	2.6	0.0
Balance of amounts recognized in OCI relating to hedged risk (existing hedging relationships)	2.0	0.5	-5.8	0.0
Balance of amounts recognized in OCI relating to hedged risk (terminated hedging relationships)	-	-	-	-

Gains / losses from hedge accounting developed as follows:

Cash flow hedges - Disclosures on hedging instruments

	2024		2023	
	Interest rate risk	Foreign currency risk	Interest rate risk	Foreign currency risk
million €				
Hedge ineffectiveness recognized in profit or loss	0.0	-	-0.1	-
Changes in fair value recognized directly in OCI	3.8	0.9	-4.9	0.0
Amounts reclassified to profit or loss from OCI for realized hedging transactions (designated items)	2.8	0.0	0.9	-
Amounts reclassified to profit or loss from OCI for realized hedging transactions (de-designated items)	-	-	-	-

Reclassified amounts from effective hedges are presented in interest expenses in the statement of profit or loss while ineffective parts are part other financial income or expense.

Reconciliation of cash flow hedge reserve

million €

Balance at 1 January 2024	-2.3
Changes recognized directly in equity	0.9
Reclassification to profit or loss due to realized hedging transaction	-2.8
Balance at 31 December 2024	-4.2

As in the previous year, all derivative financial instruments of the Group are subject to the German Master Agreement for Financial futures with regard to offsetting of the cash flows. These agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of recognized financial instruments that are subject to the above agreements.

31 December 2024

	Gross amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
million €			
Interest and forward exchange contracts	8.1	-3.9	4.2
Financial assets	8.1	-3.9	4.2
Interest and forward exchange contracts	11.9	-3.9	8.0
Financial liabilities	11.9	-3.9	8.0

31 December 2023

	Gross amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
million €			
Interest and forward exchange contracts	18.3	-	0.0
Financial assets	18.3	-	18.3
Interest and forward exchange contracts	5.2	-	0.0
Financial liabilities	5.2	-	5.2

Credit risk

Credit risk represents the risk of financial loss if a customer and debtor is unable to fulfil its contractual obligations in respect of a financial instrument. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Investments in surplus funds (if any) are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits depend on the rating grade. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The carrying amounts of financial assets represent the maximum credit exposure for the Group. Due to the global activities and customer structure, there is no significant concentration of credit risk.

At Ottobock the main credit risk results from trade receivables. Significant parts of the transactions are concluded with institutional customers, which in combination with the healthcare sector results in an overall low credit risk. The calculation of the recovery rate is based on the risk classification of two portfolios (public and private) and a ratio of historical impairments vs. receivables overdue respectively.

The following table provides information about the trade receivables past due by time bucket as well as associated loss allowances as of 31 December 2024 and 31 December 2023.

million €	31 December 2024		31 December 2023	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Current (not past due)	151.1	-	155.4	-
Overdue 1-90 days	41.1	-	37.7	-
Overdue 90-180 days	15.1	-	17.9	-
More than 180 days past due	26.9	-	31.4	-
Total gross carrying amount	234.2	-	242.4	-
Thereof credit impaired	15.5	12.3	20.0	11.4
Thereof expected credit losses	218.7	7.5	222.3	7.0
Total	234.2	19.8	242.3	18.4
Net carrying amount	-	214.4	-	223.9

With respect to the 90-day limit for a default event specified by the IASB as a rebuttable presumption, the Group has analyzed historical defaults as well as historical loss rates respectively. The data history shows no indication for recurring default events, especially up to 360 days past due. Additionally, the historical loss rate – the ratio of historical losses and historical revenues – is very low.

Therefore, the Group will apply the following definition of a default event:

- A default is generally considered to have occurred if a contractual partner has outstanding receivables that are more than 360 days overdue, or
- If it has not been possible to collect the contractual payments and it is assumed that they cannot be recovered

A recurring back testing is applied to validate all assumptions and historical data respectively trade receivables are assumed to be credit-impaired if it is unlikely that the customer will fulfill its obligation. Additions to loss allowances are presented in selling and distribution expenses.

The loss allowances on trade accounts receivable developed as follows:

million €	2024	2023
Loss allowances as of 1 January	18.4	16.0
Impairment changes	1.4	2.4
Loss allowances as of 31 December	19.8	18.4

The above impairment losses solely relate to receivables arising from contracts with customers.

Cash and cash equivalents have a low credit risk as the attributable counterparties have a high credit rating. For all other financial assets, the extent of expected credit losses is determined based on their credit risk, as well as any changes thereto: If the credit risk of a financial asset has increased significantly since initial recognition, expected credit losses are generally recognized over the lifetime of the asset. If the credit risk has not increased significantly in this period, impairments are generally only recognized as 12-month expected credit losses.

Liquidity risk

Liquidity risk is defined as the risk that the Group will be unable to meet financial obligations as they fall due, either due to insufficient liquid funds or restricted access to funding sources. The Group manages this risk through comprehensive liquidity planning, which integrates transaction-based disposition as well as medium-term and strategic multi-year planning.

To ensure solvency at all times, Group Treasury actively monitors free liquidity, which comprises cash and cash equivalents, as well as other funds readily available. The availability of credit lines is dependent on adherence to financial covenants, i.e., both the credit lines themselves and compliance with covenants are determinants of free liquidity. These factors are continuously assessed, with the stricter limiting factor determining free liquidity. Disposition activities are managed through a dedicated treasury management system, accounting for both routine payments and exceptional payments, such as capital expenditures. Medium-term and strategic liquidity planning is based on indirect cash flow planning. Furthermore, the impact of significant investment projects on financing and liquidity ratios is simulated and closely monitored.

We consider the liquidity risk arising from extended payment terms due to the Group's reverse factoring activities negligible as the volume is spread to some banks engaged by the service payment provider. As of 31 December 2024 liabilities related to reverse factoring amount to € 61.8 million (2023: € 69.0 million) and are, thus, with fewer parties compared to individual suppliers. This results in the Group being required to settle a significant amount with less counterparties, rather than smaller amounts with several counterparties. Management does not consider the supplier finance arrangement to result in excessive concentrations of liquidity risk, and the arrangements have been established to ease the administrative burden of managing invoices from a significant number of suppliers. Please refer to Note 26 Payables from reverse factoring for further disclosures about the arrangement.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2024 million €	Carrying amount	Total cash flows	< 1 year	1 to 5 years	> 5 years
Interest-bearing loans and borrowings	991.8	-1,194.6	-65.1	-1,129.5	-
Lease liabilities	213.1	-239.6	-45.8	-114.9	-79.0
Trade and other payables	101.2	-101.2	-101.2	-	-
Payables from reverse factoring	61.8	-61.8	-61.8	-	-
Other financial liabilities	39.1	-40.0	-32.2	-7.8	-
Non-derivative financial liabilities	1,407.0	-1,637.2	-306.1	-1,252.2	-79.0
Derivatives	11.9	10.1	1.4	8.7	0.0

31 December 2023	Carrying	Total cash			
million €	amount	flows	< 1 year	1 to 5 years	> 5 years
Interest-bearing loans and borrowings	968.2	-1,083.1	-189.3	-893.8	-
Lease liabilities	219.2	-249.4	-44.7	-115.7	-89.0
Trade and other payables	106.3	-107.2	-107.2	-	-
Payables from reverse factoring	69.0	-69.0	-69.0	-	-
Other financial liabilities	70.0	-73.2	-52.5	-20.7	0.0
Non-derivative financial liabilities	1,431.7	-1,581.9	-462.7	-1,030.2	-89.0
Derivatives	5.2	39.7	10.8	26.6	2.2

Undiscounted cash flows from lease liabilities recognized at the reporting date develop as follows in a yearly sequence:

million €	< 1 year	Year 2	Year 3	Year 4	Year 5	> Year 5
31 December 2024	-45.8	-39.7	-32.1	-24.2	-18.9	-79.0
31 December 2023	-44.7	-38.4	-32.3	-25.7	-19.3	-89.0

29. Employee benefits

Employee benefits contain the following:

million €	Notes	31 December 2024	31 December 2023*
Net defined benefit liability	29.1	16.7	16.1
Other long-term employee benefits	29.2	7.9	10.2
Other employee benefits	29.3	80.9	81.7
Cash-settled share-based payment provision	30	9.9	13.2
Total employee benefits		115.4	121.1
Current		90.8	94.8
Non-current		24.5	26.3

*In the reporting year, the presentation of employee benefits was changed. Comparative figures for the previous year have been adjusted to ensure consistency. Please refer to Note 2.3 Changes in presentation.

29.1. Net defined benefit liability

The Group has defined benefit pension plans which mainly relate to Germany, Switzerland, Belgium, Sweden and Italy, with the majority of the obligations attributable to Germany. The plans entitle retired employees to receive an annual pension payment. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

All relevant benefit plans concern European entities. In Switzerland, the employer must maintain its own pension institution or join an external pension institution like a foundation to provide employee benefits. Further, the law prescribes minimum funding requirements. In Germany, there are no legal or regulatory minimum funding requirements.

The defined benefit plans are administered by a Contractual Trust Arrangement (CTA) in Germany and by a foundation in Switzerland. Both are legally separated from the Group. Asset-liability

studies are prepared for the funded defined benefit plans at regular intervals, and the investment policy of each fund is based on the applicable study and any local legal requirements.

In Sweden, there is a reimbursement right from an endowment insurance. The fair value of the reimbursement right is deemed to be the present value of the pension obligation. The amount of reimbursement and the pension obligation have marginally changed as a result of changes in exchange rates.

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components:

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
million €	2024	2023	2024	2023	2024	2023
At 1 January	24.0	23.1	-8.0	-7.7	16.1	15.4
Reclassification*	3.1	-	-3.2	-	-0.1	-
Current service cost	1.9	1.2	0.0	0.0	1.9	1.2
Interest expense (income)	0.7	0.6	-0.3	-0.2	0.4	0.4
Pension cost included in profit or loss	2.5	1.8	-0.3	-0.2	2.2	1.6
Actuarial loss (gain) arising from:						
- demographic assumptions	0.4	0.0	-	-	0.4	0.0
- financial assumptions	0.2	0.7	-0.1	0.2	0.0	0.9
- experience adjustments	0.4	-0.4	-0.4	0.2	0.0	-0.2
Return on plan assets excluding interest income	-	-	-	0.1	-	0.1
Remeasurement loss (gain) included in OCI	0.9	0.3	-0.5	0.5	0.5	0.8
Contributions paid by the employer	0.0	-	-0.7	-0.6	-0.7	-0.6
Contribution by participants of the plan	0.2	0.1	-0.2	-0.1	-	0.0
Benefits paid	-1.5	-1.6	0.3	0.3	-1.3	-1.3
Currency effects	-0.1	0.2	0.1	-0.2	0.0	0.0
Other	-1.4	-1.2	-0.5	-0.6	-1.9	-1.8
Net changes in consolidation's scope	0.0	0.1	0.0	0.0	0.0	0.1
At 31 December	29.1	24.0	-12.4	-8.0	16.7	16.1
Funded schemes	21.4	17.4				
Unfunded schemes	7.7	6.6				

*For a better presentation, the employee benefits for Austria were reclassified from other long-term employee benefits to net defined benefit liability with an amount of € -0.1 million (defined benefit obligation of € 3.1 million and fair value of plan assets of € -3.2 million).

Plan assets

The fair values of each major class of plan assets are as follows:

million €	31 December 2024	31 December 2023
Cash and cash equivalents	0.1	0.1
Equity investments	1.5	1.2
Debt instruments (e.g. bonds)	1.4	1.3
Real estate	1.0	1.0
Investment funds	2.5	2.2
Qualifying insurance policies	2.6	2.1
Other assets	3.3	0.2
Total fair value of plan assets	12.4	8.0

The increase of the plan assets results from a reclassification of employee benefits for Austria.

An active market price exists for all plan assets except qualifying insurance policies and other assets.

Defined benefit obligation

The significant actuarial assumptions used in determining pension obligations for Ottobock's plans are shown below (in the form of weighted averages):

in %	Discount rate		Future pension growth	
	2024	2023	2024	2023
Germany	3.39	3.25	1.96	1.95
Switzerland	1.00	1.50	0.00	0.00
Other (Europe)	3.26	3.20	2.14	3.07
Other (Rest of World)	3.28	4.01	5.14	4.65
Ottobock Group	2.64	2.90	1.11	1.82

As of 31 December 2024, the weighted-average duration of the defined benefit obligation was 12.7 years (2023: 11.1 years).

The distribution of the timing of benefit payments to the employees was, as shown below:

million €	2024	2023
Within the next 12 months (next annual reporting period)	1.1	0.7
Between 2 and 5 years	4.7	5.0
Between 5 and 10 years	9.1	5.2
Total expected payments	14.9	10.9

A quantitative sensitivity analysis for significant actuarial assumptions on the defined benefit obligation as of 31 December is as shown below:

million €	Discount rate		Future pension growth	
	2024	2023	2024	2023
0.25% increase	-0.8	-0.7	0.2	0.3
0.25% decrease	0.8	0.7	-0.2	-0.6

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonably possible changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

29.2. Other long-term employee benefits

Other long-term employee benefits mainly include jubilee benefits (2024: € 4.7 million, 2023: € 4.8 million), long-term incentives (2024: € 2.1 million, 2023: € 1.6 million) and severance liabilities (2024: € 0.6 million, 2023: € 1.4 million).

29.3. Other employee benefits

Other employee benefits mainly include liabilities for annual bonuses (2024: € 30.0 million, 2023: € 33.0 million), vacation claims (2024: € 23.8 million, 2023: € 23.1 million), payroll liabilities (2024: € 14.6 million, 2023: € 14.2 million) and defined contribution liabilities (2024: € 3.3 million, 2023: € 0.6 million).

29.4. Employee benefit expenses

The following table shows the employee benefit expenses, which are included in the expenses by function:

million €	2024	2023
Wages and salaries	-498.1	-524.5
Social security contributions	-90.8	-92.1
Contributions to defined contribution plans	-11.9	-10.6
Expenses related to post-employment defined benefit plans	-1.9	-1.2
Cash-settled share-based payments	-8.5	-
Total employee benefit expenses	-611.2	-628.4

Contributions to defined contribution plans mainly refer to statutory pension insurance schemes of Ottobock in Germany.

30. Share-based payments

At the beginning of the year 2019, Ottobock established a Management Participation Program (MPP) for the incentivization of its senior executives and management. In the MPP, Ottobock grants Performance Share Units (PSUs), which entitle the participants to receive a cash payment from the Company. The amount of cash payment is determined based on the increase of the equity value of Ottobock between grant date and the time of settlement. The PSUs vest fully or partly in the case of an exit event (i.e., an IPO or trade sale), thereof 32,5% vest due to the service and 67,5% depend on fulfilling partly or fully a performance condition. The 32,5 % of the granted PSUs vest fully on the occurrence of an exit event, in case the service time is not completed. The vesting of the remaining portion depends on the development of the company value since grant date. According to IFRS 2 this condition shall be considered when estimating the fair value at every reporting date. Therefore, the fair value has been measured using a Monte Carlo Simulation, considering the terms and conditions on which the PSUs were granted. The expenses for the MPP are linearly distributed over the estimated length until the exit event.

The repurchase of the 20% shares of Ottobock SE & Co. KGaA by Näder Upside Vermögensverwaltungs GmbH (a subsidiary of Näder Holding GmbH & Co. KG) in the beginning of 2024 triggered an exit event for the MPP. As a result, the related provision has been utilized in the amount of € 8.5 million. Several participants have signed an extension of the program with newly defined exit events (as vesting conditions). The remaining conditions are unchanged.

The following table illustrates the values for the years ended 31 December 2024 and 2023, respectively:

million €	31 December 2024	31 December 2023
Participant's total invest	12.1	20.2
Total provision	9.9	13.2
Provision per participant	0.4	0.2

31. Government grants

The Group receives government grants to compensate for Research and Development (R&D) expenses especially in Germany and Austria. Fundings are provided for research and further development costs of new and existing complex prostheses that e.g., additionally contain digital components. Investment grants, mainly affecting a German subsidiary, are released through profit and loss according to the useful life and depreciation of the funded assets. The non-amortized part of these grants is presented under other non-current liabilities on the balance sheet. As of 31 December 2024, the deferred balance sheet position amounts to € 0.6 million (2023: € 0.7 million). There were no newly received investment grants during the year 2024 (2023: € 0 million).

Expense-related grants, mainly affecting research expenses from an Austrian subsidiary, are recognized within profit or loss in the accounting period in which the expenses are incurred and are deducted from the related expense. Those grants are recognized as other receivables until related payments are received. As of 31 December 2024, the Group presents other current assets for expense-related grants with an amount of € 5.8 million (2023: € 5.9 million) and received R&D compensation amounting to € 3.0 million during the year (2023: € 2.8 million). The review and decision of submitted applications for expense-related grants by the relevant

domestic and foreign authorities generally is conducted after the reporting date and the respective audit of the consolidated financial statements.

32. Cash flow statement

The following table shows a reconciliation of movements of liabilities to cash flows arising from financing activities:

million €	Balance at 1 January 2024	Cash flows	Other non- cash changes	Balance at 31 December 2024
Interest-bearing loans and borrowings	968.2	-21.9	45.5	991.8
Lease liabilities	219.2	-50.3	44.2	213.1
Dividends	15.0	-15.9	0.9	-
Payables from reverse factoring	69.0	-11.4	4.3	61.8
Factoring liabilities	35.6	2.9	1.9	40.4
Other financial liabilities	70.0	-17.5	-13.4	39.1
Total	1,377.0	-114.2	83.4	1,346.2

million €	Balance at 1 January 2023	Cash flows	Other non- cash changes	Balance at 31 December 2023
Interest-bearing loans and borrowings	960.1	-38.8	47.0	968.2
Lease liabilities	231.1	-47.9	36.0	219.2
Dividends	0.0	-16.1	31.1	15.0
Payables from reverse factoring	69.7	-5.1	4.4	69.0
Factoring liabilities	33.1	0.9	1.6	35.6
Other financial liabilities	60.2	-1.0	10.8	70.0
Total	1,354.2	-108.0	130.9	1,377.0

33. Commitments and contingencies

Contingent liabilities as of 31 December 2024 amounted to € 66.7 million (2023: € 64.5 million) reported at nominal values. They mainly consist of bank guarantees as well as commitments related to working capital financing. Based on the strong financial position of the Group, the risk of availment is considered low.

As of 31 December 2024, the Group incurred purchase commitments of € 50.6 million (2023: € 59.5 million), capital expenditure obligations of € 1.2 million (2023: € 15.6 million) and other future obligations of € 73.0 million (2023: € 77.2 million).

The Group has various lease contracts that have not yet commenced as of 31 December 2024. The future lease payments for these non-cancellable lease contracts are € 4.2 million (2023: € 3.0 million).

34. Related party disclosures

Note 5 Group information provides information about the Group's structure, including details of subsidiaries and the holding company.

On 13 March 2024 Näder Upside Vermögensverwaltungs GmbH (a subsidiary of Näder Holding GmbH & Co. KG) signed an agreement to repurchase the 20% shares of Ottobock SE & Co. KGaA that were previously held by Satyr Rytas 2 GmbH & Co. KG. Prior to this transaction, the 80% shares of Ottobock SE & Co. KGaA, formerly held by Näder Vermögensverwaltungs GmbH, were transferred to Näder Upside 2 Vermögensverwaltungs GmbH (both subsidiaries of Näder Holding GmbH & Co. KG). Näder Upside Vermögensverwaltungs GmbH and Näder Upside 2 Vermögensverwaltungs GmbH are affiliated companies of Näder Vermögensverwaltungs GmbH.

The ultimate controlling party is Prof. Hans Georg Näder, whereas the ultimate holding company is Näder Holding GmbH & Co. KG, which also controls the Ottobock Management SE, the general partner of the Company.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

million €		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Entities with control over the Group	2024	1.1	0.1	0.6	-
	2023	2.1	0.3	-	15.1
Key management personnel of the Group	2024	0.0	-	0.0	-
	2023	0.0	0.0	-	-
Other related parties**	2024	0.1	21.0	3.1	7.3
	2023	0.4	24.4	0.6	0.1
Associates	2024	1.1	0.4	0.4	0.1
	2023	0.7	-	0.4	-

*The amounts are classified as trade receivables and trade payables, respectively (see Note 17 Trade and other receivables and Note 25 Trade and other payables). Further, "amounts owed to related parties" do not include key management personnel compensation that is displayed in the table below.

***Other related parties" are related parties that are controlled by the same ultimate controlling party, Prof. Hans Georg Näder. The purchases from "other related parties" mainly contain purchased IT services.

The transactions displayed in the table above include the dividend payment for the financial year 2023 of € 15.0 million received by the shareholders of Ottobock SE & Co. KGaA in the financial year 2024.

Terms and conditions of transactions with related parties

The sales to and purchases of supplies and services from related parties are made at terms equivalent to those that prevail in arm's length transactions. The amounts include liabilities owed to related parties for leases of office buildings. Outstanding balances at the year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024 and 31 December 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Key management personnel

The management of Ottobock is executed via the Ottobock Management SE through the Management Board (Verwaltungsrat), and the Executive Directors (Geschäftsführende Direktoren). Further, the key management personnel consists of the European Supervisory Board (Aufsichtsrat). In total, the key management personnel compensation for all members of one of three bodies comprised the following:

million €	2024	2023
Short-term employee benefits	5.6	5.4
Share-based payments	2.7	-4.9
Total key management compensation	8.3	0.5

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. The corresponding provision for share-based payments related to key management personnel amounts to € 4.5 million (2023: € 1.8 million). Note 30 Share-based payments provides more information about the share-based payments.

35. Events after the reporting period

Following 31 December 2024 and until authorization of the consolidated financial statements, there were no material events.

Duderstadt, 25 March 2025

Ottobock SE & Co. KGaA
represented through the Executive Directors

Oliver Jakobi

Dr. Arne Kreitz

Arne Jörn

Martin Böhm

Independent auditor's report

To Ottobock SE & Co. KGaA, Duderstadt

Opinions

We have audited the consolidated financial statements of Ottobock SE & Co. KGaA, Duderstadt, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Ottobock SE & Co. KGaA for the financial year from 1 January to 31 December 2024.

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS accounting standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS accounting standards") as adopted by the EU and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024 in compliance with these requirements, 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 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 Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the 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 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.

Responsibility of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and 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 these requirements. Furthermore, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or fraudulent misrepresentation) or error.

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

The supervisory board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and 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 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 the Group's internal control or of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective 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 IFRS Accounting Standards as adopted by the EU.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to provide a basis for our 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 opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. 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 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, a finally, any significant deficiencies in internal control that we identify during our audit.

Hannover, 31 March 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Modder
Wirtschaftsprüfer
[German Public Auditor]

Bienert
Wirtschaftsprüferin
[German Public Auditor]