

Ottobock SE & Co. KGaA

Duderstadt

Consolidated Financial Statements

for the year ended 31 December 2023

Consolidated statements of profit or loss

for the year ended 31 December 2022 and 31 December 2023

	Notes	2023	2022
		€ 000	€ 000
Revenue	7	1.495.037	1.334.194
Cost of sales		-800.257	-737.429
Gross profit		694.780	596.765
Other income	8.1	64.913	88.902
Selling and distribution expenses		-337.269	-305.564
Research and development expenses		-81.403	-85.461
Administrative expenses		-198.293	-188.056
Other expenses	8.2	-22.362	-30.706
Operating profit		120.367	75.880
Finance income		25.425	50.780
Finance costs		-72.126	-31.329
Other financial result		3.704	-965
Financial result	8.5	-42.997	18.486
Profit before tax		77.370	94.366
Income tax expense	9	-29.271	-19.034
Profit for the year		48.099	75.332
Attributable to			
Equity holders of the parent		48.959	76.436
Non-controlling interests		-860	-1.104
		48.099	75.332
Earnings per share	19		
Basic earnings per share attributable to the equity holders of the parent		€ 8,94	€ 13,96
Diluted earnings per share attributable to the equity holders of the parent		€ 8,94	€ 13,96

Consolidated statements of other comprehensive income

for the year ended 31 December 2022 and 31 December 2023

	Notes	2023	2022
		€ 000	€ 000
Profit for the year		48.099	75.332
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Cash flow hedge reserve	24	-4.080	2.505
Exchange differences on translation of foreign operations		-25.625	24.224
Net other comprehensive income/loss that may be reclassified to profit or loss in subsequent periods		-29.705	26.729
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain on defined benefit plans	22	-675	3.437
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		-675	3.437
Other comprehensive income/(loss) for the year, net of tax		-30.380	30.166
Total comprehensive income for the year, net of tax		17.719	105.498
Attributable to:			
Equity holders of the parent		18.380	106.245
Non-controlling interests		-661	-747
		17.719	105.498

Consolidated statements of financial position

for the year ended 31 December 2022 and 31 December 2023

	Notes	2023	2022
		€ 000	€ 000
Non-current assets			
Property, plant and equipment	10	246.968	252.450
Intangible assets	12, 13	828.629	808.822
Right-of-use assets	11	212.116	225.125
Equity-accounted investees		3.122	254
Derivatives	24	16.035	24.612
Other non-current financial assets	24	5.794	5.858
Other non-current assets	24	2.944	1.378
Deferred tax assets	9	94.483	67.457
		1.410.091	1.385.957
Current assets			
Inventories	14	209.006	213.313
Trade receivables and other assets	15	233.447	200.679
Derivatives	24	2.233	3.686
Other current financial assets	24	5.147	6.872
Cash and cash equivalents	16	65.270	79.152
Other current assets	15	44.260	44.351
Income tax assets	9	17.012	21.023
		576.375	569.076
Total assets		1.986.466	1.955.033

	Notes	2023	2022
		€ 000	€ 000
Equity and liabilities			
Equity			
Subscribed capital	17	5.475	5.475
Share premium	17	108.735	108.735
Retained earnings	17	126.590	102.943
Other components of equity	17	-21.518	9.061
Equity attributable to equity holders of the parent	17	219.282	226.214
Non-controlling interests	17	10.131	10.891
Total equity		229.413	237.105
Non-current liabilities			
Interest bearing loans and borrowings	24	795.643	936.319
Lease liabilities	24	180.441	193.522
Derivatives	24	3.305	1.035
Other non-current financial liabilities	24	16.263	36.382
Provisions	20	13.489	9.715
Contract liabilities	7	32.131	30.039
Net employee defined benefit liabilities	22	16.062	15.400
Other non-current liabilities	24	22.764	17.684
Deferred tax liabilities	9	61.541	51.664
		1.141.639	1.291.760
Current liabilities			
Interest bearing loans and borrowings	24	172.597	23.738
Lease liabilities	24	38.725	37.546
Trade and other payables	23	106.257	92.613
Contract liabilities	7	28.809	26.105
Other current financial liabilities	24	53.748	23.839
Payables from reverse factoring	24	68.975	69.745
Derivatives	24	1.868	14.650
Income tax payable	9	5.762	5.480
Provisions	20	29.762	38.872
Other current liabilities	21	108.910	93.580
		615.413	426.168
Total liabilities		1.757.052	1.717.928
Total equity and liabilities		1.986.466	1.955.033

Consolidated statements of changes in equity

for the year ended 31 December 2022 and 31 December 2023

	Other components of equity								
	Subscribed capital (Note 17)	Share premium (Note 17)	Retained earnings	Accumulated actuarial gains and losses on defined benefit pension plans (Note 22)	Cash flow hedge reserve (Note 24)	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Balance at 1 January 2022	5.475	108.735	41.980	-1.510	-	-19.237	135.443	11.904	147.347
Profit for the period	-	-	76.436	-	-	-	76.436	-1.104	75.332
Other comprehensive income	-	-	-	3.437	2.505	23.867	29.809	357	30.166
Total comprehensive income	-	-	76.436	3.437	2.505	23.867	106.245	-747	105.498
Cash dividends (Note 18)	-	-	-15.000	-	-	-	-15.000	-152	-15.152
Capital increase and other	-	-	-474	-	-	-	-474	-114	-588
Balance at 31 December 2022	5.475	108.735	102.943	1.927	2.505	4.630	226.214	10.891	237.105
Balance at 1 January 2023	5.475	108.735	102.943	1.927	2.505	4.630	226.214	10.891	237.105
Profit for the period	-	-	48.959	-	-	-	48.959	-860	48.099
Other comprehensive income	-	-	-	-675	-4.080	-25.824	-30.579	199	-30.380
Total comprehensive income	-	-	48.959	-675	-4.080	-25.824	18.380	-661	17.719
Cash dividends (Note 18)	-	-	-30.000	-	-	-	-30.000	-1.146	-31.146
Acquisition of a subsidiary with non-controlling interest (Note 6)	-	-	-	-	-	-	-	441	441
Capital increase and other*	-	-	4.689	-	-	-	4.689	605	5.294
Balance at 31 December 2023	5.475	108.735	126.590	1.252	-1.575	-21.195	219.282	10.131	229.413

*Other contains a shareholder contribution of € 8.063 thousand related to the aquisition of nstim GmbH and nstim Services GmbH in 2023 as well as offsetting effects from changes in the scope of consolidation (deconsolidation of subsidiaries € 2.815 thousand and changes in non-controlling interests € 559 thousand).

Consolidated statements of cash flows

for the year ended 31 December 2022 and 31 December 2023

	Notes	2023	2022
		€ 000	€ 000
Profit before tax		77.370	94.366
Financial result	8.5	42.997	-18.486
Depreciation, amortization and impairment	8.3	123.992	120.473
Results from disposals of non-current assets		787	53
Changes from long-term incentive plan		-11.768	-20.639
Other non-cash expenses/income		-11.073	10.542
Change in inventories		9.317	-41.106
Change in trade and other receivables		-30.833	-18.523
Change in other assets		-1.483	-1.453
Change in provisions		907	-15.038
Change in trade and other payables		-5.369	-4.657
Change in other liabilities		15.659	3.408
Income tax paid		-17.873	-11.730
Net Cash provided by operating activities		192.630	97.211
Purchase of tangible and intangible assets		-89.409	-113.521
Proceeds from sales of fixed assets		7.388	4.992
Free cash flow*		110.609	-11.318
Acquisition of subsidiaries (net of cash acquired)	6	-13.993	-95.573
Cash flows from investing activities		-96.014	-204.102
Proceeds from loans and borrowings	24.2	251.500	340.000
Repayment of loans and borrowings	24.2	-250.000	-146.000
Repayment of lease liabilities	24.2	-41.871	-38.623
Change in other financial liabilities	24.2	1.858	103
Payment of dividends		-16.146	-15.031
Payment for purchase of non-controlling interests		-2.823	-706
Interest paid	24.2	-46.323	-24.205
Change in other financing activities		947	2.922
Cash flows from financing activities		-102.857	118.460
Net change in cash		-6.241	11.569
Cash and cash equivalents at the beginning of period		79.152	67.583
Change in cash and cash equivalents from transactions		-6.241	11.569
Effects of exchange rate changes		-7.641	0
Cash and cash equivalents at end of period	17	65.270	79.152

*Free cashflow is defined as cashflow from operating activities less cashflow from investments in tangible and intangible assets as well as other investing activities.

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 2023 were authorized for issue in accordance with a resolution of the Executive Board on 20 March 2024. 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 health care products and services (see Note 4 Capital management). Information on the Group's ultimate parent and information on other related party relationships of the Group is provided in Note 28 Related party disclosures.

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements of the Group for the year ended 31 December 2023 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 have been prepared on a historical cost basis except for derivative financial instruments (interest/FX derivatives) and equity instruments in non-consolidated entities which have been measured at fair value through profit or loss in accordance with IFRS 9 and share based payment agreements measured at fair value in accordance with IFRS 2. The consolidated financial statements are presented in euro and all values are rounded to the nearest thousands (€ 000), except if otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

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 2023 with comparatives presented as of and for the year ended 31 December 2022 (see Note 5 Group information).

Control according to IFRS 10 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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, even if this results in the non-controlling interests having a deficit balance.

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.

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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3. Summary of accounting policies

The following material accounting policies are applied by the Group in preparing its consolidated financial statements.

2.3.1. 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 as the aggregate of the consideration transferred, which is measured at the acquisition date fair value 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 recognised. Subsequent changes in the value of the financial liability are recognised in profit or loss in accordance with IFRS 9.

Any contingent consideration to be transferred by the acquirer will be recognised 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 recognised 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 recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised 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 recognised 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 recognised 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 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 cash-generating unit (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.

2.3.2. 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. Associates are generally accounted for using the equity method, with exception of associates previously classified as held for sale.

Investments accounted for using the equity method are initially recognized at cost, which includes transaction costs. When applying the equity method, 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 in an entity accounted for using the equity method, taking into account any attributable long-term loans, are not recognised. Recognized goodwill is presented in the carrying amount of the investment accounted for using the equity method. Unrealized intercompany profits and losses from transactions with investments accounted for using the equity method are eliminated proportionately during consolidation if the underlying transactions are material.

In impairment testing, the carrying amount of an investments accounted for using the equity method is compared with its recoverable amount. If the carrying amount exceeds the recoverable amount, the difference is recognized as an impairment loss. If the reasons for a previously recognized impairment loss no longer exist, a corresponding reversal of the impairment loss is recognized through profit or loss.

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

2.3.3. Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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 utilise 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised 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 categorisation (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 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 to 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 24.1 Structure of financial assets and 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 the 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 Business combinations and acquisition of non-controlling interests and 24 Financial Instruments for details).

Fair value related disclosures for financial instruments or where fair values are disclosed, are summarised in the following notes:

- Financial instruments: Note 24 Financial Instruments

- Quantitative disclosures of fair value measurement hierarchy: Note 24.1 Structure of financial assets and financial liabilities

2.3.4. Revenue from contracts with customers

Performance obligations

The Group sells healthcare products and corresponding services through wholesalers and patient care entities. Revenue from sale of healthcare products such as prosthetic and orthotic products, human mobility products as well as industrial exoskeletons is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. Due to the 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.

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). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

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 20 Provisions.

For premium prosthetic 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 recognised as a contract liability. Revenue is recognised 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.

Determining the timing of satisfaction of services

The Group determined that the input-oriented method is the best method in measuring progress of the services carried out towards the customer. Using this method revenue is recognised relative to the related costs i.e., labour and material incurred.

Contract balances*Trade receivables*

A receivable represents 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

A contract liability is 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 recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs services under the contract.

2.3.5. 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 recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is classified 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 recognised in OCI or profit or loss are also recognised 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 recognises 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 2023	Index as of 31 December 2022
Argentina	3.533,19	1.147,27
Turkey	1.859,38	1.128,45

Revenues and expenses are restated using monthly inflation rates and therefore reflect both weighting 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 8.5 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 recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on 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 at the spot rate of exchange at the reporting date.

2.3.6. Government grants

Government grants are recognised 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 recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. If the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

2.3.7. Taxes

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. The Group has determined that interest and penalties related to income taxes do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets as general and administrative expense or financial income.

Uncertain tax treatments are accounted for under IFRIC 23. Hence, if there is uncertainty about an income tax treatment, the Group considers 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.

Current income 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 tax is recognised in respect of using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

In accordance with IAS 12 Income Taxes and the amendment regarding Pillar Two Model Rules, the Group neither recognises nor discloses information about deferred tax assets and liabilities resulting from the introduction of global minimum taxation. Nevertheless, the Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

A deferred tax asset is recognised 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 utilised, 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, branches and associates, and interests in joint arrangements, deferred tax assets are only recognised 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 utilised.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements except to the extent that the following two conditions are both satisfied: The parent, joint venturer or joint operator 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.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise 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 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 realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflecting uncertainty related to income taxes, if any.

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.

For the temporary differences associated with investments in the Group's subsidiaries, associates and joint ventures a deferred tax liability has not been recognised in the periods presented. The Group has determined that the undistributed profits of its subsidiaries, associates or joint ventures will not be distributed in the foreseeable future.

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

2.3.8. 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. Such cost includes the cost of replacing parts of the property, plant and equipment. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at cost less accumulated depreciation on buildings, and impairment losses are recognised 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 derecognised 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 derecognised.

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.

2.3.9. 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. To assess whether a contract conveys the right to control an identified asset, the Group uses the guidance included in IFRS 16.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises the lease payments in connection with these leases as an expense on a straight-line basis over the lease term. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Upon initial recognition, right-of-use assets are measured upon initial recognition 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The current leasing portfolio does not include any leased asset with a lease term that exceeds the economic useful life of the asset.

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 right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3.14 Impairment of non-financial assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. 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. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities 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 Group's lease liabilities are included in current and non-current financial liabilities (see Note 24.2 Financial liabilities).

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 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 the 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.

2.3.10. 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 capitalised 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 capitalised for intangible assets.

With regard to the capitalisation of borrowing costs, Ottobock makes use of the exemption and does not apply IAS 23 retrospectively. Instead, capitalisation is only done for borrowing costs incurred on or after the date of transition to IFRS (1 January 2019) for all eligible qualifying assets.

2.3.11. 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 at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation 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 amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised 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 recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised 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 amortisation and accumulated impairment losses. Development cost also include borrowing costs for long-term development projects if the recognition criteria are met. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Patents and licences

Separately acquired intangible assets are capitalised at cost and amortised 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	Amortisation method	Internally generated or acquired
Development costs	Finite (3-15 years)	Amortised on a straight-line basis over the period of expected future sales from the related project	Internally generated
Licences	Finite (2-10 years)	Amortised on a straight-line basis over the period of the licence	Internally generated and acquired
Patents	Finite (5-25 years)	Amortised on a straight-line basis over the period of the patent	Acquired
Patient or customer relationships	Finite (10 years)	Amortised on a straight-line basis	Acquired
Trademarks	Finite (10 years)	Amortised on a straight-line basis	Acquired

2.3.12. Financial instruments — initial recognition and subsequent measurement

i. 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 recognised 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. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value or in case of a financial asset not at fair value through profit or loss including transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.3.4 Revenue from contracts with customers.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI (debt instruments)
- Financial assets designated at fair value through OCI (equity instruments)

- Financial assets at fair value through profit or loss

In case of designated cash flow hedges, related derivatives' fair values are disclosed in a separate class (see Note 24.3 Financial instruments risk management objectives and policies).

In financial year 2023, as in the previous years, there were no reclassifications within the individual measurement categories.

Financial assets at amortised cost

The Group measures financial assets at amortised 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 amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets measured at amortised 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 OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling 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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

At year end of all relevant periods presented there were no debt instruments in place measured at fair value through OCI.

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 recognised in OCI if the respective instrument was elected to be measured as at fair value through OCI. The Group does not exercise this choice.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss (fair value option), 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 includes financial derivatives - including separated embedded derivatives if relevant - 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.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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

Impairment of financial assets

The Group recognises 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 expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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.

According to the general approach, expected credit losses (ECL) are recognised in three stages. Stage 1 refers to performing credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). Stage 2 refers to

underperforming credit exposures for which a significant increase in credit risk has occurred compared to original expectations, whereas a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due. ECLs are provided for credit losses that result from default events that are possible within the expected lifetime. Stage 3 refers to nonperforming credit exposures whereas interest and/or principal repayments are 60 days past due or it becomes probable a debtor will enter bankruptcy. ECLs are provided for credit losses that result from default events that are possible within the expected lifetime. Financial assets are written off, if interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery.

For loans to third parties, other financial assets and cash and cash equivalents, the expected losses for the Group are of minor significance.

For trade receivables, the Group applies a group-wide approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

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

- Credit risk Note 24.3 Financial instruments risk management objectives and policies
- Trade receivables and other assets Note 15

ii. Financial liabilities

The Group recognises 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 amortised 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:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

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 recognised 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 amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised 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 amortisation is included in financial expense in the statement of profit or loss.

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

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

- Trade and other payables Note 23
- Bank liabilities, Reverse Factoring and other financial liabilities Note 24.2 Financial liabilities

Derecognition

A financial liability is derecognised 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 recognised 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 for the payment service provider through the establishment of a new debt with Ottobock. Liabilities subject to the reverse factoring program are classified as financial liability in accordance with IFRS 9 and are reported as current and disclosed separately. The economic structure of the reverse factoring program is based on process efficiencies in operations and has therefore no financing function. The related payments are consequently part of the cash flow from operating activities.

iii. 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 recognised 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 recognised 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 recognised asset or liability or an unrecognised 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 recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

The Group designates certain derivatives as hedging instruments starting 2022 to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest 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 recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised 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. The ineffective portion relating to interest derivatives – if any – is recognised as other finance expense. 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 recognised 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.

Currently the Group undertakes cash flow hedges for selected interest rate derivatives and a foreign exchange derivative with no initial fair value at the time of designation. No OCI-amounts are included in the cost of a non-financial item and all OCI amounts related to effective cash flow hedges are reclassified to profit or loss in the same period during which the hedged cash flows affect profit or loss.

2.3.13. Inventories

Inventories are valued at the lower of cost and net realisable 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 labour 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 realisable 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 realisable 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 realisable values.

2.3.14. 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 10 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 discounted cash flow 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 prepared separately for each of the Group's CGUs to which the 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 recognised 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 recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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 recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.3.15. 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.

2.3.16. Provisions

General

Provisions are recognised 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 recognised 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 whereas the reversal of unused provision amounts is recognized in the related functional expense line.

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 recognised as a finance cost.

Warranty provisions

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

2.3.17. 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 recognised 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 recognised in profit or loss until the grants have vested and in full until the provision is settled. The related expense is recognised in employee benefit expenses. For details of the share-based payments refer to Note 27 Share-based payments.

2.3.18. Pensions, anniversary awards and other post-employment benefits

Ottobock operates defined benefit pension plans and anniversary awards. The cost of providing benefits under the defined benefit plans is determined separately for each plan using 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 recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date on which the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

2.4. 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 early apply standards/amendments unless stated otherwise.

IFRS 17 Insurance Contracts – First Application

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The new standard had no impact on the Group's consolidated financial statements.

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 Income Taxes

In May 2021, the IASB amended IAS 12. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The amendments did not have a material impact on the Group.

International tax reform - pillar two model rules - Amendments to IAS 12 Income Taxes

In May 2023, the IASB amended IAS 12 with the release of International Tax Reform - Pillar Two Model Rules. The changes include a temporary exception of the obligations to recognise and disclose information about deferred tax assets and liabilities associated with Pillar Two income taxes; and specific disclosure obligations for impacted parties.

The accounting exemption is effective immediately after the EU-endorsement of the amendment and applies retrospectively. The amendments to the notes are effective for annual periods beginning on or after 1 January 2023.

The Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions. Only four countries (Belgium, Netherlands, Ireland and India) in which the Group operates, are affected by the Pillar Two Model Rules. In Belgium and the Netherlands the effective tax rate was above the 15 %-threshold in a first calculation based on the preliminary accounts of 2023. Therefore, the Group currently does not expect a top-up tax for these countries under the “safe harbours” rules. In Ireland 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.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material accounting policy information, an effective date for these amendments is not necessary.

The amendments did not have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments did not have a material impact on the Group.

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
- Financial instruments risk management objectives and policies Note 24.3
- Sensitivity analyses disclosures Notes 13 Goodwill, 22 Pensions and other post-employment benefit plans, 24.1 Structure of financial assets and financial liabilities and 24.3 Financial instruments risk management objectives and policies

Judgements

Revenue Recognition

Stand-alone selling 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 selling 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 applies the input-based method to estimate the revenue recognition from service-type warranties over a period of time. The pattern for the reversal of deferred sales is based on the expected costs incurred for the warranty packages.

Variable considerations resulting from bonus agreements with customers 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. The volume

discounts are granted to the customer as a refund payment in cash or as a discount for future orders. Therefore, variable considerations are recognized as a sales deduction and financial liability.

Warranty provision

Warranty provision includes expected warranty costs for products sold with standard warranty (assurance-type warranty) and are recognized at the date of external sale of the relevant products. The warranty provision is measured at management's best estimate of the expenditure required to settle the obligation. To determine the expected value of the warranty provision the Group uses the following input parameters:

- Quantities sold in the last two years
- Complaint rates per product based on empirical data of the last two years
- Costs per complaint and product based on empirical data of the last two years

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 capitalises costs for product development projects. Initial capitalisation 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 capitalised, management makes assumptions. This includes significant investment in the development of new healthcare products, licences and patents. Furthermore, the estimation of the useful lives for internally generated intangible assets to determine a depreciation period as well as the depreciation 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 Group has several lease contracts that 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 customisation to the leased asset).

The Group runs contracts for land and buildings, automobiles and technical equipment, machines, and office equipment. Most of the lease contracts of the Group contain a lease term between three to fifteen years and some of them for more than twenty-five years. The Group typically leases automobiles for three to four years, technical equipment, machines and office equipment usually for up to five years and real estate leases with varying lease terms and different type of contractual options which may contain a contract period for more than twenty-five years. Some lease terms include extension and/or termination options exercisable by the Group only up to

one year before the end of the non-cancellable contract period. If renewal or termination options are reasonably certain at lease commencement, the Group includes the renewal or termination period in the lease term.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. 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 2024). 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 recognised 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 27 Share-based payments.

Taxes

Generally deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be

recognised, based upon the timing and the level of future taxable profits, together with future tax planning strategies.

The remaining unrecognised tax losses and interest carry forward 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 recognise deferred tax assets on the tax losses carried forward and interest carry forward.

Further details on taxes are disclosed in Note 9 Income tax.

Defined benefit plans

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each annual reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality by the actuary firm. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 22 Pensions and other post-employment benefit plans.

Business combinations

Significant estimations and assumptions were 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 Business combinations and acquisition of non-controlling interests.

At acquisition date, contingent considerations were recognised 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 as well as to ensure the flexibility of the Ottobock Group. Particular attention is also paid to the sustainable structure of balance sheet liabilities, especially regarding the capital structure, maturity profiles and a selected group of investors.

Capital managed consists of a diversified mix of financing instruments e.g., revolving credit facilities, promotional loans and assignable loans and amounts to committed gross debt facilities of € 1.062 million as of 31 December 2023 (2022: € 1.030 million).

At the beginning of 2024 Ottobock signed an underwriting agreement to refinance a revolving credit facility in the amount of € 660 million. The agreement guarantees a financing of € 800 million consisting of a € 400 million term loan tranche and a € 400 million revolving tranche. The facility has a maturity of 5 years and provides the option to increase the loan amount to € 1.000 million. The syndication is expected to be completed in the first half of 2024.

The Group uses various key figures to monitor debt: A very important key figure is the ratio of net debt to EBITDA. The net debt to EBITDA ratio is a so-called financial covenant in our loan agreements with corresponding regulations. As of 31 December 2023, loan agreements with financial covenants amount to € 760 million (2022: to € 760 million).

Other indicators monitored on an ongoing basis include, for example, the ratio of EBITDA to net interest expenses and the equity ratio.

The target values are in the investment grade range. In addition, the general growth strategy also deals with inorganic growth strategies, in the context of which a controlled increase in the level of debt can be used in the crossover area, followed by a phase of debt reduction. To achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. As of 31 December 2023, the net debt to EBITDA ratio is 3,90x (2022: 4,68x) and the maximum permitted net debt to EBITDA ratio is 4,28x (2022: 4,78x). Breaches in meeting the financial covenants would permit the banks to call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in 2023 or previous periods.

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
		2023
Otto Bock Australia Pty Ltd	Australia	100
Otto Bock Benelux B.V.	Netherlands	100
Otto Bock France SARL	France	100

Consolidated subsidiaries		
Otto Bock Iberica S.A.	Spain	100
Otto Bock Italia Srl	Italy	100
Otto Bock Scandinavia AB	Sweden	100
Otto Bock HealthCare Limited Partnership	USA	100
Otto Bock HealthCare PLC	UK	100
Otto Bock Healthcare Products GmbH	Austria	100
OOO Otto Bock Service Moskau	Russia	100
Otto Bock do Brasil Tecnica Ortopedica LTDA	Brazil	100
Otto Bock Adria d.o.o.	Croatia	100
Otto Bock Suisse AG	Switzerland	100
Otto Bock - Orthopedic Technique LLC	Russia	100
Ottobock (China) Industries Co. Ltd	China	100
Industria Ortopedica Otto Bock Limitada	Portugal	100
Otto Bock South East Asia Co., Ltd.	Thailand	100
AS Otto Bock Estonia	Estonia	100
Otto Bock Ortopedi ve Rehabilitasyon Teknigi LS	Turkey	100
Otto Bock Argentina S.A.	Argentina	100
Otto Bock de Mexico S.A. de C.V.	Mexico	100
Otto Bock Holding B.V.	Netherlands	100
Albatros Son Holding B.V.	Netherlands	100
Otto Bock Japan K.K.	Japan	100
John + Bamberg GmbH & Co. KG	Germany	100
John + Bamberg Verwaltungs GmbH	Germany	100
Otto Bock HealthCare Canada Ltd.	Canada	100
Otto Bock Asia Pacific Limited	China	100
Otto Bock Polska Sp. z o.o.	Poland	100
Otto Bock HealthCare India Private Ltd.	India	100
Aktiv Ortopedteknik Support AB	Sweden	100
Otto Bock Korea HealthCare Co. Ltd.	South Korea	100
Otto Bock ČR s.r.o.	Czech Republic	100
Otto Bock HealthCare Deutschland GmbH	Germany	100
Otto Bock HealthCare Beteiligungen GmbH	Germany	100
Otto Bock HealthCare North America Inc.	USA	100
Otto Bock Sava d.o.o.	Serbia	100
Otto Bock Adria d.o.o. Sarajevo	Bosnia-Herzegovina	100
Otto Bock Hungaria Kft.	Hungary	100
Otto Bock Algeria EURL	Algeria	100
Independent Disablement Services Limited	Ireland	100
Otto Bock HealthCare Besitz- und Verwaltungs GmbH	Germany	100
Otto Bock HealthCare U.S. Inc.	USA	100
Otto Bock HealthCare Andina SAS	Colombia	100
Otto Bock MP B.V.	Netherlands	100
Otto Bock Austria GmbH	Austria	100
La Prothese Generale SA	France	100
Otto Bock HealthCare US Participation LP	USA	100
Otto Bock HealthCare US Management Inc.	USA	100
Otto Bock Romania SRL	Romania	100
Otto Bock Slovakia s.r.o.	Slovakia	100
Otto Bock Manufacturing Königsee GmbH	Germany	100
Otto Bock International (Beijing) Co. Ltd.	China	100
Otto Bock Mobility Solutions GmbH	Germany	100
OOO Otto Bock Yekaterinburg	Russia	100
OOO Otto Bock St. Petersburg	Russia	100
Otto Bock Soluzioni Ortopediche Srl	Italy	100
Otto Bock Bulgaria LTD	Bulgaria	100
Otto Bock Chile SpA	Chile	100
Otto Bock Orthopedic Services LLC	USA	100

Consolidated subsidiaries		
Otto Bock Maroc SARL	Morocco	100
Otto Bock Medikal Hizmetleri Ltd Sti.	Turkey	100
Otto Bock Mobility LLC	Russia	100
Otto Bock South Africa (Pty) Ltd	South Africa	60
Aktiv Ortopedteknik i Värmland AB	Sweden	100
Otto Bock HealthCare Andina SAS	Ecuador	100
Clínica de Reabilitação Ottobock Sao Paulo Ltda.	Brazil	100
Otto Bock HealthCare Andina SAS	Peru	100
Ottobock MedicalCare GmbH	Germany	100
Respecta OY	Finland	100
Pohlig GmbH	Germany	100
Pohlig Austria GmbH & Co. KG	Austria	100
Pohlig Austria GmbH	Austria	100
Otto Bock Equipment B.V.	Netherlands	100
Polior Industria e Comercio de Produtos Ortopedicos Ltda.	Brazil	100
Southern Prosthetics & Orthotics Pty. Ltd.	Australia	100
OTTOBOCK INDÚSTRIA, COMÉRCIO, IMPORTAÇÃO, E EXPORTAÇÃO DE PRODUTOS ORTOPEDICOS E CADEIRAS DE RODAS LTDA	Brazil	100
Dorset Orthopaedic Company Limited	UK	100
Orthopraxis SAS	Colombia	51
Ottobock Uruguay S.A.	Uruguay	100
Aktiv Ortopedteknik i Sverige AB	Sweden	100
Medifix Healthcare Limited	Ireland	100
Otto Bock Servicii Ortopedice S.R.L.	Romania	100
Ensco 1214 Ltd.	UK	100
Ensco 1212 Ltd.	UK	100
Ottobock Lanka (Private) Limited	Sri Lanka	100
Ottobock Group Holdings, LLC	USA	100
Ottobock Prosthetic Holdings, LLC	USA	100
Pomme Holdings Corp.	USA	100
Ottobock Prosthetic Group Corp.	USA	100
Ottobock Prosthetic Group Holdings, LLC	USA	100
Ottobock Prosthetics, LLC	USA	100
Otto Bock Middle East FZ-LLC Dubai	United Arab Emirates	100
Otto Bock S A Holding (Pty) Ltd.	South Africa	100
plus medica OT GmbH	Germany	51
Ottobock (Shanghai) Orthopedics Co., Ltd.	China	100
Ottobock Kenya Limited	Kenya	100
Otto Bock Patient Care, LLC	USA	90,4
Ottobock Manufacturing Bulgaria EOOD	Bulgaria	100
VIGO International NV	Belgium	100
VIGO NV	Belgium	100
Ottobock GP, LLC	USA	100
Cascade Orthopedic Supply, LP	USA	51
Ortoped ULC	Canada	100
Wright & Filippis. LLC	USA	85
Wright & Filippis. Southeast, LLC	USA	100
A4 Access, LLC	USA	100
Carolina Orthotics & Prosthetics, LLC (MI)	USA	100
Carolina Orthotics & Prosthetics, LLC (SC)	USA	100
Prosthetics/Orthotics Consulting Service	USA	75
Active Life Health LC	USA	90
Active Life LLC	USA	100
Active Life Orthotics and Prosthetics Corporation	USA	100
Exoneural Network AB	Sweden	100

Consolidated subsidiaries		
Herakles GmbH	Germany	100
IOT Gesellschaft für innovative Orthopädie-Technik mbH	Germany	100
Ottobock Réseau Orthopédie et Services	France	100
Neobock Ltd.*	Israel	50
suitX, Inc.	USA	100
Orthopedie Investments Holding B.V.	Netherlands	100
Veldink Rolstoeltechniek B.V.	Netherlands	100
Orthomed BV	Belgium	100
Demolder Orthos NV	Belgium	100
Livit Orthopedie B.V.	Netherlands	100
Ortho-Fix LDA**	Portugal	49
Livit Schoentechneik B.V.	Netherlands	100
Eilandsgracht B.V.	Netherlands	95
G.M. Medical Bracing B.V.	Netherlands	100
Phoenix Rehabilitation Services Limited	UK	100
Pace Rehabilitation Limited	UK	100
Orthopädie Brillinger GmbH & Co. KG	Germany	100
Brillinger Verwaltungs GmbH	Germany	100
Eshed Advanced Orthopedics Ltd.	Israel	66,7
Technoleg Orthopedic Institute Ltd.	Israel	100
nstim GmbH	Germany	100
nstim Services GmbH	Austria	100
SUITX GmbH	Germany	100
Proklinik Sağlık Hizmetleri Sanayi ve Dış Ticaret Anonim Şirketi	Turkey	51
Bilimop Ortopedi Anonim Şirketi	Turkey	70
Ottobock Ukraine LLC	Ukraine	100

*The Group consolidates this entity as it has the power over the relevant activities based on protective rights in accordance with IFRS 10.14 (casting vote).

**The Group consolidates this entity based on de facto control arising from contractual agreements.

Unconsolidated subsidiaries*		
Name	Country of incorporation	% equity interest
		2023
Otto Bock Ortopaedic Services S.A.E.	Egypt	100
Otto Bock Holding South East Asia Co., Ltd.	Thailand	100

Associated companies accounted for using the equity method*		
Name	Country of incorporation	% equity interest
		2023
Qingdao Ao Kang Rehabilitation & Assistive Device Co. Ltd.	China	40
Prosthetics Consulting Services, LLC	USA	50
Pro-Care, LLC	USA	33,33
MUSC Prosthetics Orthotics Services LLC	USA	49
SiChuan Zhongdeaoi Prosthetics and Orthotics Co., Ltd.	China	30
EproTec GmbH	Germany	25

Other investments*		
Name	Country of incorporation	% equity interest
		2023
DUNA S.R.L.	Italy	20
Biogas Duderstadt GmbH & Co. KG	Germany	25,07
Biogas Duderstadt Verwaltungs GmbH	Germany	25,07

*The unconsolidated subsidiaries, the investment in associated companies 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 2023, Ottobock has undertaken a number of organizational changes to simplify the existing legal structure and streamline its operations. For this purpose, legal entities in the Philippines, Sri Lanka, Sweden, Netherlands and Vietnam were closed and several legal entities in Brazil (10) and Belgium (2) were merged into local Ottobock subsidiaries. In the course of this process, also the next step in the integration of the North American Patient Care business was taken by merging the existing legacy brands (10 legal entities) into the Otto Bock Patient Care, LLC.

6. Business combinations and acquisition of non-controlling interests

Acquisitions in 2023

Acquisition of Brillinger

On 28 February 2023, Ottobock MedicalCare GmbH acquired 100% of the shares in Orthopädie Brillinger GmbH & Co. Kommanditgesellschaft (thereinafter Brillinger). The General Partner was replaced by a newly purchased General Partner Brillinger Verwaltungs GmbH. Brillinger is a patient care provider mainly in the Southwest of Germany.

With the acquisition of Brillinger, Ottobock enlarges its patient care network in the Southwest of Germany and strengthens its position as a patient care provider in Germany. Accordingly, the business operations of Brillinger will be integrated into the segment Western Europe.

From the date of acquisition until 31 December 2023, Brillinger contributed € 32.969 thousand of revenue and € 1.012 thousand to profit before tax from continuing operations of the Group. Had Brillinger already been consolidated as of 1 January 2023, Brillinger would have generated revenue of € 37.072 thousand and a loss before tax of € 157 thousand for the Group.

Acquisition-related costs

The Group incurred acquisition-related costs of € 267 thousand on due diligence and legal costs. These costs have been included in other operating expenses.

Consideration transferred

The consideration transferred amounts to € 4.864 thousand and is defined as the net debt free purchase price of € 5.339 thousand adjusted by working capital adjustment of € 475 thousand. The consideration was fully paid in cash.

Transaction recognised separately

Alongside the acquisition of Brillinger receivables of the former shareholder due from Brillinger were acquired at their fair value of € 2.739 thousand. Those payables are consolidated within the Ottobock group accounts.

Assets acquired and liabilities assumed

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

	Fair value recognised on acquisition
	€ 000
Non-current assets	
Property, plant and equipment	1.658
Intangible assets	3.788
Right-of-use assets	6.482
Other non-current assets	26
	11.954
Current assets	
Inventories	2.664
Trade receivables and other assets	2.447
Cash and cash equivalents	26
Other current assets	1.175
	6.312
Total assets	18.266
Non-current liabilities	
Interest bearing loans and borrowings	4.433
Lease liabilities	5.607
Provisions	93
Deferred tax liabilities	9
	10.141
Current liabilities	
Interest bearing loans and borrowings	391
Lease liabilities	875
Provisions	55
Trade and other payables	1.313
Other current liabilities	1.157
	3.792
Total liabilities	13.933
Total equity and liabilities	18.266
Total identifiable net assets at fair value	4.333
Goodwill arising on acquisition	531
Acquisition date fair value	4.864

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

The trademark was valued at € 1.245 thousand as an intangible asset. The brand "Orthopädie Brillinger" is well known in the Southwestern region in Germany 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 € 2.523 thousand as a customer-related intangible asset. The company has direct business relationships with patients with minor and heavy disabilities in regional south-western German market for patient care and orthopaedic 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. The patient relationships are recognized at fair value using the Multi-Period Excess Earnings Method (MEEM).

The fair value of the trade receivables amounted to € 2.447 thousand. The gross amount of trade receivables was € 2.447 thousand, and it is expected that the full contractual amounts can be collected.

Final adjustments to the purchase price allocation resulted in the derecognition of deferred taxes and a decrease in the goodwill originally recognised by an amount of € 1.110 thousand.

Other Acquisitions in 2023

In January 2023, the Group acquired 100% of the shares in Phoenix Rehabilitation Services Limited and its subsidiary Pace Rehabilitation Limited, a patient care provider in UK. The purchase price amounted to € 4.016 thousand.

In April 2023, the Group acquired an equity interest of 25% in EproTec GmbH. The purchase price of € 2.400 thousand was paid in cash.

In June 2023, the Group acquired the shares of nstim GmbH and thereby also acquired nstim Services GmbH.

Four further share deals took place in 2023. The considerations transferred amount to € 4.800 thousand. The purchase price allocations are not finalized yet. We expect no material effect on the earnings, financial and net asset position of the Group as at 31 December 2023.

Aggregated tables

The following table shows in aggregate the identifiable assets acquired and liabilities assumed in all business combinations:

	2023	2022
	€ 000	€ 000
Assets		
Non-current		
Property, plant and equipment	2.206	10.375
Intangible assets	3.789	32.450
Right-of-use assets	8.377	10.953
Non-current financial assets	0	720
Other non-current assets	26	0
Deferred tax assets	12.366	24
Current		
Inventories	5.011,0	5.497
Trade receivables and other assets	4.448,0	4.824
Current financial assets	100,0	718
Cash and cash equivalents	2.087,0	8.674
Other current assets	2.041,0	555
Current income tax asset	7	0
Total Assets	40.458	74.790
Liabilities		
Non-Current		
Non-current financial liabilities	11.165	13.133
Provisions	653	234
Non-current deferred revenue	180	427
Net employee defined benefit	51	0
Deferred tax liabilities	56	5.909
Current		
Trade and other payables	4.013	3.071
Current contract liabilities	1.733	0
Current financial liabilities	1.724	2.827
Income tax payable	330	0
Provisions	4.131	0
Other current liabilities	2.719	7.282
Total Liabilities	26.756	32.884
Total identifiable net assets at fair value	13.701	41.906
Non-controlling interest measured at fair value	-441	0
Goodwill arising on acquisition (Note 14)	8.484	64.625
Shareholder contribution	-8.063	0
Purchase consideration transferred	13.680	106.531

The aggregate cash flows arising from obtaining control of subsidiaries is presented in the table below:

	2023	2022
	€ 000	€ 000
Cash flow on acquisitions		
Brillinger		
Net cash acquired	26	0
Cash paid	-4.864	0
Veldink4Kids		
Net cash acquired	0	257
Cash paid	0	-17.681
Orthomed		
Net cash acquired	0	3.946
Cash paid	0	-28.051
Peter Harsch		
Net cash acquired	0	406
Cash paid	0	-11.003
Livit		
Net cash acquired	0	4.065
Cash paid	0	-46.061
Prosthetic Care Inc.		
Net cash acquired	0	0
Cash paid	0	-547
U.S. Bionics, Inc.		
Net cash acquired	0	0
Cash paid	0	-47
Other subsidiaries, equity interests and non controlling interests acquired		
Net cash acquired	2.061	0
Cash paid	-8.816	-859
Net cash flow on acquisitions	-11.593	-95.575

7. Revenue from contracts with customers

7.1. Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2023	2022
	€ 000	€ 000
Regions		
Western Europe	778.049	663.994
North America	386.466	368.853
Rest of World	330.522	301.041
Total revenue from contracts with customers	1.495.037	1.333.888

	2023	2022
	€ 000	€ 000
Product Categories		
Prosthetics	839.074	749.772
Other	655.963	584.116
Total revenue from contracts with customers	1.495.037	1.333.888
Other revenues	0	306
External Revenues	1.495.037	1.334.194

Other revenues in 2022 in the amount of € 306 thousand include revenues from other businesses apart from the core business. Those revenues mainly comprise rental income and income for IT services as well as other services provided.

7.2. Contract balances

	2023	2022
	€ 000	€ 000
Trade receivables	223.901	188.542
Contract liabilities	60.940	56.144

Trade receivables are non-interest bearing (refer to 2.3.4 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).

Set out below is the amount of revenue recognised from:

	2023	2022
	€ 000	€ 000
Amounts included in contract liabilities at the beginning of the year	25.211	25.449

7.3. Performance obligations

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

	2023	2022
	€ 000	€ 000
Within one year	28.809	26.105
More than one year	32.131	30.039
	60.940	56.144

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

8. Other income/expenses

8.1. Other income

The following table illustrates the other income:

	2023	2022
	€ 000	€ 000
Foreign exchange gains*	48.982	40.215
Release of non-operating provisions	77	371
Profit on sale of fixed assets	275	508
Release of bad debt allowance	727	9.450
Remaining other operating income	14.853	38.358
Total other operating income	64.913	88.902

*In 2023, the currency effects from the exchange of sales generated in foreign currencies were reclassified from cost of sales to other expenses for clarity reasons.

The remaining other operating income in 2023 mainly includes resolutions of provisions from share based participations. In 2022, other operating income relates to the release of provisions from share based participations as well as the release of provisions for warranties.

8.2. Other expenses

The following table represents the other expenses:

	2023	2022
	€ 000	€ 000
Foreign exchange losses*	-20.361	-26.621
Remaining other operating expenses	-2.000	-4.085
Total other expenses	-22.362	-30.706

*In 2023, the currency effects from the exchange of sales generated in foreign currencies were reclassified from cost of sales to other expenses for clarity reasons.

In all financial years the remaining other operating expenses mainly consist of incidental acquisition costs.

8.3. Depreciation, amortization and impairment

The depreciation, amortization and impairment, which are included in the expenses by function, amounts to € 123.992 thousand (2022: € 120.473 thousand). For further information regarding impairments, see Note 12 Intangible assets and Note 13 Goodwill.

8.4. Employee benefits expenses

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

	2023	2022
	€ 000	€ 000
Wages and salaries	-524.460	-477.371
Social security and similar costs	-103.932	-97.197
Total employee benefit expenses	-628.393	-574.568

8.5. Financial Result

The following table outlines the financial result:

	2023	2022
	€ 000	€ 000
Finance income		
Interest income	8.186	2.893
Interest income from financial assets and liabilities (FVTPL)	0	41.431
Other income from financial assets and liabilities (FVTPL)	17.239	6.455
	25.425	50.780
Finance costs		
Interest and similar expenses	-54.801	-22.267
Interest expense from financial assets and liabilities (FVTPL)	-11.011	-8.547
Other expense from financial assets and liabilities (FVTPL)	-6.314	-515
	-72.126	-31.329
Other financial result		
Result from participations and investments	490	1.194
Income from fair value adjustments of financial liabilities	4.483	2.486
Miscellaneous financial result	-1.269	-4.645
	3.704	-965
Total financial result	-42.997	18.486

Interest income and interest expense from financial assets and liabilities (FVTPL) includes income and expense as well as fair value changes from interest and foreign exchange derivatives both designated and not designated as hedging instrument and swaps.

Other income and other expense from financial assets and liabilities (FVTPL) includes income and expense as well as fair value changes from foreign exchange derivatives not designated as hedging instrument. In 2023 income from foreign exchange derivatives amounted to € 17.054 thousand (2022: € 6.353 thousand) and related expenses amounted to € 6.314 thousand (2022: nil).

In 2022, the sharp increase in interest rates as a consequence of worldwide inflation contributed to the increase in fair value adjustments of financial instruments. In 2023 income from unrealized value changes in interest rate derivatives amounted to nil (in 2022 income from unrealized value changes in interest rate derivatives amounted to € 41.431 thousand).

Interest and similar expenses mainly contain interest expenses from bank loans (2023: € 48.328 thousand, 2022: € 16.689 thousand) and leasing contracts (2023: € 6.124 thousand, 2022: € 4.333 thousand). The inflation-related rise in interest rates primarily caused the increase in interest expenses from bank loans.

Miscellaneous financial result includes the gain on the net monetary position from hyperinflation accounting (in Argentina and Turkey) in the amount of € 770 thousand (2022: nil) and a loss on the net monetary position from hyperinflation accounting in the amount of € 1.917 thousand (2022: € 4.522 thousand).

Compared to 31 December 2022 the allocation of items of the finance income and costs were adjusted to a minor extent in order to better disclose their economic character.

9. Income tax

The major components of income tax expense for the years ended 31 December 2023 and 31 December 2022 are:

Consolidated statement of profit or loss

	2023	2022
	€ 000	€ 000
Current income tax		
Current income tax charge	-28.206	-18.493
Adjustments in respect of current income tax of previous year	-6.031	-4.044
Deferred tax		
Relating to origination and reversal of temporary differences/tax losses carried forward	4.967	3.503
<i>Thereof temporary differences</i>	-483	-20.963
<i>Thereof tax carryforward</i>	5.450	24.466
Income tax expense reported in the statement of profit or loss	-29.271	-19.034

Consolidated statement of other comprehensive income (gross amounts are disclosed)

	2023	2022
	€ 000	€ 000
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement gain/(loss) on actuarial gains and losses	1.949	-2.399
Deferred tax charged to other comprehensive income	1.949	-2.399

Reconciliation of tax expense and the accounting profit multiplied by applying a combined statutory corporate income tax and trade tax rate for 2023 and 2022:

	2023	2022
	€ 000	€ 000
Accounting profit before tax from continuing operations	77.370	94.366
Accounting profit before income tax	77.370	94.366
At statutory income tax rate of 29,1% (2022: 29,1%)	-23.598	-27.460
Deviation of local and group tax rates	4.204	2.350
Taxes for prior years	-11.761	-2.633
Tax rate changes	1.309	4.835
Non-deductible expenses	-12.076	-3.835
Tax exempt income	2.340	797
Effects due to change of permanent balance sheet differences	4.835	1.914
Unrecognised amount/valuation allowance on deferred tax assets P&L effective	8.248	-26
Valuation allowances related to tax losses carried forward, interest expense carryforward and tax credits	1.660	6.473
Unrecognized deferred tax assets related to tax losses carried forward, interest expense carryforward and tax credits	-3.381	-1.130
Effects from transactions on group level	-72	0
Additions/deductions for local/state/trade tax purposes	-1.882	-798
Others	902	480
At the effective income tax rate of 37,83% (2022: 20,17%)	-29.271	-19.034
Income tax expense reported in the statement of profit or loss	-29.271	-19.034

Deferred tax relates to the following:

2023	Net balance at 1 January 2023	Recognised in profit or loss	Recognised in OCI	FX impact	Recognised in equity	Total change
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Property, plant and equipment	7.680	-6.527	0	-137	-59	-6.724
Intangible assets	-59.679	-12.194	0	321	75	-11.798
Right-of-use assets	-56.906	3.460	0	522	6	3.989
Investment in an associate/joint venture	0	-91	0	0	0	-91
Non-current financial assets	-11.660	4.406	1.739	45	-74	6.117
Inventory	10.163	2.165	0	-89	0	2.075
Trade and other receivables	2.566	2.196	0	-44	0	2.152
Current financial assets	-1.330	1.545	0	0	0	1.545
Cash and cash equivalents	-20	75	0	2	0	77
Total other current assets	160	-942	0	-22	0	-965
Net employee defined benefit liabilities	1.295	-130	210	-31	-1	48
Non-current provisions	-10.359	2.035	0	8	0	2.044
Non-current financial liabilities	49.739	-4.429	0	-478	0	-4.907
Non-current deferred revenue	37	-26	0	2	0	-24
Non-current contract liabilities	8.144	797	0	-85	-27	685
Non-current government grants	-492	89	0	3	0	93
Other non-current liabilities	424	-275	0	-12	60	-227
Trade and other payables	107	-381	0	-21	0	-402
Current provisions	8.818	-2.982	0	-108	904	-2.187
Current financial liabilities	12.896	2.317	0	-96	-8	2.212
Current contract liabilities	3.434	300	0	-45	-9	245
Current government grants	1.002	708	0	-42	0	666
Total other current liabilities	1.499	1.157	0	22	-18	1.161
Tax loss carryforward	80.952	3.395	0	-2.928	9.705	10.172
Interest expense carryforward	16.477	1.385	0	-558	0	828
Federal tax credits	1.146	-25	0	-17	0	-42
Non-recognition/Valuation allowances on DTA on temporary differences	-9.824	6.243	0	40	47	6.330
Non-recognition/Valuation allowances on DTA on tax loss carryforward, interest expense carryforward and tax credits	-40.477	694	0	1.635	1.748	4.078
Tax assets (liabilities) before set-off	15.792	4.967	1.949	-2.115	12.349	17.149
Set-off of tax	0	0	0	0	0	0
Net tax assets (liabilities)	15.792	4.967	1.949	-2.115	12.349	17.149

2022	Net balance at 1 January 2022	Recognised in profit or loss	Recognised in OCI	FX impact	Recognised in equity	Total change
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Property, plant and equipment	6.067	2.348	0	310	-1.045	1.613
Intangible assets	-52.139	137	0	-382	-7.295	-7.540
Right-of-use assets	-45.931	-8.113	0	-227	-2.635	-10.975
Non-current financial assets	3.924	-7.470	-1.048	-165	-6.900	-15.584
Inventory	10.071	43	0	43	6	92
Trade and other receivables	7.382	-5.233	0	369	47	-4.816
Current financial assets	-812	-404	0	-6	-108	-518
Cash and cash equivalents	0	-21	0	1	0	-20
Total other current assets	2.045	-1.864	0	-21	0	-1.885
Net employee defined benefit liabilities	2.731	-56	-1.351	-28	0	-1.436
Non-current provisions	-10.130	-305	0	38	37	-229
Non-current financial liabilities	46.241	341	0	236	2.921	3.498
Non-current deferred revenue	-287	320	0	5	0	324
Non-current contract liabilities	7.140	923	0	-27	108	1.004
Non-current government grants	-427	-101	0	36	0	-65
Other non-current liabilities	-155	595	0	-18	0	578
Trade and other payables	737	-654	0	23	0	-630
Current provisions	11.472	-2.684	0	30	0	-2.654
Current financial liabilities	12.312	216	0	32	336	584
Current contract liabilities	2.774	515	0	0	146	660
Current government grants	0	1.002	0	0	0	1.002
Total other current liabilities	1.441	76	0	-18	0	59
Tax loss carryforward	55.471	16.662	0	1.948	6.872	25.481
Interest expense carryforward	14.714	887	0	876	0	1.763
Federal tax credits	1.770	-666	0	42	0	-624
Non-recognition/Valuation allowances on DTA on temporary differences	-15.433	-576	0	-533	6.717	5.609
Non-recognition/Valuation allowances on DTA on tax loss carryforward, interest expense carryforward and tax credits	-41.281	7.583	0	-1.701	-5.078	804
Tax assets (liabilities) before set-off	19.697	3.503	-2.399	862	-5.871	-3.905
Set-off of tax	0	0	0	0	0	0
Net tax assets (liabilities)	19.697	3.503	-2.399	862	-5.871	-3.905

The deferred tax assets / (liabilities) are further detailed below:

	31 December 2023		31 December 2022	
	€ 000	€ 000	€ 000	€ 000
Deferred tax relates to the following	DTA	DTL	DTA	DTL
Property, plant and equipment	5.856	-4.900	12.278	-4.598
Intangible assets	2.895	-74.372	3.460	-63.139
Right of use assets	0	-52.917	0	-56.906
Investment in an associate/joint venture	0	-91	0	0
Non-current financial assets	901	-6.443	4.026	-15.686
Inventory	13.222	-985	10.958	-795
Trade and other receivables	4.973	-255	3.857	-1.291
Current financial assets	1.082	-867	0	-1.330
Cash and cash equivalents	81	-24	0	-20
Total other current assets	197	-1.003	1.601	-1.441
Net employee defined benefit liabilities	3.013	-1.669	2.989	-1.694
Non-current provisions	2.912	-11.227	2.031	-12.390
Non-current financial liabilities	47.242	-2.411	50.115	-376
Non-current deferred revenue	13	0	37	0
Non-current contract liabilities	8.829	0	8.144	0
Non-current government grants	0	-399	0	-492
Other non-current liabilities	201	-5	448	-24
Trade and other payables	502	-797	431	-324
Current provisions	7.140	-510	9.135	-317
Current financial liabilities	15.253	-145	13.703	-807
Current contract liabilities	3.679	0	3.434	0
Current government grants	1.718	-50	1.053	-51
Total other current liabilities	2.696	-35	1.954	-455
Temporary differences	122.406	-159.104	129.654	-162.136
Tax loss carryforward	91.124	0	80.952	0
Interest expense carryforward	17.305	0	16.477	0
Federal tax Credits	1.104	0	1.146	0
Non-recognition/Valuation allowances on DTA on temporary differences	-3.494	0	-9.824	0
Non-recognition/Valuation allowances on DTA on tax loss carryforward, interest expense carryforward and tax credits	-36.399	0	-40.477	0
Offsetting	-97.563	97.563	-110.472	110.472
Deferred tax assets (+)/liabilities (-)	94.483	-61.541	67.456	-51.664

Deferred tax assets have not been recognised on tax losses of € 163.056 thousand (2022: € 169.230 thousand) and interest carry forward/tax credits of € 17.584 thousand (2022: € 36.467 thousand) as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

The split of total unrecognised and recognised tax losses and interest carry forward/tax credits as per the reporting date with respect to expiration, minimum taxation rules and unlimited usability is shown in the following table:

	2023	2022
	€ 000	€ 000
Unrecognised tax losses expiring within 4 years	5.304	10.708
Unrecognised tax losses expiring within 4 to 20 years	14.118	13.874
Unrecognised tax losses with unlimited usability, only subject to minimum taxation rule	118.950	136.481
Other unrecognised tax losses with unlimited usability	24.683	8.167
Non-recognition/Valuation allowances on DTA on interest expense carryforward	17.085	36.165
Non-recognition/Valuation allowances on DTA on tax credits	500	302
Total unrecognised tax losses	180.640	205.698

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

	2023	2022
	€ 000	€ 000
Non-recognition/Valuation Allowances on deductible temporary differences	18.536	68.626

The temporary differences associated with investments in the Group's subsidiaries, associates and joint ventures, for which a deferred tax asset has not been recognised in the periods presented, aggregate to € 59.976 thousand (2022: € 24.623 thousand).

The Group has determined that the undistributed profits of its subsidiaries, associates or joint ventures 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. Furthermore, the Group's joint ventures will not distribute its profits until it obtains the consent of all venture partners.

There are no income tax consequences attached to the payment of dividends in either 2023 or previous financial years by the Group to its shareholders.

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

Deferred tax assets of € 54,605 thousand (2022: € 45,405 thousand) are recognised, although the utilisation 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 € 51.703 thousand (2022: € 42.276 thousand) which are considered to be able to be offset against the Group's taxable profits in future periods. Management have based their assignment on mid-term planning forecasts which reflect improved performance largely due to the elimination of unfavorable one-time effects (i.e., adjusted transfer pricing calculations) and additional sales opportunities related

to recently introduced reimbursement schemes as well as new products to be launched. Furthermore, convincing tax planning opportunities are available to the entity that will create taxable profit in appropriate periods (i.e., margin controlling towards an optimized transfer pricing strategy)..

10. Property, plant and equipment

	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	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
At 1 January 2022	227.248	94.374	149.685	41.674	17.999	530.980
Additions	10.342	10.199	14.562	5.390	16.767	57.261
Acquisition of a subsidiary (Note 6)	7.928	293	2.292	0	0	10.513
Disposals	-1.623	-2.044	-7.381	-3.307	-1.866	-16.220
Reclassifications*	6.306	1.885	-4.903	289	-3.248	328
Exchange differences	292	219	1.143	874	205	2.732
At 31 December 2022	250.493	104.926	155.398	44.920	29.857	585.594
Additions	5.146	10.581	12.901	4.542	8.079	41.249
Acquisition of a subsidiary (Note 6)	1.096	436	674	0	0	2.206
Disposals	-4.504	-1.973	-7.630	-3.408	-475	-17.991
Reclassifications*	7.543	6.695	2.390	155	-20.026	-3.243
Exchange differences	-811	-403	-1.657	-725	-87	-3.684
At 31 December 2023	258.961	120.263	162.076	45.484	17.347	604.132

*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.

	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
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Depreciation and impairment						
At 1 January 2022	-103.291	-62.949	-112.980	-26.468	-123	-305.811
Depreciation charge for the year	-10.214	-7.330	-12.242	-6.341	-136	-36.262
Disposals	1.277	996	6.025	3.219	22	11.539
Reclassifications*	-1.575	-1.262	2.469	207	0	-161
Exchange differences	-330	-55	-1.474	-591	2	-2.448
At 31 December 2022	-114.133	-70.600	-118.202	-29.974	-235	-333.144
Depreciation charge for the year	-11.389	-8.711	-12.460	-6.260	-505	-39.326
Impairment	0	0	-22	0	0	-22
Disposals	4.285	1.255	6.428	3.240	318	15.525
Reclassifications*	-1.698	-350	3	-153	-159	-2.357
Exchange differences	453	97	1.157	474	-20	2.161
At 31 December 2023	-122.482	-78.310	-123.097	-32.673	-600	-357.163

*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 2023	136.479	41.953	38.978	12.811	16.747	246.968
At 31 December 2022	136.360	34.326	37.196	14.946	29.622	252.450

11. Leasing

Group as a lessee

The Group leases warehouses, factory facilities, office spaces and service facilities of patient care units at various locations worldwide. The leases typically run for a period between three to fifteen years, with an option to renew the lease for an additional period after the end of the initial term. Some of the underlying rental payments are linked to local price indices. An adjustment of the rental payments is made upon an increase or decrease of the consumer price index compared to a defined baseline; the adjustment is made in the same direction and by the same percentage.

Ottobock also leases factory and IT equipment, machinery, and automobiles for its operations. Leases of equipment and machines have usually lease terms between two and six years, whereas most of automobile leases have contractual terms between two and four years. Lease agreements contain fixed lease payments. If the underlying contractual agreements are not classified as short-term leases or as low-value asset leases, right-of-use assets and lease liabilities are recognized. Otherwise, the Group does not recognize right-of-use assets and lease liabilities as Ottobock has elected to apply the practical expedient for short-term leases and leases of low-value.

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

	Land and buildings	Technical and factory equipment and machines	Automobiles	Total
	€ 000	€ 000	€ 000	€ 000
At 1 January 2022	168.453	10.634	9.149	188.237
Depreciation charge for the year	-32.629	-2.546	-5.903	-41.078
Additions to right-of-use assets	76.067	3.062	8.581	87.709
Disposals of right-of-use assets	-9.246	-914	-538	-10.698
Exchange differences	1.071	56	-4	1.123
Reclassifications*	-168	0	0	-168
At 31 December 2022	203.548	10.292	11.285	225.125
Depreciation charge for the year	-34.823	-2.048	-6.825	-43.696
Additions to right-of-use assets	39.437	2.236	9.332	51.005
Disposals of right-of-use assets	-17.188	-42	-629	-17.858
Exchange differences	-2.374	-34	-32	-2.440
Reclassifications*	0	-19	0	-19
At 31 December 2023	188.599	10.386	13.131	212.116

*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.

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

In the reporting years, the following amounts were recognized in the income statement:

	2023	2022
	€ 000	€ 000
Interest on lease liabilities	6.124	4.333
Variable lease payments not included in the measurement of lease liabilities	103	117
Income from sub-leasing right-of-use assets presented in 'other revenue'	-295	-237
Expenses relating to short-term leases	917	893
Expenses relating to leases of low-value assets, excluding short-term leases of low-values assets	1.523	1.627

In the reporting periods, the following amounts were recognized in the statement of cash flows:

	2023	2022
	€ 000	€ 000
Total cash outflow for leases	47.866	42.912

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 26 Commitments and contingencies.

The Group has several leases containing extension and termination options. Local management is responsible for managing their leases in accordance with the Group accounting policies and, accordingly, lease terms are negotiated on an individual basis containing a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide management with greater flexibility to align the Group's business needs. Some contracts have an indefinite term and only have a certain 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.

Since extension and termination options with material impact on future cash outflows are mostly relevant for real estate contracts and such contracts often do not have specified prolongation terms, a reliable estimate of future cash outflows is not possible. No material cash outflows attributable to variable lease payments and residual value guarantees are expected.

For information on lease liabilities refer to Note 24 Financial Instruments.

Group as a lessor

Ottobock acts as a lessor e.g., mostly within the context of wheelchair leasing to the nursing homes and hospitals in Belgium. The Group classifies these leases as operating leases since not substantially all the risks and rewards of ownership are transferred.

In the reporting periods, the following amounts of leased wheelchairs were recognized:

	2023	2022
	€ 000	€ 000
Technical equipment and machines	2.348	1.736
Right-of-use assets	35	231
Total	2.383	1.967

The Group recorded wheelchair income in the amount of € 8.143 thousand (2022: € 6.732 thousand) in the reporting period, which is included in revenue from contracts with customers.

12. Intangible assets

	Development costs	Patents, Software and Licenses	Customer Relationships and Trademarks	Advance Payments on intangible assets	Goodwill	Total
Cost	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
At 1 January 2022	253.275	176.250	0	8.431	445.937	883.893
Additions	39.931	8.215	25	8.089	0	56.260
Acquisition of a subsidiary (Note 6)	482	9.325	22.644	0	66.469	98.919
Disposals	-366	-901	0	0	0	-1.267
Reclassifications*	0	-45.340	51.010	-5.094	-576	0
Exchange differences	345	2.982	-231	22	8.976	12.095
At 31 December 2022	293.667	150.531	73.448	11.448	520.806	1.049.900
Additions	45.659	4.371	760	6.027	114	56.932
Acquisition of a subsidiary (Note 6)	0	21	3.768	0	8.484	12.273
Disposals	-5.014	-1.346	-1.784	-8	-87	-8.240
Reclassifications*	43.468	-25.902	0	-16.843	0	724
Exchange differences	-347	-1.408	-658	-61	-7.057	-9.532
At 31 December 2023	377.433	126.267	75.535	564	522.259	1.102.058

*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.

	Development costs	Patents, Software and Licences	Customer Relationships and Trademarks	Advance Payments on intangible assets	Goodwill	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Amortisation and impairment						
At 1 January 2022	-110.395	-83.130	0	0	-4.178	-197.703
Amortisation	-16.750	-14.150	-6.934	-82	0	-37.916
Impairment	-5.215	0	0	0	0	-5.215
Disposals	377	526	0	0	0	903
Reclassifications*	0	9.647	-9.647	0	0	0
Exchange differences	-65	-1.111	43	-14	0	-1.147
At 31 December 2022	-132.048	-88.217	-16.538	-96	-4.178	-241.078
Amortisation	-15.653	-16.617	-7.037	0	0	-39.307
Impairment	-1.641	0	0	0	0	-1.641
Disposals	0	1.337	1.427	0	0	2.765
Reclassifications*	-12.011	16.837	0	-69	0	4.756
Exchange differences	119	769	141	47	0	1.076
At 31 December 2023	-161.234	-85.892	-22.007	-118	-4.178	-273.429

*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 2023	216.200	40.376	53.528	446	518.081	828.629
At 31 December 2022	161.619	62.314	56.910	11.351	516.628	808.822

Acquisition during the year

Patents and licences include intangible assets acquired through business combinations, see Note 6 for further information.

Capitalised development cost

Included in the capitalised development costs are borrowing costs related to development projects of € 4.250 thousand (2022: € 2.263 thousand), calculated using a capitalisation rate of 3,79 % during the first half of 2023 and 4,63 % during the second half of 2023 (2022: 2,43 %).

Recoverability of development costs

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 € 1.641 thousand (2022: € 5.215 thousand) have been recognised and presented in the research and development expenses.

13. Goodwill

For impairment testing goodwill acquired through business combinations is allocated to the following CGUs, which correspond to the operational regions.

Carrying amount of goodwill allocated to each of the CGUs

	31 December 2023	31 December 2022
	€ million	€ million
Western Europe	310	305
North America	184	189
Asia Pacific	14	15
EEMEA*	10	8
Goodwill	518	517

*EEMEA Eastern Europe Middle East & Africa

The Group performs its impairment test at least annually 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).

In 2023, no impairment losses were identified for the CGUs Western Europe, North America, Asia Pacific, Latin America and EEMEA.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for all CGUs are most sensitive to the following assumptions:

Post-tax discount rate

The discount rate is derived using the capital asset pricing model.

Terminal value growth rate used to extrapolate cash flows beyond the forecast period

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

EBIT margin for the terminal value is based on the EBIT margin of each CGU of the planning year 2028.

The key assumptions used in the estimation of the value in use are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2023			2022		
	Post-tax discount rate	Terminal value growth rate	EBIT Margin Terminal Value	Post-tax discount rate	Terminal value growth rate	EBIT Margin Terminal Value
Western Europe	8,76	1,5	17,7	9,31	1,5	12,9
North America	8,71	1,5	19,9	9,21	1,5	14,1
Asia Pacific	8,93	1,5	15,7	9,55	1,5	13,5
EEMEA*	9,95	1,5	24,0	11,06	1,5	22,5

The corresponding pre-tax discount rates used are displayed in the table below.

	2023	2022
	Pre-tax discount rate	Pre-tax discount rate
Western Europe	11,69	12,41
North America	11,61	12,28
Asia Pacific	11,91	12,73
EEMEA*	13,26	14,78

Sensitivity Analysis

Sensitivity analyses of the key assumptions demonstrate that no reasonable and possible change of the key assumptions would lead to an impairment.

14. Inventories

	31 December 2023	31 December 2022
	€ 000	€ 000
Raw materials	70.028	73.884
Merchandise	42.452	42.788
Work in progress	27.132	26.290
Finished goods	69.395	70.351
Total inventories	209.006	213.313

In 2023, inventories of € 800.257 thousand (2022: € 737.429 thousand) were recognised as an expense during the year and included in cost of sales.

During 2023, € 235 thousand were recognised as an income for inventories carried at net realisable value (in 2022 an expense of € -1.251 thousand was recognised).

The write-downs and reversals are included in cost of sales.

15. Trade receivables and other assets

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

	31 December 2023	31 December 2022
	€ 000	€ 000
Net trade receivables	223.901	188.542
Receivables from affiliates	1.210	3.105
Government grants receivable	5.900	6.475
Other receivables	2.436	2.557
Total receivables and other assets	233.447	200.679

Other receivables mainly include insurance claim receivables (2023: € 2.380 thousand, 2022: € 2.034 thousand).

More information according to trade receivables with respect to credit exposures and impairment losses are disclosed in Note 24.3 Financial instruments risk management objectives and policies.

Other current assets comprise of the following:

	31 December 2023	31 December 2022
	€ 000	€ 000
Prepayments	25.266	23.437
VAT receivables	10.908	14.375
Vendor bonuses and travel advances	3.007	463
Other current tax assets	633	285
Miscellaneous other assets	4.446	5.791
Total	44.260	44.351

16. Cash and cash equivalents

	31 December 2023	31 December 2022
	€ 000	€ 000
Cash at banks	64.106	77.829
Cash in hands and cheques	1.164	1.323
Cash and cash equivalents	65.270	79.152

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 favour of the lessor.

17. Issued capital and reserves

In all financial years, the subscribed capital of Ottobock SE & Co. KGaA was divided into 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 the net income. All shares confer the same rights and obligations.

	31 December 2023	31 December 2022
	€ 000	€ 000
Ordinary shares of € 1 each	5.475	5.475

Share Premium includes the additional amounts shareholders of Ottobock SE & Co. KGaA paid in excess of the notional value of the shares. In case the share premium is less than 10% of subscribed capital, it may only be used to cover annual or prior years losses as far as they cannot be covered by dissolution of other retained earnings of the company. As far as the share premium is in excess of 10% of the subscribed capital of the entity it may also be used to increase subscribed capital.

Share premium also includes € 108.735 thousand 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.

Accumulated actuarial gains and losses on defined benefit pension plans result from changes in certain actuarial assumptions as ruled by IAS 19. The amounts included in here will not be recycled to profit and loss in future.

The cash flow hedge reserve relates to the effective parts of designated cash flow hedges. 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 24.3 Financial instruments risk management objectives and policies (Hedge Accounting) and the accounting policies section in 2.3.12.iii Derivative financial instruments and hedge accounting.

Retained earnings include accumulated prior and current year(s) profits and losses and other comprehensive income as far as not related to other reserves separately presented and considering dividend distributions.

18. Distributions made and proposed

The average number of shares is 5.475 thousand. In fiscal year 2023, Ottobock SE & Co. KGaA declared the following dividends:

	31 December 2023	31 December 2022
Cash dividends on ordinary shares declared and paid (€ 2,74 per share)	€ 000 15.000	€ 000 15.000
Cash dividends on ordinary shares declared and not paid (€ 2,74 per share)	15.000	-
Total	30.000	15.000

The dividend declared for fiscal year 2023 was recognised as a liability as at 31 December 2023.

19. 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:

	2023	2022
	€ 000	€ 000
Profit attributable to ordinary equity holders of the parent for basic earnings	48.959	76.436
	2023	2022
	thousands	thousands
Weighted average number of ordinary shares for basic EPS	5.475	5.475

20. Provisions

	Assurance-type warranties	Personnel Expenses	Other	Total
	€ 000	€ 000	€ 000	€ 000
At 1 January 2023	5.203	35.063	8.321	48.587
Acquisition of a subsidiary (Note 6)	55	0	4.729	4.784
Arising during the year	3.603	10.464	8.334	22.401
Utilised	-2.141	-7.165	-7.389	-16.695
Unused amounts reversed	-460	-12.744	-488	-13.692
Reclassification*	51	-137	-1.939	-2.025
Exchange differences	-3	13	-120	-110
At 31 December 2023	6.308	25.495	11.448	43.251
Current	6.190	16.623	6.949	29.762
Non-current	118	8.871	4.500	13.489

	Assurance-type warranties	Personnel Expenses	Other	Total
	€ 000	€ 000	€ 000	€ 000
At 1 January 2022	14.954	53.182	11.543	79.679
Acquisition of a subsidiary (Note 6)	0	92	142	234
Arising during the year	10.041	12.912	5.253	28.206
Utilised	-5.190	-10.119	-7.036	-22.345
Unused amounts reversed	-14.601	-20.639	-675	-35.915
Reclassification*	0	-262	-857	-1.119
Exchange differences	0	-104	-49	-153
At 31 December 2022	5.204	35.062	8.321	48.587
Current	5.180	29.726	3.966	38.872
Non-current	24	5.336	4.355	9.715

*Reclassifications mainly include reallocations between provisions and other current liabilities.

The assurance-type warranties represent the statutory warranty claims. Please see also Note 3 Significant accounting judgements, estimates and assumptions regarding the warranty provision. The personnel provisions mainly consist of the Management Participation Program

(MPP) for the incentivization of executives and management. The other provisions mainly include obligations related to marketing, customer agreements and to employee retention programs.

21. Other liabilities

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

	31 December 2023	31 December 2022
	€ 000	€ 000
Personnel related liabilities	79.004	64.772
Other tax liabilities	33.602	27.503
Accruals for consultancy, audit and other fees	5.191	3.332
Deferred revenue	3.981	2.846
Other liabilities	9.896	12.810
Total	131.674	111.263
Current	108.910	93.580
Non-current	22.764	17.684

Personnel related liabilities in 2023 mainly include liabilities for annual bonuses with an amount of € 28.792 thousand (2022: € 14.811 thousand) and vacation claims with an amount of € 23.103 thousand (2022: € 21.464 thousand).

Other liabilities is mainly comprised of sales commitments, government grants and liabilities related to subscriptions and defined contribution plans.

22. Pensions and other post-employment benefit plans

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 a retired employee to receive an annual pension payment.

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

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.

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.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The following tables show a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

2023 changes in the defined benefit obligation and fair value of plan assets															
		Pension cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income									
	1 January 2023	Service cost	Net interest expense/income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Net changes in the scope of consolidation	Contributions by employer	Contributions by employee	Exchange differences	31 December 2023
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Defined benefit obligation	23.069	1.210	595	1.805	-1.599	0	-8	712	-362	342	50	0	140	233	24.040
Fair value of plan assets	-7.670	0	-235	-235	343	118	0	218	197	533	0	-597	-140	-212	-7.978
Benefit liability	15.400	1.210	360	1.570	-1.256	118	-8	930	-165	875	50	-597	0	21	16.062

2022 changes in the defined benefit obligation and fair value of plan assets															
		Pension cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income										
	1 January 2022	Service cost	Net interest expense/income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Net changes in the scope of consolidation	Contributions by employer	Contributions by employee	Exchange differences	31 December 2022
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Defined benefit obligation	28.580	1.528	191	1.719	-822	0	0	-5.808	-767	-6.574	0	0	180	-14	23.069
Fair value of plan assets	-8.318	0	-63	-63	-170	779	0	979	67	1.825	0	-567	-180	-198	-7.670
Benefit liability	20.262	1.528	128	1.657	-992	779	0	-4.828	-700	-4.749	0	-567	0	-212	15.400

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 the reimbursement and the pension obligation has marginally changed as a result of changes in exchange rates.

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

	2023	2022
	€ 000	€ 000
Investments quoted in active markets		
Cash and cash equivalents	45	80
Equity investments	1.200	1.129
Debt instruments (e.g. bonds)	1.276	1.084
Real estate	975	899
Investment funds	2.198	2.387
Qualifying insurance policies	2.120	2.060
Others	163	117
Total	7.977	7.756

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

	2023	Germany	Switzerland	Other (Europe)	Other (Rest of World)
	%	%	%	%	%
Discount rate	2,90	3,25	1,50	3,20	4,01
Future pension growth	1,82	1,95	0,00	3,07	4,65

	2022	Germany	Switzerland	Other (Europe)	Other (Rest of World)
	%	%	%	%	%
Discount rate	3,32	3,79	2,30	3,19	1,56
Future pension growth	1,49	1,95	0,00	1,58	2,00

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

Assumptions	Future pension growth		Discount rate	
Sensitivity Level	0,25% increase	0,25% decrease	0,25% increase	0,25% decrease
	€ 000	€ 000	€ 000	€ 000
2023	341	-614	-715	734
2022	504	-707	-966	1.114

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.

The Group expects to pay € 684 thousand (employer: € 552 thousand; employee: € 132 thousand) in contributions to its defined benefit plan in 2024.

As of 31 December 2023, the weighted-average duration of the defined benefit obligation was 11,1 years (2022: 13,0 years). The distribution of the timing of benefit payments to the employees was, as shown below:

	2023	2022
	€ 000	€ 000
Within the next 12 months (next annual reporting period)	708	561
Between 2 and 5 years	4.961	5.365
Between 5 and 10 years	5.195	5.942
Total expected payments	10.864	11.868

In 2023, Ottobock incurred € 10.599 thousand (2022: € 8.988 thousand) in expenses related to defined contribution plans.

23. Trade and other payables

Trade and other payables are due within one year. At the reporting date € 15.541 thousand of the € 106.257 thousand balance account are trade payables to related parties (2022: € 1.136 thousand of € 92.613 thousand). 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 € 15.000 thousand. Please refer to Note 28 Related party disclosures.

24. Financial Instruments

24.1. Structure of financial assets and financial liabilities

The following table shows the structure of financial assets:

	2023	2022
	€ 000	€ 000
Cash and cash equivalents	65.270	79.152
Trade and other receivables	233.447	200.679
Other financial assets	29.208	41.028
Total financial assets	327.925	320.860

Trade and other receivables are disclosed in Note 15 Trade receivables and other assets and cash and cash equivalents are disclosed in Note 16 Cash and cash equivalents .

The table provides an overview of the maturity structure of the other financial assets for the reporting dates.

	2023	2022
	€ 000	€ 000
Non-current other financial assets		
Rent deposits	3.145	3.547
Other financial assets	2.649	2.311
Derivatives	16.035	24.612
	21.829	30.470
Current other financial assets		
Rent deposits	361	310
Other financial assets	4.785	6.562
Derivatives	2.233	3.686
	7.379	10.558
Total other financial assets	29.208	41.028

Derivatives values mainly in interest rate instruments changed due to decreasing time to maturity accompanied by changes in market interest rates.

Equity instruments include non consolidated investments in associates and shares in participations that are accounted for under IFRS 9.

The following table shows the structure of financial liabilities:

	2023	2022
	€ 000	€ 000
Trade and other payables	106.257	92.613
Payables from reverse factoring	68.975	69.745
Interest bearing loans and borrowings	968.240	960.057
Lease liabilities	219.167	231.068
Derivatives	5.174	15.685
Other financial liabilities	70.010	60.221
Total financial liabilities	1.437.823	1.429.389

Trade payables are separately disclosed in Note 23 Trade and other payables.

Payables from reverse factoring

The Group participates in a reverse factoring program to improve its working capital structures. This is intended in particular to simplify and automate the purchase-to-pay process and optimize payment targets. Related liabilities are reported separately in the balance sheet, as the original trade accounts payable have already been settled by the payment service provider, thereby creating a new liability for the payment service provider through the establishment of a new debt relationship with Ottobock. All liabilities subject to the reverse factoring program are reported as current. Related payments are part of the cash flow from operating activities.

Interest bearing loans and borrowings

The Group's debt structure is supported by several pillars. Bonded loans of € 301.500 thousand were drawn at the end of 2023 (2022: € 270.000 thousand) consisting of several tranches with maturities between 2024 and 2028. A revolving facility agreement in the amount of € 660.000 thousand (2022: € 660.000 thousand) with a maturity until 2026 adds to the debt structure as well. Additionally, a promotional loan from the Europäische Investitionsbank (EIB) is used to finance research and development projects. The loan has a nominal amount of € 100.000 thousand and has a final maturity in 2026. At the beginning of 2024 Ottobock signed an underwriting agreement to refinance the revolving credit facility in the amount of € 660 million (refer to Note 4 Capital management).

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 is financed through lines of credit.

€ 540.000 thousand of the revolving facility agreement had been used at the end of 2023 (2022: € 565.000 thousand). For additional disclosures on financial covenants see Note 4 Capital management.

As of 31 December 2023, the Group had total available credit lines of € 120.000 thousand from the revolving facility (2022: € 95.000 thousand).

The lending banks do not demand any mortgage collateral. However, some of our financing agreements require us to comply with a financial covenant (net debt to EBIDTA as defined in the financing agreements). In calculating such figure, certain items with a specific character are eliminated in accordance with the contractual definition. A maximum of 10 % of EBITDA may be deducted. In the context of preparation for a possible IPO, the upper limit of 10 % is not appropriate. Therefore, the corresponding definition was adjusted in December 2021. As a result, all expenses in connection with the preparation for a possible IPO are deducted. For the other expenses with a specific character, the upper limit of 10 % continues to apply.

The table provides an overview of the maturity structure of the other financial liabilities for the reporting:

31 December 2023		Measurement Categories			"No Category"	Fair Value		
	Category	Carrying amount	At Amortised Cost	At Fair Value	Hedging instruments (FV) / Leases	Level 1	Level 2	Level 3
Financial assets		€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cash and cash equivalents	AC	65.270	65.270					
Trade and other receivables	AC/FVTPL	233.447	233.447					
- related to a Factoring-Program	FVTPL							
- not related to a Factoring-Program	AC	223.901	223.901					
- receivables from affiliates and other receivables	AC	9.546	9.546					
Derivatives	FVTPL/NA	18.268		16.818	1.449		18.268	
<i>Thereof:</i>								
<i>Interest rate derivatives</i>		15.759		14.310	1.449		15.759	
<i>Foreign exchange derivatives</i>		2.508		2.508			2.508	
Other financial assets	AC/FVTPL	10.941	9.074	810	1.056			
<i>Thereof:</i>								
<i>Investments</i>	FVTPL	810		810				810
<i>Finance lease receivables</i>	N/A	1.056			1.056			
Financial liabilities								
Trade and other payables	AC	106.257	106.257					
Payables from reverse factoring	AC	68.975	68.975					
Interest bearing loans and borrowings	AC	968.240	968.240				967.057	
Lease liabilities	N/A	219.167			219.167			
Derivatives	FVTPL	5.174		1.868	3.305		5.174	
<i>Thereof:</i>								
<i>Interest rate derivatives</i>		3.300			3.300		3.300	
<i>Foreign exchange derivatives</i>		1.874		1.868	5		1.874	
Other financial liabilities	AC/FVTPL	70.010	50.500	19.510				19.510
<i>Thereof agg. acc. to IFRS 9 classification category</i>								
- <i>Financial Assets measured at Amortised Cost (AC)</i>			307.791					
- <i>Financial Assets measured at Fair Value through Profit and Loss (FVTPL)</i>				17.628				

- Financial Liabilities measured at Fair Value
through Profit and Loss (FVTPL)
- Financial Liabilities measured at Amortised
Cost (FLAC)
Lease liabilities

		21.378				
	1.193.972		219.167			

31 December 2022			Measurement Categories		"No Category"	Fair Value		
	Category	Carrying amount	At Amortised Cost	At Fair Value	Hedging instruments (FV) / Leases	Level 1	Level 2	Level 3
Financial assets								
		€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cash and cash equivalents	AC	79.152	79.152					
Trade and other receivables	AC/FVTPL	200.679	200.679					
- related to a Factoring-Program	FVTPL	0						
- not related to a Factoring-Program	AC	188.542	188.542					
- receivables from affiliates and other receivables	AC	12.137	12.137					
Derivatives	FVTPL/NA	28.298	0	24.745	3.553		28.298	0
<i>Thereof:</i>								
<i>Interest rate derivatives</i>								
<i>Thereof designated as hedging instruments</i>		0		0	3.553		3.553	
<i>Foreign exchange derivatives</i>								
<i>Thereof designated as hedging instruments</i>								
Other financial assets	AC/FVTPL	12.984	12.194	790				790
<i>Thereof:</i>								
<i>Investments</i>	FVTPL	790		790				
<i>Finance lease receivables</i>	N/A	1.230			1.230			
Financial liabilities								
Trade and other payables	AC	92.613	92.613					
Payables from reverse factoring	AC	69.745	69.745					
Interest bearing loans and borrowings	AC	960.057	960.057				957.994	
Lease liabilities	N/A	231.068			231.068			
Derivatives	FVTPL	15.685		15.685			15.685	
<i>Thereof:</i>								
<i>Interest rate derivatives</i>								
<i>Thereof designated as hedging instruments</i>								
<i>Foreign exchange derivatives</i>								
<i>Thereof designated as hedging instruments</i>								
Other financial liabilities	AC/FVTPL	60.221	35.445	24.776			0	24.776
<i>Thereof agg. acc. to IFRS 9 classification category</i>								

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- Financial Assets measured at Amortised Cost (AC)	292.025					
- Financial Assets measured at Fair Value through Profit and Loss (FVTPL)		25.535				
- Financial Liabilities measured at Fair Value through Profit and Loss (FVTPL)		40.461				
- Financial Liabilities measured at Amortised Cost (FLAC)	1.157.860					
Lease liabilities			231.068			

Cash and cash equivalents, trade and other receivables, trade and other payables, other financial assets and liabilities (AC)

The management assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables, other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. According to IFRS 7.29 the Group does not disclose fair value of group lease liabilities.

Financial liabilities (AC)

The valuation model to determine the fair value considers the present value of expected payments, discounted using a risk-adjusted discount rate.

Factoring (FVTPL)

Trade receivables at FVTPL are part of a factoring program classified within the business model “other” for which the primary objective is realising cash flows through sale. Given the short period from recognition to sale of such receivables the stated amounts as of the reporting dates are low or zero. Disposals amounted to € 35.617 thousand as of 31 December 2023 (31 December 2022: € 33.104 thousand).

Investments and Financial Liabilities (FVTPL)

Other financial liabilities (FVTPL) result from business acquisitions and relate to contingent payments.

The Group’s non-listed equity investments 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 level 3 fair value 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 fair value level 3 classified as financial assets are investments in smaller businesses. The level 3 classified financial liabilities are deferred considerations.

Fair value measurements using significant unobservable inputs (level 3)

The fair value of other financial liabilities (contingent liabilities from business combinations) in level 3 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.

In principle, the unobservable input parameters relate to the following parameters: the estimated EBITDA, estimated revenues and estimated free cash flows, subject to the respective valuation method. The weighted average cost of capital (WACC), that has been used in the valuations, lies within a range between 8,92% – 8,96% (previous year 9,21% – 9,31%). With exception of the WACC,

there is a positive correlation between the input factors and the fair value. Due to materiality, no detailed figures on the other input parameters are disclosed.

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

	2023	2022
	€ 000	€ 000
Balance at the beginning of the period	790	2.285
Additions	23	0
Disposals	-5	0
Reclassification due to change in consolidation scope	0	-1.582
Foreign currency effects	-10	87
Balance at the end of the period	810	790
Total gains or losses for the period		
Recognized through profit and loss	-10	87
Recognized in other comprehensive income	0	0

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

	2023	2022
	€ 000	€ 000
Balance at the beginning of the period	-24.776	-25.859
Additions due to business combinations	-133	-1.403
Payments	916	0
Revaluation of fair value	4.483	2.486
Balance at the end of the period	-19.510	-24.776
Total gains or losses for the period		
Recognized through profit and loss	4.483	2.486
Recognized in other comprehensive income	0	0

Further information on equity investments and related financial instruments is included in Note 6 Business combinations and acquisition of non-controlling interests.

Derivatives (FVTPL and Cash Flow Hedges)

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 2023 Interest rate derivatives contributed € 15.759 thousand to assets (31 December 2022: € 24.406 thousand contributed to assets and € 114 thousand contributed to liabilities). The remainder of derivatives therefore reflects foreign exchange derivatives. Information on (interest rate) cash flow hedges is available in Note 24.3 Financial instruments risk management objectives and policies.

Net Gains and Losses

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

Income and expenses from interest	2023	2022
	€ 000	€ 000
Financial assets (AC)	1.256	673
Financial assets (FVTPL)	6.509	1.385
Financial liabilities (AC)	-54.120	-17.733
Financial liabilities (FVTPL)	-1.617	-9.062

Other net gains and losses	2023	2022
	€ 000	€ 000
Financial assets (AC)	-9.626	85
Financial assets (FVTPL)	21.537	50.270
Financial liabilities (AC)	-90	0
Financial liabilities (FVTPL)	-15.696	0

Total net gains and losses	2023	2022
	€ 000	€ 000
Financial assets (AC)	-8.371	758
Financial assets (FVTPL)	28.046	51.655
Financial liabilities (AC)	-54.210	-17.733
Financial liabilities (FVTPL)	-17.313	-9.062

Interest income and expense from financial instruments is reported as part of the financial result (Note 8.5 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. In addition to interest expenses from liabilities to banks and other financial debt, the net gains and losses mainly comprise the net foreign currency valuation of financial assets and liabilities.

24.2. Financial liabilities

Financial Liabilities

The table below provides an overview of the maturity structure of the financial liabilities for the reporting dates.

31 December 2023	Up to 1 year	1 to 5 years	Over 5 years	Total
	€ 000	€ 000	€ 000	€ 000
Interest bearing loans and borrowings	172.597	795.643		968.240
Trade and other payables	106.257			106.257
Reverse factoring	68.975			68.975
Derivatives	1.868	1.859	1.446	5.174
Lease liabilities	38.725	100.133	80.308	219.167
Other financial liabilities	53.748	16.224	38	70.010
Total financial Liabilities	442.171	913.859	81.792	1.437.823

31 December 2022	Up to 1 year	1 to 5 years	Over 5 years	Total
	€ 000	€ 000	€ 000	€ 000
Interest bearing loans and borrowings	23.738	936.319		960.057
Trade and other payables	92.613			92.613
Reverse factoring	69.745			69.745
Derivatives	14.650	1.035		15.685
Lease liabilities	37.546	103.118	90.404	231.068
Other financial liabilities	23.839	32.409	3.973	60.221
Total financial Liabilities	262.131	1.072.881	94.377	1.429.389

The following table shows a reconciliation of the changes in debt with the cash flow from financing activities. Please refer to Consolidated statements of changes in equity for further information about “other changes” in retained earnings and to Note 11 for further information about “other changes” in lease liabilities.

	Interest-bearing loans and borrowings	Lease Liabilities	Total
	€ 000	€ 000	€ 000
1 January 2023	960.057	231.068	1.191.124
Changes from financing cash flows	-36.970	-47.866	-84.836
Proceeds from taking out loans	251.500	0	251.500
Payments for the redemption of loans	-250.000	0	-250.000
Interest paid	-40.328	-5.995	-46.323
Repayments IFRS 16	0	-41.871	-41.871
Short term bank overdrafts	1.858	0	1.858
Non-cash changes	45.153	35.964	81.117
New leases	0	30.894	30.894
Interest expense	46.684	-6.124	40.560
Other changes	-1.531	11.194	9.663
31 December 2023	968.240	219.166	1.187.405

	Interest-bearing loans and borrowings	Lease Liabilities	Total
	€ 000	€ 000	€ 000
1 January 2022	763.258	193.878	957.136
Changes from financing cash flows	174.140	-42.865	131.275
Proceeds from taking out loans	340.000	0	340.000
Payments for the redemption of loans	-146.000	0	-146.000
Interest paid	-19.963	-4.242	-24.205
Repayments IFRS 16	0	-38.623	-38.623
Short term bank overdrafts	103	0	103
Non-cash changes	22.659	80.054	102.713
New leases	0	72.894	72.894
Interest expense	22.727	4.333	27.060
Other changes	-68	2.827	2.759
31 December 2022	960.057	231.068	1.191.124

24.3. Financial instruments 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 for the Group. All derivative activities for risk management purposes are carried out by group treasury for the group-wide risks. Corresponding policies describe the separation of duties and the strategies for hedging. Within the framework of these policies, there are clearly defined key figures and corresponding risk budgets. It is the Group's policy that no trading in derivatives 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 businesses 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. If these market risks materialise, they could adversely affect Ottobock's profitability, liquidity and capital resources and financial position.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentration of risks, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. In doing so, Ottobock is not exposed to any concentration risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

As of 31 December 2023 total drawn, committed credit lines amounted to € 941,5 million.

Of this amount € 558,5 million is financed fixed (including (economical) hedges and hedge accounting) and € 383,0 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 € 45,5 million to be repaid in 2024 and 2026 are agreed at fixed rates which vary from 2,2% to 2,4%. These fixed rate instruments fair value is € 1,2 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 2,2 years.

The Group is exposed to interest rate risks, mainly in the euro zone. The interest rate risks are managed as part of the interest rate management activities. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. For the debt position in euros a maximum variable percentage is set on an annual basis. To achieve this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. There were no significant fluctuations in the course of the reporting year.

The Group is assessing the impact of the alternative reference interest rates on existing IBOR-based contracts. In July 2019, the Financial Services and Markets Authority (FSMA) granted approval for Euribor in accordance with the European Union Benchmarks Regulation. This allows market participants to continue to use Euribor for both existing and new contracts, which is why the Group expects Euribor to remain as a reference interest rate for the foreseeable future. Therefore, the reform of the Euribor will not have any impact on the Group for the time being.

Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and

expense, other income components, and, if appropriate, shareholders' equity. The interest rate sensitivity analyses are based on the following assumptions: Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7. Changes in the market interest rate regarding interest rate derivatives (interest rate swaps) that are not part of a hedging relationship as set out in IFRS 9 affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations. Fair value changes of derivatives designated in a cash flow hedge affect equity to the extent that these hedging relationships are effective and the hedged transactions are still expected to occur. Currency derivatives are not directly exposed to interest rate risks and therefore do not affect the interest rate sensitivities disclosed.

If the market interest rates had been 100 basis points higher as at 31 December 2023, profit or loss before taxes would be € 7.670 thousand higher and amount to € 22.678 thousand (2022: € 36.270 thousand). Pre-tax equity would have changed by € 7.961 thousand due to interest rate related cash flow hedges (2022: € 10.103). If the market interest rates had been 100 basis points lower as at 31 December 2023, profit or loss before taxes would be lower by € 1.834 thousand (2022: € 13.623 thousand). Equity effects from hedge relationships would be lower by € 6.777 thousand (2022: € 3.628 thousand). The hypothetical effects on profit or loss primarily result from interest rate derivatives, and from non-derivative financial liabilities. 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.

Foreign currency risk

As an enterprise with worldwide operations, the Group conducts business in a variety of currencies, from which currency risks arise. In order to hedge currency risks, the Group holds, as at 31 December 2023, derivative financial instruments mostly 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 maturities.

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, which is a risk measure on cash flows from the underlying business. Cash-flow-at-risk shall not exceed € 2.500 thousand which is supported by hedging measures using appropriate derivatives. Further, the value-at-risk measures the risk of negative market value potentials. 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 2023, the cash-flow-at-risk was completely eliminated through hedging measures. The value-at-risk was € 6 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 overall economic currency exposure – in each case for the following year and determined by aggregating the individual currency exposures based on their absolute amount – was as follows: € 362.000 thousand as at 31 December 2023 (2022: € 288.000 thousand), thereof USD 127.543 thousand related to USD (2022: USD 121.884 thousand)– which is the most relevant currency to Ottobock. Economic currency exposures include long and short positions amounting to € 298.000 thousand (2022: € 356.000 thousand). The potential negative profit and loss impact for the Group for the following year resulting from unfavourable changes in exchange rates, measured on the basis of the sensitivity analysis of the recognized financial instruments in foreign currency under a change in foreign exchange rate of -10% would be € 20.632 thousand. The sensitivity for USD from an unfavourable change in foreign exchange rate of -10% on profit and loss amounts to € 12.433 thousand. Pre-tax equity would have changed by € 95 thousand due to foreign exchange cash flow hedges (2022: € 0). An improvement of foreign exchange rates of 10% in favour of the Group would increase earnings by € 13.554 thousand, thereof € 8.604 thousand related to USD. Pre-tax equity would have changed by € 78 thousand (2022: nil). Those represent a (non-designated) nominal of (net) € 147.976 thousand and € 882 thousand designated while the USD related items amount in aggregate to a nominal of USD 107.000 thousand as of the reporting date.

Hedge Accounting

Ottobock holds interest rate swaps for risk management purposes that are partly designated in cash flow hedging relationships starting 2022. The interest rate swaps have floating legs that are indexed to EURIBOR. No hedge accounting relationship was 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.

Since quarter four of 2023, Ottobock holds foreign currency derivatives for risk management purposes which are designated to a minor extent. It is planned to increase the share in designated foreign currency derivatives to mitigate risk from foreign currency related volatility in cash flow hedges of highly probable forecasted transactions.

The hedging instruments' major characteristics are as follows:

Nominal and carrying amounts of derivative financial instruments in hedging relationships

31 December 2023				
	Nominal Amount	Carrying Amount	Carrying Amount	
		Financial assets	Financial liabilities	Change in value used for calculating hedge ineffectiveness
	€ 000	€ 000	€ 000	€ 000
Cash flow hedges				
Foreign Currency Risk	882	0	5	5
Interest rate risk				
EURIBOR	190.000	1.449	3.300	5.769

Disclosure of the hedging instruments in the statement of financial position

Other financial assets / liabilities

Interest rate swaps not designated in hedge accounting relationships have the following carrying amounts as at 31 December 2023 and 31 December 2022:

Interest rate derivatives not designated	Assets	Liabilities
31 December 2023	€ 000	€ 000
Nominal amount	323.000	0
Carrying amounts	14.310	0
31 December 2022		
Nominal amount	373.000	0
Carrying amounts	21.203	0

Foreign currency derivatives not designated in hedge accounting relationships have the following carrying amounts as at 31 December 2023 and 31 December 2022:

Foreign currency derivatives not designated	Assets	Liabilities
31 December 2023	€ 000	€ 000
Nominal amount	137.162	71.116
Carrying amounts	2.508	-1.868
31 December 2022		
Nominal amount	87.489	132.998
Carrying amounts	3.892	-15.571

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

Cash Flow Hedges	Total	< 1 year	1-5 years	> 5 years
Interest rate risk - EURIBOR				
Interest rate swaps				
Nominal € 000	190.000	0	120.000	70.000
Average fixed interest rate	2,7680	0	2,9117	2,5217
Foreign currency risk - USD				
Nominal \$ 000	1.000	0	1.000	0
Average rate - USD	1,1337	0	1,1337	0

Related hedged items show the following:

Disclosures on hedged items in hedging relationships

	Change in the fair value of the hedged items for determining ineffectiveness in the reporting period	Balance of amounts recognized in OCI relating to hedged risk (existing hedging relationships)	Balance of amounts recognized in OCI relating to hedged risk (terminated hedging relationships)	Presentation of the hedged items in the statement of financial position
	€ 000	€ 000	€ 000	€ 000
Cash flow hedges				
Interest rate risk 2023	2.597	-5.814	0	N/A
Foreign currency risk 2023	5	5	0	
Interest rate risk 2022	-3.553	3.553	0	
Foreign currency risk 2022	0	0	0	

Gains / losses from hedge accounting developed as follows:

Gains/losses from hedge accounting

			Amounts reclassified to profit or loss from OCI due to occurrence of the hedged items		
	Hedge ineffectiveness recognized in profit or loss	Changes in fair value recognized directly in OCI	designated items	de-designated items	Total change in OCI
	€ 000	€ 000	€ 000	€ 000	€ 000
Cash flow hedges					
Interest rate risk 2023	-51	-4.895	868	0	-5.814
Foreign currency risk 2023	0	5	0	0	-5
Interest rate risk 2022	15	3.675	122	0	3.553
Foreign currency risk 2022	0	0	0	0	0

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	Cash flow hedges
	€ 000
Balance at 1 January 2023	3.553
Changes recognized directly in equity	-4.895
Reclassification to profit or loss due to occurrence of the hedged item	-868
Balance at 31 December 2023	-2.266

Credit risk

Credit risk represents the risk of financial loss if a 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 control relating to customer credit risk management. Credit quality of a customer might be assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Investments of 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 Group's maximum exposure to credit risk for financial instruments as of the relevant financial reporting days are the carrying amounts as illustrated in Note 24.1 Structure of financial assets and financial liabilities. Except for certain letters of credit there are no collaterals or other credit enhancements in place.

At Ottobock the main credit risk results from trade receivables. For trade receivables, the Group applies a *simplified approach* in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. 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. Significant parts of the transactions are concluded with institutional customers, which in combination with the health care sector results in an overall low credit risk. Based on historical aging structures as well as historical write-offs (defaults) for the previous twenty-four months. 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 at 31 December 2023 and 31 December 2022.

31 December 2023	Gross carrying amount	Loss allowance
	€ 000	€ 000
Current (not past due)	155.355	
Overdue 1-90 days	37.698	
Overdue 90-180 days	17.853	
More than 180 days past due	31.434	
in Total	242.341	
Thereof credit impaired	19.992	11.408
Thereof expected credit losses	222.349	7.033
in Total	242.341	18.440
Net carrying amount		223.901

31 December 2022	Gross carrying amount	Loss allowance
	€ 000	€ 000
Current (not past due)	108.793	
1-90 days past due	47.168	
Overdue 90-180 days	16.787	
More than 180 days past due	31.830	
in Total	204.578	
Thereof credit impaired	29.914	10.526
Thereof expected credit losses	174.664	5.510
in Total	204.578	16.036
Net carrying amount		188.542

With respect to the 90-day limit for a default event specified by the IASB as a rebuttable presumption, the Group has analysed 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. If the default criterion were applied earlier (e.g., from 90 days overdue), the booked loss allowances would materially overestimate the actual losses incurred.

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
- If it has not been possible to collect the contractual payments and it is assumed that they cannot be recovered
- A recurring backtesting 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:

	2023	2022
	€ 000	€ 000
Loss allowances as of 1 January	16.036	19.577
Impairment changes	2.404	-3.541
Loss allowances as of 31 December	18.440	16.036

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

According to the *general approach*, all financial assets are allocated to stage 1 with default events potentially occurring within the next 12 months. Within this approach the Group calculates a probability-weighted estimate of the present value of expected default for loans to third parties as well as cash and cash equivalents. For all other financial assets, a historical loss rate is used. At year end there were no material impairments for financial assets using the general approach.

With regard to financial derivatives the Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The ISDA 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 2023	Gross amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
	€ 000	€ 000	€ 000
Financial Assets			
Interest and forward exchange contracts	18.268	0	0
	18.268	0	18.268
Financial Liabilities			
Interest and forward exchange contracts	5.174	0	0
	5.174	0	5.174

31 December 2022	Gross amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
	€ 000	€ 000	€ 000
Financial Assets			
Interest and forward exchange contracts	28.298	13.422	14.876
	28.298	13.422	14.876
Financial Liabilities			
Interest and forward exchange contracts	15.685	13.422	2.263
	15.685	13.422	2.263

Liquidity risk

Generally, liquidity risk constitutes the risk that a company will be unable to meet its obligations resulting from financial liabilities settled in cash or other financial assets. Financing and liquidity are continuously monitored and managed by group treasury to ensure solvency at all times.

In managing the liquidity risk the Group monitors not only cash and cash equivalents, but also the broader free liquidity, which also includes funds available at short notice. This results in two limiting factors on free liquidity. In addition to the absolute amount of the lines, a restriction may also be imposed on any key figures that must be adhered to (covenants). Both factors are continuously monitored. The respective tighter limiting factor determines the free liquidity. In order to identify future liquidity requirements, short-term disposition is carried out in addition to strategic and medium-term liquidity planning. Planning is based on an indirect cash flow method. The disposition is carried out with system support, whereby recurring cash flows are supplemented by irregularly occurring cash flows with some magnitude, such as investments. In addition, the effects of major investment projects on the financing and liquidity ratios are simulated and monitored.

A liquidity risk also exists in principle with regard to liabilities with extended payment terms (reverse factoring) which started in 2021. However, noting that the volume of reverse factoring transactions is spread to some banks the liquidity risk involved is considered negligible. As of 31 December 2023 liabilities related to reverse factoring amount to € 68.975 thousand (2022: € 69.745 thousand).

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

31 December 2023	Book value	Total Cashflows	< 1 year	1 to 5 years	> 5 years
	€ 000	€ 000	€ 000	€ 000	€ 000
Interest-bearing loans and borrowings	968.240	-1.083.138	-189.327	-893.811	0
Lease liabilities	219.167	-249.379	-44.713	-115.714	-88.952
Trade and other payables	106.257	107.192	107.192	0	0
Payables from reverse factoring	68.975	-68.975	-68.975	0	0
Other financial liabilities	70.010	-73.226	-52.511	-20.678	-38
Non-derivative financial liabilities	1.432.649	-1.367.526	-248.334	-1.030.203	-88.990
Derivatives	5.174	39.661	10.828	26.598	2.235

31 December 2022	Total				
	Book value	Cashflows	< 1 year	1 to 5 years	> 5 years
	€ 000	€ 000	€ 000	€ 000	€ 000
Interest-bearing loans and borrowings	960.057	-1.048.672	-17.438	-1.031.235	0
Lease liabilities	231.068	-262.192	-42.556	-119.035	-100.601
Trade and other payables	92.613	-92.613	-92.613	0	0
Payables from reverse factoring	69.745	-69.745	-69.745	0	0
Other financial liabilities	60.221	-60.221	-23.839	-36.382	0
Non-derivative financial liabilities	1.413.704	-1.533.443	-246.191	-1.186.652	-100.601
Derivatives	15.685	-21.596	-14.247	-6.706	-644

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

	< 1 year	Year 2	Year 3	Year 4	Year 5	> Year 5
31 December 2023	-44.713	-38.346	-32.314	-25.720	-19.334	-88.952
31 December 2022	-42.556	-37.108	-31.917	-27.845	-22.165	-100.601

25. 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 2023, the deferred balance sheet position amounts to € 708 thousand (2022: € 810 thousand). There were no newly received investment grants during the year 2023 (2022: € 0 thousand).

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 in reporting the related expense according to IAS 20.29. Those grants are recognised as other current assets until related payments are received. As of 31 December 2023, the Group presents other current assets for expense-related grants with an amount of € 5.900 thousand (2022: € 6.475 thousand) and received R&D compensation amounting to € 2.800 thousand during the year (2022: € 3.259 thousand). 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.

26. Commitments and contingencies

Contingent liabilities as of 31 December 2023 amounted to € 64.521 thousand (2022: € 56.764 thousand) 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 2023, the Group incurred purchase commitments of € 59.536 thousand (2022: € 65.663 thousand), capital expenditure obligations of € 15.608 thousand (2022: € 15.782 thousand) and other future obligations of € 77.199 thousand (2022: € 105.903 thousand).

The Group has various lease contracts that have not yet commenced as at 31 December 2023. The future lease payments for these non-cancellable lease contracts are € 3.021 thousand.

For commitments and contingencies related to acquisitions reference is made to Note 6 Business combinations and acquisition of non-controlling interests.

27. Share-based payments

At the beginning of the year 2019, Ottobock established a Management Participation Program (MPP) for the incentivisation 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. One third of the granted PSUs vest upon the occurrence of an exit event. The vesting of the remaining portion is depending 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. Considering fair value changes resulting in dissolution of related provisions the pre-tax earnings were affected by € 11.768 thousand (2022: € 20.639 thousand).

The following table illustrates the values for the years ended 31 December 2023 and 2022, respectively:

Share-based payments	2023	2022
	€ 000	€ 000
Participant's total invest	20.230	20.230
Total provision	13.156	24.924
Provision per participant	235	445

28. Related party disclosures

Note 5 Group information provides information about the Group's structure, including details of subsidiaries and the holding company. The immediate holding company of the Ottobock SE & Co. KGaA is Näder Vermögensverwaltungs GmbH, Duderstadt, which owns 80% of limited partnership shares. Satyr Rytas 2 GmbH & Co. KG owns the remaining 20% of limited partnership shares.

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:

		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
		€ 000	€ 000	€ 000	€ 000
Entities with control over the Group	2023	2.127	312	0	15.122
	2022	278	134	84	6
Key management personnel of the Group	2023	32	14	0	0
	2022	64	1	46	0
Other related parties**	2023	404	24.425	621	133
	2022	1.750	27.175	1.741	3.424
Associates	2023	663	0	418	0
	2022	330	0	995	0

*The amounts are classified as trade receivables and trade payables, respectively (see Notes 15 Trade receivables and other assets and 23 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.

In addition to the transactions displayed in the table above, the shareholders of Ottobock SE & Co. KGaA received a dividend payment for the financial year 2022 of € 15.000 thousand in the financial year 2023. The dividend of € 15.000 thousand for the financial year 2023 is recognised as a liability in the table above.

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. 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 2023 and 31 December 2022, 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 Managing Directors (Geschäftsführende Direktor:innen). 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:

	2023	2022
	€ 000	€ 000
Short-term employee benefits	5.390	5.462
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	0	5.265
Share-based payments	-4.895	-9.329
Total	495	1.398

The amounts disclosed in the table are the amounts recognised 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 € 1.796 thousand (2022: € 6.691 thousand). Note 27 Share-based payments provides more information about the share-based payments.

29. 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 following their required EU-endorsement as applicable.

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 recognise 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 assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures and is not aware of currently existing transactions being 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 are required in the notes.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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. The Group is currently assessing the impact the amendments will have on current practice and is not aware of currently existing arrangements being subject to this amendment.

Amendments to IAS 21 – Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 to support entities in assessing the exchangeability between two currencies and determining the spot rate if exchangeability is missing. The amendments affect a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. The Group is currently assessing the impact the amendments will have on current practice and is not aware of currently existing transaction in non-exchangeable currencies subject to this amendment.

30. Events after the reporting period

Following 31 December 2023 and until authorization of the consolidated financial statements, the Group completed several transactions. Among the significant transactions are the acquisition of the remaining 15% of shares in Wright & Filippis LLC, USA, and the sale of 100% of shares in A4 Access, LLC, USA. The net purchase consideration amounted to € 2 million.

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. The closing is expected to take place at the end of March. 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 Duderstadt are affiliated companies of Näder Vermögensverwaltungs GmbH.

With effect from the closing date, 100% of the shares of Ottobock will indirectly be held by the Näder family.

At the beginning of 2024, Ottobock signed an underwriting agreement to refinance a revolving credit facility in the amount of € 660 million. For further information refer to Note 4 Capital management.

Duderstadt, 15 March 2024

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 2023, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, 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 2023.

In our opinion, based on the findings of our audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2023, and of its financial performance for the financial year from 1 January to 31 December 2023 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 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 of 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.

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

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs 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 addition, management is 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., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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 law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Hanover, March 20, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signature] Modder
Wirtschaftsprüfer
[German Public Auditor]

[signature] Bienert
Wirtschaftsprüferin
[German Public Auditor]