Half-yearly financial report
January 1 to June 30, 2023
Dräger Group

Dräger

Technology for Life

The Dräger Group over the past five years

						Six months
		2023	2022	2021	2020	2019
Order intake	€ million	1,596.6	1,647.6	1,477.4	2,291.4	1,320.4
Net sales	€ million	1,532.4	1,302.4	1,633.4	1,428.4	1,235.9
Gross profit	€ million	674.9	526.3	802.1	671.1	524.3
Gross profit / net sales	%	44.0	40.4	49.1	47.0	42.4
EBITDA [1, 2]	€ million	118.4	-41.8	273.3	162.3	47.7
EBIT [2, 3]	€ million	47.7	-111.7	209.2	101.6	-12.2
EBIT [2, 3] / net sales	%	3.1	-8.6	12.8	7.1	-1.0
Interest result	€ million	-10.2	-8.2	-12.2	-20.4	-8.9
Income taxes	€ million	-9.0	42.1	-57.2	-27.5	6.5
Net profit	€ million	28.6	-77.9	139.8	53.7	-14.6
Earnings per share on full distribution [4]						
per preferred share	€	1.50	-4.13	6.50	2.24	-0.82
per common share	€	1.47	-4.16	6.47	2.21	-0.85
DVA [5, 6]	€ million	-41.6	-150.4	402.9	81.4	-8.1
Equity [7]	€ million	1,341.4	1,326.3	1,210.7	870.2	1,034.8
Equity ratio [7]	%	45.1	44.9	38.2	30.0	41.9
Capital employed [2, 7, 8, 9]	€ million	1,611.4	1,590.0	1,466.1	1,466.0	1,448.5
EBIT [3, 5] / capital employed [2, 7, 8, 9] (ROCE)	%	4.4	-3.1	34.4	12.3	6.0
Net financial debt [2, 7, 10]	€ million	326.7	257.0	147.6	494.1	171.2
Headcount as at June 30		16,219	16,043	15,795	15,177	14,671

[1] EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
[2] For effects of the first-time application of IFRS 16 on the figures as at June 30, 2019, see table on page 13 of our Half-yearly financial report 2019.
[3] EBIT = Earnings before net interest result and income taxes
[4] Based on an imputed actual full distribution of earnings attributable to shareholders
[5] Value of the last twelve months
[6] Dräger Value Added = EBIT less cost of capital of average invested capital
[7] Value as at reporting date
[8] Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items
[9] Due to the redefinition of capital employed in December 2019, the figures for 2019 have been adjusted.
[10] Including the remaining payment obligation from the termination of the series D participation certificates of EUR 206.3 million as at June 30, 2022 as well as EUR 201.4 million as at June 30, 2021. The Payment was executed on January 2, 2023.

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

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

Dear Shareholders, dear Employees, dear Readers,

If you think that this half-year report looks different from our previous reports, you are right. This is the case because, after almost 40 years, we have refreshed our corporate design for the first time. The new fonts, colors, and imagery have been optimized for digital applications and thus create a consistent brand experience across all business units. In addition, the design can be flexibly adapted to the challenges of our customers, markets, and business areas. In this way, the new "Breathe" concept is making an important contribution to successfully marketing our ›Technology for Life‹ around the world.

"Breathing" or rather "catching our breath" is also a good keyword for our business development during the first half of the year. Following the disappointing financial year 2022, our situation improved significantly during the first six months of 2023. Our net sales increased by around a fifth, and our earnings were also well up.

On the net sales side, we mainly benefited from the large order backlog and improved delivery capabilities. Thanks to easier procurement of electronic components, we have now been able to complete many products more quickly again and thus also deliver them to customers more quickly. At the beginning of the year, we were also helped by the short-term increase in demand for ventilators in China. However, this momentum has since slowed and normalized again.

On the earnings side, in addition to the significantly higher net sales volume, our active price management also paid off. Inflation remains high, but our price increases have largely offset any negative effects. This had a positive impact on our margins. At the same time, the successful implementation of higher prices shows that our customers are willing to stick with us even during difficult times – and that the Dräger name continues to stand for reliability, quality, and innovation.

However, we are not fully satisfied with order intake during the first half of the year: Volumes declined slightly, in particular due to weaker demand in the medical division, and were therefore just below the high prior-year level.

Our goal remains to return to growth and profitability in 2023. We are therefore focusing on taking advantage of intact market growth, improving our supply capability, increasing our prices, optimizing our free cash flow, and strengthening our cost awareness. So far, we have made great progress in this regard, but further efforts are still required.

For the financial year 2022, we have only distributed a stable dividend due to the operating loss. A return to growth and profitability in the current financial year will enable us to increase the dividend in the future. We will inform you, dear shareholders, about the specific dividend proposal once the results for 2023 are available.

On behalf of the entire Executive Board, I would like to express my sincere thanks for your trust.

Best regards,

Stefan Dräger

Stefan Dräger

The Dräger shares

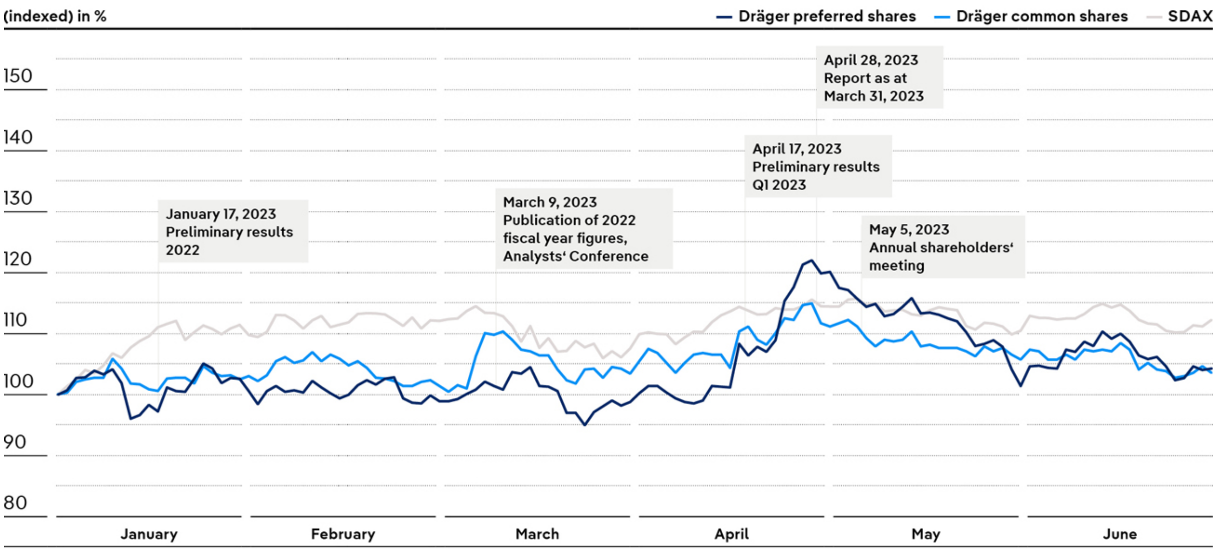
The capital market was characterized by high levels of uncertainty during the first half of 2023, in particular due to rising interest rates, fears of recession, an uncertain corporate outlook, and the Russian war against Ukraine. Added to this were factors such as the crisis among regional banks and the dispute over the debt ceiling in the U.S. On the other hand, declining inflation rates and diminishing supply chain issues provided grounds for optimism. Against this backdrop, the German stock market proved robust and developed positively. Dräger shares also recorded gains, albeit at a lower level.

The German small-cap index SDAX initially rose significantly in January and February. After a correction in March, it rose sharply again and reached its six-month high of just under 13,881 points in the course of trading on May 2. It then gave way again and began to trend sideways. On the last trading day of the first half of the year, the SDAX closed at around 13,401 points, an increase of around 12% compared with the year-end level in 2022. During the final weeks of the half-year, the rather restrained monetary policy and macroeconomic data in particular had a positive impact on the SDAX.

Dräger shares started January with gains, but lost value again by the middle of the month. Following publication of the preliminary figures for the financial year 2022 and the forecast for the financial year 2023 in mid-January, Dräger shares temporarily rose significantly. The weeks that followed, and March in particular, were characterized by considerable price fluctuations at times. From mid-March to the end of April, the price of Dräger shares rose significantly, especially after the publication of the preliminary figures for the first quarter and confirmation of the full-year forecast in mid-April. At the end of April, Dräger shares reached their highest level in the first half of the year. Subsequently, they fell sharply, also in the wake of the general weakness of the capital markets.

As at June 30, 2023, the ordinary shares were quoted at EUR 37.60. They were thus around 3.6% higher than at the end of 2022. The SDAX-listed preferred shares were quoted at EUR 43.55 as at reporting date, an increase of around 4.3%.

Share price developments



Dräger shares – Basic figures

	Common shares	Preferred shares
International Securities Identification Number (ISIN)	555060 / DE0005550602	555063 / DE0005550636
Ticker symbol / Reuters / Bloomberg	DRW / DRWG.DE / DRW8	DRW3 / DRWG_p.DE / DRW3
Main stock exchange	Frankfurt / Xetra	Frankfurt / Xetra
Market segment	Prime Standard	Prime Standard
Index	-	SDAX
Initial listing	2010	1979

Dräger shares indicators

	Six months 2023	Six months 2022
Common shares		
No. of shares as at the reporting date	10,160,000	10,160,000
High (in €)	41.80	54.20
Low (in €)	36.40	39.60
Share price on the reporting date (in €)	37.60	42.25
Average daily trading volume [1]	1,893	5,641
Undiluted / diluted earnings per common share on full distribution (in €) [2]	1.47	-4.16
Preferred shares		
No. of shares as at the reporting date	8,600,000	8,600,000
High (in €)	51.00	55.25
Low (in €)	39.65	46.25
Share price on the reporting date (in €)	43.55	49.65
Average daily trading volume [1]	12,492	28,526
Undiluted / diluted earnings per preferred share on full distribution (in €) [2]	1.50	-4.13
Market capitalization (in € thousand)	756,546	856,250

[1] All German stock exchanges (source: designated sponsor)
[2] Based on an imputed actual full distribution of earnings attributable to shareholders

Interim management report of the Dräger Group for the first half of 2023

General economic conditions

Slow recovery of the global economy

The economic environment remained difficult during the first half of 2023. According to the International Monetary Fund (IMF), the global economy appears to be gradually recovering from the consequences of the COVID-19 pandemic and the Russian war against Ukraine, but on the other hand it is in a very uncertain phase. Positive developments include, in particular, China's strong recovery, the decline in supply chain issues, the fall in inflation, and lower raw material, energy, and food prices. In contrast, the IMF sees many risks, above all geopolitical tensions in connection with the war, continued high core inflation, persistent price pressure, and only slow economic recovery, especially in the industrialized nations. Germany is therefore likely to enter a recession this year. In addition, the IMF warns against further tightening of monetary policy because new interest rate hikes could destabilize both financial institutions and emerging and developing countries that are particularly dependent on low-cost credit.

In light of these developments, the IMF slightly lowered its global economic growth forecasts in April 2023. For 2023 and 2024, the IMF now expects an increase of 2.8% and 3.0%, respectively. This is 0.1 percentage points lower than the January 2023 forecasts. In 2022, the global economy had grown by 3.4%.

Further interest rate hikes to combat inflation

With inflation remaining high, many central banks continued their tight monetary policy during the first half of 2023. The U.S. Federal Reserve increased its key interest rate range by 0.25 percentage point in each of February, March, and May. As a result, the key interest rate range at the end of June was 5.0% to 5.25%.

The European Central Bank (ECB) increased its key interest rate by 0.5 percentage points in both February and March and by 0.25 percentage points in May and June. As a result, the key interest rate stood at 4.0% at the end of June. As part of the June rate hike – the eighth in a row since July 2022 – the ECB hinted at raising the key interest rate a further time in July 2023.

Declining inflation rates and unfavorable exchange rate development

Inflation rates have declined noticeably in the wake of the interest rate hikes during the first half of 2023. In the euro zone, inflation was 5.5% in June 2023. This was significantly lower than the figure for June 2022 (8.6%). In Germany, inflation was 6.4% in June 2023. This was slightly lower than the figure for June 2022 (6.7%). By historical standards, inflation rates remained high during the first half of 2023.

In the first half of 2023, we had to cope with an appreciation of the euro against several of the foreign currencies relevant to Dräger, which had a negative impact on our earnings despite currency hedging transactions concluded. In particular, the exchange rate development of the Chinese yuan (+6.8%), the South African rand (+18.3%) and the development of the two hyperinflationary currencies, the Turkish lira (+74.4%) and the Argentine peso (+114.9%), weighed on our results. By contrast, the average exchange rate of the U.S. dollar was only marginally stronger than the comparable rate for the first half of the previous year (-0.4%) and had no significant impact on exchange rate effects in the Group.

Market and industry performance

The global economy remained under pressure in the first half of 2023. Inflation declined, but remained at a high level – as did lower energy and raw material prices. Global supply chain issues have not yet been fully resolved, despite an improvement in the situation. These and other factors had a variety of effects on our markets and industries.

Medical division
According to German Trade and Invest GmbH (GTAI), the European market for medical business developed positively during the first half of 2023. According to Bundesverband Medizintechnologie (BVMed), however, medical business companies are under pressure due to management of the COVID-19 pandemic and the consequences of the Russian war against Ukraine. In particular, the impairment of global supply chains and increased manufacturing costs are causing problems for companies.

According to GTAI, the U.S. market for medical business developed positively during the first half of 2023. The world's largest market for medical business, the USA, grew. The Central and South American market also saw higher demand, particularly due to the aging population, the increase in chronic diseases, and the expansion of healthcare. However, weak currencies and unstable political conditions had a negative impact in many countries.

According to GTAI, development in the Africa, Asia, and Australia region was mixed overall. In India, demand for medical business grew, although the country's focus remains on reducing imports and strengthening local production. In China, conditions for imported products also became more difficult, while domestically manufactured products were able to expand their market positions. At the same time, increasingly centralized procurement resulted in growing price pressure in China. Demand for medical business increased in the ASEAN markets. In Australia, increased treatment demand was a positive for sales. The market for medical business also grew on the Arabian Peninsula.

Safety division
The European market for safety business remained strained during the first half of 2023. According to the Verband der Chemischen Industrie (VCI), production of chemicals declined compared with the same period in the previous year. This was due to higher production costs, lower demand from customer industries, and rising interest rates. While these effects particularly impacted development in Western Europe, chemical production in Eastern Europe was impacted above all by the Russian war against Ukraine.

The U.S. market for safety business developed differently from industry to industry. In the USA, the chemical market is going through a weak phase, according to the American Chemistry Council (ACC). This development, which had already become apparent at the end of 2022, continued during the first half of 2023. The Central and South American chemical market declined, due in particular to high inflation rates, restrictive monetary policy, and low domestic demand. The Central and South American oil and gas market came into sharper focus as oil and gas production increased.

In the Africa, Asia, and Australia region, the market for safety business developed differently from industry to industry. According to the VCI, production in the Asian chemical and pharmaceutical industry increased moderately, but at a slower rate than in previous years. The catch-up effects following the lifting of the zero-Covid strategy in China have slowed down. On the Arabian Peninsula, the chemical market continued to expand, but it has lost momentum, according to the GTAI. In the Gulf region, the oil and gas market remains central to economic growth and public finances. Here, the price decline of recent months has led to a cutback in production, combined with the aim of supporting the oil price. In South Africa, the mining industry experienced a high demand for safety business. This also applies to Australia, where mining industry output volumes increased, in particular due to increased mining of rare earths and iron ore.

According to the International Technical Committee for the Prevention and Extinction of Fire (CTIF), the global firefighting market, which is heavily influenced by local structures, was stable overall.

Overall assessment of the underlying conditions

The economic environment remained difficult during the first half of 2023, particularly due to the slow economic recovery. Although interest rate hikes have contributed to a noticeable decline in inflation, it still remains high. The Russian war against Ukraine also remains a risk factor. Global supply chain issues have decreased, but are not yet fully resolved.

The medical business market developed positively in the Europe and Americas regions in the first half of 2023. In the Africa, Asia, and Australia region, overall market performance was mixed. The safety business market, on the other hand, was more susceptible to the difficult economic conditions and developed very differently from industry to industry and region to region. In the Europe and Americas regions, performance was impacted in particular by rising interest rates.

Business performance of the Dräger Group

Business performance of the Dräger Group

		Second quarter			Six months		
		2023	2022	Change in %	2023	2022	Change in %
Order intake	**€ million**	**792.9**	**821.9**	**-3.5**	**1,596.6**	**1,647.6**	**-3.1**
Net sales	**€ million**	**771.3**	**652.9**	**+18.1**	**1,532.4**	**1,302.4**	**+17.7**
Gross profit	**€ million**	**332.1**	**251.9**	**+31.8**	**674.9**	**526.3**	**+28.2**
Gross profit / net sales [1]	%	43.1	38.6	+4.5 pp	44.0	40.4	+3.6 pp
EBITDA [2]	**€ million**	**54.5**	**-40.6**	**> +100**	**118.4**	**-41.8**	**> +100**
EBIT [3]	**€ million**	**18.7**	**-76.6**	**> +100**	**47.7**	**-111.7**	**> +100**
EBIT [3] / net sales [1]	%	2.4	-11.7	+14.2 pp	3.1	-8.6	+11.7 pp
Net profit	**€ million**	**11.4**	**-50.8**	**> +100**	**28.6**	**-77.9**	**> +100**
Earnings per share on full distribution [4]							
per preferred share	€	0.58	-2.71	> +100	1.50	-4.13	> +100
per common share	€	0.57	-2.72	> +100	1.47	-4.16	> +100
DVA [5, 6]	€ million	-41.6	-150.4	+72.3	-41.6	-150.4	+72.3
Research and development costs	€ million	82.8	85.3	-3.0	166.1	167.1	-0.6
Equity ratio [1, 7]	%	45.1	44.9	+0.2 pp	45.1	44.9	+0.2 pp
Cash flow from operating activities	€ million	-3.1	-189.9	+98.4	-7.3	-214.8	+96.6
Net financial debt [7, 8]	€ million	326.7	257.0	+27.1	326.7	257.0	+27.1
Investments	€ million	31.7	27.6	+14.6	62.1	56.1	+10.8
Capital employed [7, 9]	€ million	1,611.4	1,590.0	+1.3	1,611.4	1,590.0	+1.3
Net working capital [7, 10]	€ million	746.5	727.6	+2.6	746.5	727.6	+2.6
EBIT [3, 5] / capital employed [7, 9] (ROCE) [1]	%	4.4	-3.1	+7.5 pp	4.4	-3.1	+7.5 pp
Net financial debt [7, 8] / EBITDA [2, 5]	Factor	1.51	2.43		1.51	2.43	
Gearing [8, 11]	Factor	0.24	0.19		0.24	0.19	
Headcount as at June 30		16,219	16,043	+1.1	16,219	16,043	+1.1

[1] pp = Percentage points
[2] EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
[3] EBIT = Earnings before net interest result and income taxes
[4] Based on an imputed actual full distribution of earnings attributable to shareholders
[5] Value of the last twelve months
[6] Dräger Value Added = EBIT less cost of capital of average invested capital
[7] Value as at reporting date
[8] Including the remaining payment obligation from the termination of the series D participation certificates of EUR 206.3 million as at June 30, 2022. The payment was executed on January 2, 2023.
[9] Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items
[10] Net working capital = Trade receivables and inventories less trade payables, customer prepayments, short-term operating provisions and other short-term operating items
[11] Gearing = Net financial debt / equity

Order intake

Order intake

in € million	Second quarter 2023	2022	Change in %	Net of currency effects in %	Six months 2023	2022	Change in %	Net of currency effects in %
Medical division	452.2	488.9	-7.5	-5.3	917.5	996.8	-8.0	-6.5
Safety division	340.7	333.0	+2.3	+5.1	679.1	650.8	+4.4	+6.2
Total	**792.9**	**821.9**	**-3.5**	**-1.1**	**1,596.6**	**1,647.6**	**-3.1**	**-1.5**
thereof Europe	443.2	432.8	+2.4	+2.7	898.8	869.1	+3.4	+3.8
thereof Germany	172.4	179.5	-4.0	-3.9	373.4	360.3	+3.6	+3.7
thereof Americas	161.6	161.2	+0.3	+2.3	305.0	316.0	-3.5	-3.5
thereof Africa, Asia, and Australia	188.1	228.0	-17.5	-10.7	392.9	462.5	-15.1	-10.0

Our order intake decreased by 1.5% during the first half of 2023 (net of currency effects). This was due in particular to a significant decline in the Africa, Asia, and Australia region. Demand also fell in the Americas region. The Europe region, on the other hand, recorded noticeable growth. In the second quarter, order intake was down 1.1% (net of currency effects) year on year. An increase in Europe and the Americas contrasted with a significant decline in Africa, Asia, and Australia.

In the medical division, order intake decreased by 6.5% during the first half of the year (net of currency effects). Demand declined significantly in the regions of Africa, Asia, and Australia, and the Americas. In the Europe region, it remained roughly at the level of the previous year. In the second quarter, order intake fell by 5.3% (net of currency effects), due in particular to a significant decline in Africa, Asia, and Australia. Demand also declined in the Americas. Order intake increased slightly in Europe.

In the safety division, order intake climbed by 6.2% in the first half of the year (net of currency effects). In the second quarter, order intake was up 5.1% (net of currency effects) year on year. In both reporting periods, growth was driven by the Europe and Americas regions, while demand in the Africa, Asia, and Australia region declined.

Net sales

Net sales

in € million	Second quarter 2023	2022	Change in %	Net of currency effects in %	Six months 2023	2022	Change in %	Net of currency effects in %
Medical division	440.8	392.0	+12.4	+15.5	910.7	777.2	+17.2	+19.3
Safety division	330.4	260.9	+26.7	+29.4	621.6	525.2	+18.4	+20.0
Total	**771.3**	**652.9**	**+18.1**	**+21.1**	**1,532.4**	**1,302.4**	**+17.7**	**+19.6**
thereof Europe	432.6	352.5	+22.7	+23.2	834.9	718.9	+16.1	+16.6
thereof Germany	180.4	145.3	+24.1	+24.1	342.9	279.7	+22.6	+22.6
thereof Americas	158.0	135.8	+16.4	+19.2	318.1	263.5	+20.7	+20.6
thereof Africa, Asia, and Australia	180.6	164.7	+9.7	+18.1	379.3	320.0	+18.5	+25.3

Our net sales increased by 19.6% (net of currency effects) during the first half of 2023. Both divisions recorded significant growth in all regions. In the second quarter, our net sales increased by 21.1% (net of currency effects).

The positive net sales trend in the first six months of 2023 was due in particular to the noticeably improved delivery capabilities in conjunction with the high order backlog at the beginning of the year. In the previous year, the high order intake could not be realized to the usual extent due to global supply chain disruptions, meaning that some of the orders had to be postponed to 2023. In addition, the significant increase in demand for ventilators at the start of 2023 in China, due in particular to the relaxation of the zero-Covid policy and the rise in infection figures in the People's Republic, had a positive impact on our net sales development. This was particularly the case in the first quarter.

Earnings

During the first half of 2023, our gross profit increased by 28.2% to EUR 674.9 million (6 months 2022: EUR 526.3 million). This was due to high net sales growth and improved gross margin, which rose to 44.0% as a result of higher production and service utilization and more effective price implementation (6 months 2022: 40.4%). Both divisions contributed to this significant improvement in gross profit and gross margin, with the margin improvement in safety being stronger than in medical.

In the second quarter, gross profit of EUR 332.1 million was also significantly higher than in the previous year (Q2 2022: EUR 251.9 million). The gross margin increased significantly by 4.5 percentage points to 43.1% as a result of the reasons mentioned above. Both divisions contributed to the improvement in gross profit, with the increase in safety being disproportionately high.

Our functional expenses decreased slightly by 0.1% (net of currency effects) in the first half of 2023 (-1.5% in nominal terms), in particular due to reduced expenses in administration. In the safety division, the decline in functional expenses was slightly higher than in the medical division. During the second quarter, functional expenses decreased more sharply than in the first quarter, falling by 2.1% (net of currency effects; -4.3% in nominal terms). Both divisions recorded a decline, particularly medical.

Research and development (R&D) spending remained virtually unchanged during the first half of 2023, declining by 0.4% (-0.6% in nominal terms). Due to the significant increase in net sales, the ratio of R&D costs to net sales (R&D ratio) was below the previous year's level at 10.8% (6 months 2022: 12.8%).

The financial result (before interest result) amounted to EUR -0.3 million (6 months 2022: EUR -1.2 million).

At EUR 47.7 million, our Group earnings before interest and taxes (EBIT) in the first half of 2023 were significantly above the previous-year figure (6 months 2022: EUR -111.7 million). The EBIT margin thus increased by 11.7 percentage points to 3.1% (6 months 2022: -8.6%). In the second quarter, EBIT of EUR 18.7 million was also significantly higher than in the prior year (Q2 2022: EUR -76.6 million). The EBIT margin was 2.4% (Q2 2022: -11.7%).

Net interest expense decreased by EUR 2.0 million to EUR -10.2 million in the first half of 2023 due to higher interest expenses (6 months 2022: EUR -8.2 million).

Investments

During the first half of 2023, the investment volume of EUR 62.1 million was 10.8% higher than in the previous year (6 months 2022: EUR 56.1 million). We invested EUR 41.1 million in property, plant and equipment (6 months 2022: EUR 38.6 million), EUR 1.3 million in intangible assets (6 months 2022: EUR 4.3 million), and EUR 19.7 million in capitalized right-of-use assets pursuant to IFRS 16 (6 months 2022: EUR 13.2 million). Depreciation and amortization amounted to EUR 70.7 million in the first half of 2023 (6 months 2022: EUR 69.9 million). Total investment amounted to 87.8% of depreciation and amortization, resulting in a decrease in fixed assets of EUR 8.6 million.

Cash flow statement[1]

In the first six months of financial year 2023, the Dräger Group recorded cash outflow from operating activities of EUR 7.3 million (6 months 2022: cash outflow of EUR 214.8 million). This change was mainly due to the EUR 106.4 million improvement in earnings after income taxes. This development was also supported by the EUR 47.3 million decrease in cash outflow from provisions to EUR 24.1 million, the 23.1 million decrease in other assets to EUR 9.1 million, and the EUR 23.1 million increase in non-cash expenses, particularly as a result of foreign currency effects. By contrast, the EUR 76.3 million reduction in trade payables, which increased by EUR 43.2 million, and the EUR 75.5 million increase in receivables, which decreased by EUR 20.9 million, had a negative impact on cash flow.

[1] Due to the elimination of exchange rate effects, the underlying changes recognized in the cash flow statement cannot be directly reconciled with the items of the published balance sheet.

Cash inflow from investing activities stood at EUR 36.3 million in the first six months of the financial year (6 months 2022: cash inflow of EUR 39.4 million). In the previous-year period, the cash inflow resulted mainly from the reversal of financial assets of EUR 82.5 million net. A net total of EUR 36.5 million was used for investments in intangible assets and property, plant and equipment (6 months 2022: EUR 43.1 million).

Cash outflow from financing activities increased by EUR 41.5 million year on year to EUR 78.5 million. The cash outflow was mainly characterized by the payment of EUR 208.8 million to the holders of profit participation certificates of the terminated series D. At the same time, the net cash inflow from bank loans and current account liabilities increased by EUR 167.3 million compared with the previous-year period. At EUR 21.8 million, the cash outflow for the repayment of lease liabilities remained at the previous year's level.

Cash and cash equivalents as at June 30, 2023, included only cash and cash equivalents; these were subject to restrictions on their use amounting to EUR 8.9 million (December 31, 2022: EUR 9.1 million).

Financial management

Borrowing

To secure our liquidity, we have a master credit agreement with our core banks in the amount of EUR 655.0 million. Of these, cash and guarantee credit lines of EUR 415.0 million mature on November 30, 2026, and cash credit lines of EUR 250.0 million mature on September 30, 2023, with a one-year extension option. These credit lines were utilized as sureties in Germany and abroad and as cash facilities. As at June 30, 2023, there were also promissory note loans totaling EUR 100.0 million and a long-term investment loan commitment from the European Investment Bank (EIB) amounting to EUR 150.0 million.

Net assets

The Dräger Group’s equity increased by EUR 22.0 million to EUR 1,341.4 million in the first six months of 2023. The equity ratio came to 45.1%, which was higher than the figure of 42.5% as at December 31, 2022. The increase in equity is mainly attributable to the positive net result in the first half of the year. Aside from the increase in equity, the shortening of the balance sheet by EUR 130.1 million to EUR 2,976.5 million had a positive impact on the equity ratio.

On the assets side, long-term assets decreased by EUR 12.4 million, in particular due to a slight decrease in property, plant and equipment including right-of-use assets of EUR 10.4 million.

Short-term assets fell by EUR 117.7 million. The main reasons for this were a reduction in cash and cash equivalents of EUR 126.1 million and a decrease in trade receivables of EUR 97.9 million. In contrast, inventories (+EUR 75.5 million), prepaid expenses (+EUR 17.6 million), and contract assets (+EUR 12.1 million) increased.

The change on the liabilities side results from the reduction in short-term liabilities by EUR 231.5 million with a simultaneous increase in long-term liabilities by EUR 79.4 million and in equity by EUR 22.0 million.

The increase in long-term liabilities is mainly due to higher long-term liabilities to banks (+EUR 96.7 million), which increased mainly due to the drawing of a loan from the EIB in the amount of EUR 100 million. This was offset by a reduction in long-term provisions for pensions and similar obligations (EUR -12.8 million).

The lower short-term liabilities resulted primarily from the repayment of the profit participation certificates still outstanding at the beginning of the year (EUR -208.8 million). With the redemption of the series D profit participation certificates in the first half of the year, all Dräger profit participation certificates have now been redeemed.

Dräger Value Added

Dräger’s value-based management figure, Dräger Value Added (DVA), increased by EUR 108.8 million to EUR -41.6 million year on year in the 12 months to June 30, 2023 (12 months to June 30, 2022: EUR -150.4 million). Rolling EBIT increased year on year by EUR 120.1 million. Capital costs were EUR 11.3 million higher than in the previous year due to an increase in the average capital employed (+11.2%).

Average current assets rose slightly faster than net sales. As a result, days working capital (coverage of current assets) increased year on year by 1.4 days to 110.5 days.

Business performance of the medical division

Business performance of the medical division

		Second quarter 2023	2022	Change in %	Net of currency effects in %	Six months 2023	2022	Change in %	Net of currency effects in %
Order intake	**€ million**	**452.2**	**488.9**	**-7.5**	**-5.3**	**917.5**	**996.8**	**-8.0**	**-6.5**
thereof Germany	€ million	95.4	103.6	-7.9	-7.9	202.5	197.7	+2.4	+2.4
Net sales	**€ million**	**440.8**	**392.0**	**+12.4**	**+15.5**	**910.7**	**777.2**	**+17.2**	**+19.3**
thereof Germany	€ million	98.8	84.0	+17.6	+17.7	193.1	162.8	+18.6	+18.6
EBITDA [1]	**€ million**	**3.3**	**-33.4**	**> +100**		**29.5**	**-46.7**	**> +100**	
EBIT [2]	**€ million**	**-12.9**	**-50.2**	**+74.4**		**-2.6**	**-80.3**	**+96.7**	
EBIT [2] / net sales [3]	%	-2.9	-12.8	+9.9 pp		-0.3	-10.3	+10.0 pp	
Capital employed [4, 5]	€ million	935.9	926.6	+1.0		935.9	926.6	+1.0	
EBIT [2, 6] / capital employed [4, 5] (ROCE) [3]	%	-1.4	-3.7	+2.3 pp		-1.4	-3.7	+2.3 pp	
DVA [6, 7]	€ million	-78.6	-93.2	+15.7		-78.6	-93.2	+15.7	

[1] EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
[2] EBIT = Earnings before net interest result and income taxes
[3] pp = Percentage points
[4] Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items
[5] Value as at reporting date
[6] Value of the last twelve months
[7] Dräger Value Added = EBIT less cost of capital of average invested capital

Order intake

Order intake

in € million	Second quarter 2023	2022	Change in %	Net of currency effects in %	Six months 2023	2022	Change in %	Net of currency effects in %
Europe	237.9	234.2	+1.6	+1.7	472.2	471.7	+0.1	+0.3
thereof Germany	95.4	103.6	-7.9	-7.9	202.5	197.7	+2.4	+2.4
Americas	98.7	106.9	-7.7	-6.0	187.1	209.0	-10.5	-10.7
Africa, Asia, and Australia	115.7	147.8	-21.7	-15.9	258.2	316.1	-18.3	-13.8
Total	**452.2**	**488.9**	**-7.5**	**-5.3**	**917.5**	**996.8**	**-8.0**	**-6.5**

Our order intake in the medical division during the first half of 2023 was 6.5% lower year on year (net of currency effects). This was due in particular to demand for anesthesia machines, which declined significantly in the first six months of 2023 following the sharp increase in the previous-year period. Order intake in the patient monitoring business also fell significantly following the substantial increase in the previous-year period. Demand in the service business, on the other hand, increased noticeably.

Order intake declined significantly in the regions of Africa, Asia, and Australia, and the Americas. In the Europe region, it was roughly at the level of the previous year. In the second quarter, order intake fell by 5.3% (net of currency effects), due in particular to a significant decline in Africa, Asia, and Australia. Demand also declined in the Americas. Order intake increased slightly in Europe.

Based on absolute figures, the increase in orders during the first half of the year was particularly strong in Croatia, Canada, Germany, and Singapore. The highest declines were recorded in Kuwait, Peru, Thailand, France, and Mexico.

Net sales

Net sales

	Second quarter				Six months			
in € million	2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Europe	227.2	194.6	+16.7	+17.0	446.4	393.9	+13.3	+13.6
thereof Germany	98.8	84.0	+17.6	+17.7	193.1	162.8	+18.6	+18.6
Americas	94.7	86.2	+9.8	+12.9	201.8	170.6	+18.3	+18.3
Africa, Asia, and Australia	119.0	111.2	+7.0	+15.1	262.5	212.7	+23.4	+30.4
Total	**440.8**	**392.0**	**+12.4**	**+15.5**	**910.7**	**777.2**	**+17.2**	**+19.3**

Our net sales in the medical division increased by 19.3% in the first half of 2023 (net of currency effects). Growth was driven by all regions, but particularly by Europe as well as Africa, Asia, and Australia, where net sales in the first quarter increased very strongly, mainly due to the significant increase in demand for ventilators in China at the beginning of the year. Another reason for the positive development during the first six months was the noticeably improved delivery capability, which enabled strong net sales growth from the high order backlog.

In the second quarter, demand for ventilators in China returned to normal. Nevertheless, net sales growth in the Africa, Asia, and Australia region – as well as in Europe and the Americas – remained at a high level. As a result, net sales in the second quarter increased significantly by 15.5% (net of currency effects).

Earnings

Our gross profit in the medical division increased significantly by 24.1% during the first half of 2023. The main factor here was strong net sales growth in all regions. In addition, gross margin increased by 2.4 percentage points, in particular as a result of improved production and service utilization. Gross profit increased by 17.5% during the second quarter. The gross margin increased by 1.7 percentage points. Here, too, improved profitability had a positive effect for the reasons mentioned above.

Functional expenses in the first half of 2023 were roughly on a par with the previous-year level, with an increase of 0.1% (net of currency effects; -0.6% in nominal terms). In the second quarter, functional expenses decreased by 3.3% (net of currency effects; -5.0% in nominal terms).

EBIT in the medical division stood at EUR -2.6 million in the first half of 2023 (6 months 2022: EUR -80.3 million). The EBIT margin increased from -10.3% to -0.3%. In the second quarter, EBIT came to EUR -12.9 million (Q2 2022: EUR -50.2 million). The EBIT margin was -2.9% (Q2 2022: -12.8%).

Dräger Value Added increased by EUR 14.6 million to EUR -78.6 million year on year as at June 30, 2023 (12 months to June 30, 2022: EUR -93.2 million). Rolling EBIT rose year on year by EUR 21.3 million. The cost of capital increased by EUR 6.7 million.

Business performance of the safety division

Business performance of the safety division

		Second quarter				Six months			
		2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Order intake	**€ million**	**340.7**	**333.0**	**+2.3**	**+5.1**	**679.1**	**650.8**	**+4.4**	**+6.2**
thereof Germany	€ million	77.0	76.0	+1.4	+1.4	170.9	162.5	+5.1	+5.1
Net sales	**€ million**	**330.4**	**260.9**	**+26.7**	**+29.4**	**621.6**	**525.2**	**+18.4**	**+20.0**
thereof Germany	€ million	81.6	61.3	+33.0	+33.0	149.7	116.8	+28.2	+28.2
EBITDA [1]	**€ million**	**51.2**	**-7.2**	**> +100**		**88.9**	**4.9**	**> +100**	
EBIT [2]	**€ million**	**31.5**	**-26.4**	**> +100**		**50.4**	**-31.4**	**> +100**	
EBIT [2] / net sales [3]	%	9.5	-10.1	+19.7 pp		8.1	-6.0	+14.1 pp	
Capital employed [4, 5]	€ million	675.5	663.4	+1.8		675.5	663.4	+1.8	
EBIT [2, 6] / capital employed [4, 5] (ROCE) [3]	%	12.4	-2.3	+14.7 pp		12.4	-2.3	+14.7 pp	
DVA [6, 7]	€ million	37.0	-57.2	> +100		37.0	-57.2	> +100	

[1] EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
[2] EBIT = Earnings before net interest result and income taxes
[3] pp = Percentage points
[4] Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items
[5] Value as at reporting date
[6] Value of the last twelve months
[7] Dräger Value Added = EBIT less cost of capital of average invested capital

Order intake

Order intake

	Second quarter				Six months			
in € million	2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Europe	205.3	198.6	+3.4	+3.9	426.6	397.3	+7.4	+7.9
thereof Germany	77.0	76.0	+1.4	+1.4	170.9	162.5	+5.1	+5.1
Americas	63.0	54.3	+16.0	+18.6	117.9	107.0	+10.2	+10.5
Africa, Asia, and Australia	72.4	80.1	-9.6	-0.9	134.6	146.5	-8.1	-1.8
Total	**340.7**	**333.0**	**+2.3**	**+5.1**	**679.1**	**650.8**	**+4.4**	**+6.2**

Our order intake in the safety division increased by 6.2% in the first half of 2023 (net of currency effects). Growth was driven in particular by our service business and our gas detection devices.

Order intake declined in the Africa, Asia, and Australia region, but increased in the Europe and Americas regions. Second-quarter order intake increased by 5.1% net of currency effects. A decline in Africa, Asia, and Australia was offset by growth in Europe and the Americas.

On an absolute basis, the increase in orders in the first half of the year was the strongest in Germany, South Africa, the UK, Brazil and the U.S. The highest declines were recorded by China, Russia, Mexico, Qatar and Türkiye.

Net sales

Net sales

	Second quarter				Six months			
in € million	2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Europe	205.5	157.8	+30.2	+30.8	388.5	324.9	+19.6	+20.2
thereof Germany	81.6	61.3	+33.0	+33.0	149.7	116.8	+28.2	+28.2
Americas	63.3	49.6	+27.7	+30.2	116.3	93.0	+25.1	+24.9
Africa, Asia, and Australia	61.6	53.5	+15.3	+24.3	116.8	107.3	+8.9	+15.0
Total	**330.4**	**260.9**	**+26.7**	**+29.4**	**621.6**	**525.2**	**+18.4**	**+20.0**

Our net sales in the safety division increased by 20.0% in the first half of the year (net of currency effects), driven by significant growth in all regions, but particularly in Europe, where net sales rose by around one-fifth, mainly due to strong growth in Germany.

With an increase of 29.4% (net of currency effects), net sales growth in the second quarter was significantly stronger than in the first quarter (increase of 10.7% (net of currency effects)). In addition to the noticeable improvement in delivery capability, this was also due to the positive order trend.

Earnings

In the safety division, net sales increased significantly in the first half of the year, with the gross margin rising by 5.5 percentage points. As a result of these two effects, gross profit increased by 34.2%. The gross margin was supported by higher production and service utilization as well as effective price enforcement. In the second quarter, gross profit rose by 53.4%, with the gross margin increasing by 8.1 percentage points.

Functional expenses in the first half of 2023 were down 2.0% year on year (net of currency effects; -2.9% in nominal terms). This was mainly due to lower administrative costs and reduced logistics expenses. In the second quarter, functional expenses decreased by 1.6% (net of currency effects; -3.1% in nominal terms).

EBIT in the safety division amounted to EUR 50.4 million in the first half of 2023 (6 months 2022: EUR -31.4 million). The EBIT margin came to 8.1% (6 months 2022: -6.0%). In the second quarter, EBIT stood at EUR 31.5 million (Q2 2022: EUR -26.4 million). The EBIT margin was 9.5% (Q2 2022: -10.1%).

Dräger Value Added increased by EUR 94.1 million to EUR 37.0 million year on year as at June 30, 2023 (12 months to June 30, 2022: EUR -57.2 million). Rolling EBIT rose year on year by EUR 98.7 million. Capital costs climbed by EUR 4.6 million on account of the higher capital employed.

Changed conditions after the closing of the interim reporting period

There were no significant changes between the end of the first six months of 2023 and the time this interim financial report was prepared.

Research and development

In the first half of 2023, we invested EUR 166.1 million in research and development (R&D), which was slightly less than in the same period of the prior year (6 months 2022: EUR 167.1 million). The R&D expenses amounted to 10.8% of net sales in the first six months of the reporting year (6 months 2022: 12.8%).

Medical division

The focal point of R&D in the medical business remains expanding our product portfolio in the area of intensive care and in the operating room. Activities are centered on developing system solutions.

Our strategic goal is and remains to further improve acute care through therapy support and automation. In order to achieve this goal, we are continuing to drive forward the networking of medical devices and the development of digital solutions. This is exemplified in particular by our new software-based product ›Access and Control Package‹, which we launched in the first half of 2023. This makes us one of the first manufacturers to launch a medical device that is compatible with IEEE SDC – the standard that enables secure two-way communication and thus interoperability between medical devices. The ›Access and Control Package‹ not only increases flexibility and comfort when using our ›M540‹ patient monitor, but also reduces noise pollution for patients and increases safety for patients and staff in isolation scenarios. To this end, staff can control the monitor from outside the room via the Core application on a Medical Grade PC. Both the patient monitor and the PC are connected via the IEEE SDC standard, which will be used in more and more Dräger devices in the future.

Another innovation in the first half of 2023 was our software solution ›Lung Protective Ventilation Analytics – Anesthesia (LPV-A)‹. This enables clinicians to analyze interoperative ventilation for a wide range of patients, helping to improve patient outcomes and overall safety during anesthesia. In addition, ›LPV-A‹ facilitates training and education to improve adherence to lung protective ventilation (LPV) strategies, which have been shown to reduce postoperative pulmonary complications (PPCs) and support faster recovery. In addition, by proactively monitoring and identifying ventilation problems, ›LPV-A‹ helps reduce the occurrence of costly PPC cases, ultimately resulting in cost savings for healthcare providers. Furthermore, ›LPV-A‹ allows clinicians to assess their ventilation performance over time – facilitating continuous improvement and ensuring adherence to best practices.

In the first half of 2023, we also further developed our ›Integrated Care Manager (ICM)‹, one of the market-leading clinical information systems. The newly launched version ›ICM 14.0‹ is being funded under the German Hospital Future Act due to its functionality in the area of digital nursing and treatment documentation and in the area of digital medication management. In addition, ›ICM 14.0‹ enables advanced interoperability based on the FHIR standard and the SnomedCT standard for healthcare terminology, which play an important role in the exchange of healthcare data. ›ICM‹ sustainably improves patient data management and performance recording in anesthesia, ICU and neonatology. It also reduces administrative tasks, leaving clinic staff more time for patients. ›ICM‹ documents all relevant patient data and offers an intuitive progress display that facilitates therapy planning. In addition, ›ICM‹ supports the planning of medical prescriptions as well as the clinical workflow and communication of all persons involved in the patient's treatment (physician, nursing, physiotherapy). Furthermore, ›ICM‹ helps in medical controlling to code all services quickly and reliably. ›ICM‹ can be integrated into complex hospital environments through a variety of interfaces and makes reports, data sets, evaluations and documents from clinical documentation available to external systems.

Safety division

The focus of innovation in the safety business is on expanding the Dräger product portfolio and developing systems to deliver complete solutions for customers.

In the first half of 2023, we expanded our range in the field of mobile gas detection devices, among others, and launched the portable ›X-am 5800‹ multi-gas measuring device. The ›X-am 5800‹ is optimized for personal monitoring of individuals and measures up to six gases simultaneously, depending on the sensor configuration. The newly developed CatEx sensor is very robust and can be adjusted to measure flammable vapors (such as petrol, diesel, and nonane) as well as gases (such as methane, propane, or hydrogen as well as many others). In addition, the sensor is particularly resistant to poisoning by silicone or contaminants. The ›X-am 5800‹ can be used with our cloud-based software solution ›Gas Detection Connect‹, which digitizes device management and enables live data transmission: The gas detection instrument transmits the data via Bluetooth to a smartphone, which then sends it to the ›Gas Detection Connect Cloud‹. With our automatic test station ›X-dock‹, the data can also be transferred directly, without a smartphone, to the same cloud backend. Users can securely access their data at any time via an internet browser. The ›X-am 5800‹ is comfortable to wear with a newly developed and robust clip thanks to its small size and low weight. Thanks to its large keys, it is easy to operate even when wearing gloves. Users can continue to use existing accessories from the well-known X-am series for the ›X-am 5800‹. The long-life Dräger sensors and the rechargeable and easily replaceable energy supply enable a long service life for the device.

After our new closed-circuit breathing apparatus ›BG ProAir‹ was already approved for Europe last year, we also received approvals for the important markets of South Africa and China in the first half of 2023. The ›BG ProAir‹ protects rescue workers from the fire service or the mine rescue service during long missions. It continuously supplies the wearer with positive pressure for several hours – even as their breathing rate increases – to prevent hazardous substances in the ambient air from entering the sealed breathing system. The weight of the device is evenly distributed, making it easy and comfortable to wear during longer deployments. Various cooling options and reduced breathing resistance make breathing easier. A built-in Bluetooth module makes it possible to connect the ›BG ProAir‹ with computers or other external devices to download data or perform configuration, for example. In addition, the ›BG ProAir‹ helps monitor the respirator and absorber by using integrated data telemetry and RFID. Quick release connectors enable swift (dis)assembly and cleaning. No tools are needed for maintenance.

Personnel

As at June 30, 2023, the Dräger Group employed 16,219 people worldwide. This is 176 employees more than in the previous year (June 30, 2022: 16,043), an increase of 1.1%. The number of employees increased by 169 in Germany and by seven abroad. As at June 30, 2023, 53.2% of Dräger employees worked outside Germany.

In Germany, the number of employees increased by 112, particularly in the areas of Production, Quality Assurance, Logistics, and Purchasing. In sales-related functions, primarily in Service, Dräger employed 35 more people than in the previous-year period. The number of employees in the Research and Development area increased by 13. In General Administration, we employed nine more people than in the first half of 2022.

The increase in personnel abroad largely pertained to sales-related functions. In Sales, Service, and Marketing, the number of employees increased by 57. This increase was mainly distributed among our sites in Asia and America. The number of employees in Research and Development also increased (+16). We reduced the headcount in Production by 80 employees year on year.

Of the 16,219 employees worldwide, 58.7% (June 30, 2022: 58.8%) worked in Sales, Marketing, and Service, 19.0% (June 30, 2022: 18.9%) in Production, Quality Assurance, Logistics, and Purchasing, 10.8% (June 30, 2022: 10.7%) in Research and Development, and 11.4% (June 30, 2022: 11.5%) in General Administration.

Personnel expenses in the Group increased by 3.1% year on year (net of currency effects: 4.3%) to EUR 653.2 million. This is due to both the higher number of employees and the higher average cost per employee. The latter increased by 1.5% (net of currency effects: 2.7%), which was due to the collective agreement pay rise in the metal and electrical industries in Germany and higher wage and salary expenses abroad. The personnel cost ratio came to 42.6% in the first half of 2023 (6 months 2022: 48.6%).

Workforce trend

		June 30, 2023	December 31, 2022	June 30, 2022
Germany		7,597	7,512	7,428
Other countries		8,622	8,707	8,615
Dräger Group total		**16,219**	**16,219**	**16,043**
Turnover of employees (Basis: average of the past 12 months)	%	6.0	6.6	7.3
Sick days of work days in Germany (Basis: average of the past 12 months)	%	4.5	6.9	6.3
Temporary staff in Germany (incl. short-term project employment)		566	488	564

Personnel expenses [1]

in € thousand	Six months 2023	Six months 2022
Wages and salaries	538,091	517,977
Social security contributions and related employee benefits	101,578	97,156
Pension expenses	13,538	18,162
	653,207	**633,295**

[1] Personnel expenses include the remuneration of the members of the Executive Board of the general partner Drägerwerk Verwaltungs AG, Lübeck.

Risks to future development

The material risks to our net assets, financial position, and results of operations, as well as the structure of our risk management system, are outlined in the annual report 2022 on pages 53 et seq. The annual report may be downloaded online at www.draeger.com.

In the reporting period, no significant changes arose for the forecast period compared to those presented in the 2022 annual report.

Dräger has not currently identified any individual or aggregated risks that could have a material impact on the company’s continued existence as a going concern.

Outlook

Future market environment

In 2023 and 2024, the global economy is expected to recover more slowly from the effects of the COVID-19 pandemic than in 2022. After global gross domestic product (GDP) rose by 3.4% last year, the International Monetary Fund (IMF) expects GDP growth of 2.8% and 3.0% for the current and next year respectively in its April 2023 outlook. This is 0.1 percentage points lower than the January 2023 forecasts.

According to the IMF, risks to the global economy have increased due to increased volatility in the financial markets and a variety of other factors. In particular, this includes uncertainty about the further course of the Russian war against Ukraine and the future monetary policy of central banks to combat inflation. Another risk lies in the historically high debt levels of many countries, which could lead to shock effects on the markets. Policymakers are likely to make difficult trade-offs to further reduce inflation while maintaining financial stability, according to the IMF.

IMF forecast from April 2023 on gross domestic product (GDP) growth

in %	2022	2023	2024
Global economy	3.4	2.8	3.0
U.S.	2.1	1.6	1.1
Eurozone	3.5	0.8	1.4
Germany	1.8	-0.1	1.1
China	3.0	5.2	4.5

Future market and segment situation

Medical division

According to forecasts by German Trade and Invest GmbH (GTAI), the European market for medical business will develop positively in the second half of 2023. One reason for this is rising government investment and aid packages from the European Union. Demographic change and the rise in chronic diseases are also driving demand for more innovative healthcare solutions, such as remote patient monitoring.

According to GTAI, the outlook for the U.S. medical business market is positive. Key growth drivers include an aging population, rise in chronic diseases, demand from hospitals for innovative devices, and adoption of new technologies with the aim of reducing high healthcare expenditure. The topic of cyber security is also to be given an even higher priority in the future. Another trend is the growing number of ambulatory surgery centers in the United States. This trend is likely to continue. Medical business providers are increasingly adapting to the special needs of new customers. Demand for medical business will also continue to grow in Central and South America. However, this is countered by obstacles such as weak currencies and unstable political conditions.

In the Africa, Asia, and Australia region, the medical business industry will develop heterogeneously, according to GTAI. In China, a digitalization push is likely to shape the industry. However, the market environment is becoming increasingly challenging – on the one hand because of more difficult market access for imported products, and on the other because of price pressure, which is rising as a result of the centralization of procurement. In the ASEAN countries, demand for medical business will continue to grow. The GTAI also expects growth in the Arabian Peninsula. South Africa is in the midst of an economic and social crisis. However, modernization of the equipment fleet in the private hospital sector will continue to drive demand in the second half of 2023.

Safety division

The European market for safety business is likely to remain strained in the second half of 2023. According to the Verband der Chemischen Industrie (VCI) and GTAI, unclear business prospects and rising costs continue to trouble the chemical and pharmaceutical industries. European companies complain that their competitiveness with Asian and North American competitors is dwindling.

In the Americas region, the market for safety business is expected to develop positively. The U.S. chemical market expects demand for its products to pick up, according to GTAI. The oil and gas industry in Central and South America is expected to develop favorably. Billions are being poured into the development of new refineries, pipelines, and LNG terminals across countries. The mining industry in this region will also develop positively. In the large mines, there is a clear trend towards greater automation and digitalization.

In the Africa, Asia, and Australia region, the market for safety business is likely to develop differently from industry to industry. The VCI's outlook for the development of the Asian chemical industry is cautious. In China, the catch-up effects slowed down after the end of the zero-Covid strategy. Nevertheless, according to GTAI, companies are cautiously optimistic about the future. In the Gulf States, the outlook for the oil and gas industry is set to become increasingly gloomy due to the falling oil price. The mining industry, on the other hand, is likely to develop positively in the region as a whole. In Australia, for example, large investments are to be made in iron ore and rare earth mining sites. In South Africa, despite the generally weak economy, the mining industry is of strategic importance. Here, GTAI expects growing interest in safety business in the future as well.

According to the Business Research Company, the global firefighting market is set for stable growth. However, this market is also affected by global price increases and supply chain bottlenecks.

Future situation of the company

The following section should be read in conjunction with the “Outlook” section in the management report of the 2022 annual report (page 68 et seq.), which describes our expectations for 2023 in detail. The following table provides an overview of the expectations regarding the development of various forecast figures. The forecast horizon is the financial year.

Expectations for fiscal year 2023

	Results achieved for fiscal year 2022	Forecast for fiscal year 2023
Net sales (net of currency effects)	-11.5%	7.0 to 11.0%
Gross margin	40.7%	43.0 to 45.0%
EBIT margin	-2.9%	0.0 to 3.0%
DVA	EUR -196.2 million	EUR -110 to 0 million
Research and development costs	EUR 343.5 million	EUR 335 to 350 million
Net financial debt	EUR 259.2 million	Improvement
Investment volume [1]	EUR 93.4 million	EUR 80 to 100 million
Net interest result	EUR -13.8 million	EUR -20 to -26 million
Days Working Capital (DWC)	112.5 days	103 to 108 days

[1] Excluding company acquisitions and the capitalization of right-of-use assets pursuant to IFRS 16

Based on the business development in the first half of the year, we confirm our outlook for the financial year 2023, including all the forecast parameters listed above.

Dräger management estimate

We expect the economic environment to remain challenging overall. Risks to our business performance include in particular continued high inflation, the Russian war against Ukraine, and slow growth in the global economy. On the other hand, there are opportunities, for example through a further reduction in inflation. Many central banks have already indicated that they will raise their key interest rates further. This could in particular reduce the increase in Dräger's procurement and logistics costs. In addition, we expect supply chain issues to continue to subside. The resulting improved availability of electronic components could enable us to complete our products even faster, deliver them to customers, and generate corresponding sales.

Forward-looking statements

This interim management report contains forward-looking statements. The statements are based on the current expectations, presumptions, and forecasts of the Executive Board of Drägerwerk Verwaltungs AG, as well as the information available to it to date. The forward-looking statements do not provide any guarantee of the future developments and results contained therein. Rather, the future developments and results are dependent on a number of factors; they entail various risks and uncertainties and are based on assumptions that could prove to be incorrect. Dräger does not assume any responsibility for updating the forward-looking statements made in this report.

Lübeck, July 26, 2023

The general partner
Drägerwerk Verwaltungs AG,
represented by its Executive Board

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

Interim financial statements of the Dräger Group as of June 30, 2023

Consolidated income statement of the Dräger Group

in € thousand	Notes	Second quarter 2023	Second quarter 2022	Six months 2023	Six months 2022
Net sales		771,259	652,913	1,532,385	1,302,401
Cost of sales		-439,150	-401,028	-857,521	-776,140
Gross profit		**332,109**	**251,885**	**674,864**	**526,261**
Research and development costs		-82,759	-85,334	-166,136	-167,066
Marketing and selling expenses		-174,017	-177,456	-348,500	-345,199
General administrative costs		-58,166	-65,018	-115,852	-127,437
Impairment losses on financial assets and contract assets		-526	-425	-1,629	-528
Other operating income		1,862	546	5,209	3,721
Other operating expenses		-230	-104	-474	-292
Functional expenses		**-313,834**	**-327,790**	**-627,382**	**-636,802**
Result from net exposure from monetary items		-228	-583	31	-985
Result from other investments		572	52	576	58
Other financial result		58	-174	-358	-262
Financial result (before interest result)	**5**	**402**	**-705**	**250**	**-1,189**
EBIT [1]		**18,676**	**-76,610**	**47,732**	**-111,730**
Interest result	5	-5,503	-3,723	-10,223	-8,246
Earnings before income taxes		**13,173**	**-80,333**	**37,509**	**-119,976**
Income taxes	6	-1,789	29,541	-8,953	42,125
Earnings after income taxes		**11,384**	**-50,792**	**28,556**	**-77,851**
Earnings after income taxes		**11,384**	**-50,792**	**28,556**	**-77,851**
Earnings to non-controlling interests		667	130	805	-18
Earnings attributable to shareholders and holders of participation certificates		10,716	-50,922	27,751	-77,833
Undiluted / diluted earnings per share on full distribution [2]					
per preferred share (in €)		0.58	-2.71	1.50	-4.13
per common share (in €)		0.57	-2.72	1.47	-4.16

[1] EBIT = Earnings before net interest result and income taxes
[2] The dividend premium of EUR 0.06 on preferred shares is recognized pro rata on a quarterly basis.

Consolidated statement of comprehensive income of the Dräger Group

in € thousand	Six months 2023	Six months 2022
Earnings after income taxes	**28,556**	**-77,851**
Items that cannot be reclassified into the income statement		
Remeasurements of defined benefit pension plans	-798	181,551
Deferred taxes on remeasurements of defined benefit pension plans	248	-57,091
Items that may be reclassified into the income statement in the future		
Currency translation adjustment for foreign subsidiaries	-5,931	22,400
Changes in the fair value of the cash flow hedge reserve recognized directly in equity	5,452	947
Deferred taxes on changes in the fair value of the cash flow hedge reserve recognized directly in equity	-1,717	-298
Other comprehensive income (after taxes)	**-2,747**	**147,509**
Total comprehensive income	**25,810**	**69,658**
of which attributable to non-controlling interests	610	91
thereof earnings attributable to shareholders and holders of participation certificates	25,200	69,567

Consolidated balance sheet of the Dräger Group

in € thousand	Notes	June 30, 2023	December 31, 2022
Assets			
Intangible assets	7	347,964	350,641
Property, plant and equipment	7	471,185	478,376
Right-of-use assets	7	106,329	109,517
Investments in associates		16,043	16,036
Non-current trade receivables	9	2,025	2,214
Other non-current financial assets		24,590	24,224
Deferred tax assets		215,877	215,900
Other non-current assets	10	7,555	7,036
Non-current assets		**1,191,567**	**1,203,945**
Inventories	8	772,482	696,983
Trade receivables	9	580,712	678,608
Contract assets	9	68,468	56,328
Other current financial assets		36,459	41,045
Cash and cash equivalents		185,413	311,554
Current income tax refund claims		47,109	41,794
Other current assets	10	94,292	76,318
Current assets		**1,784,936**	**1,902,631**
Total assets		**2,976,502**	**3,106,576**

Consolidated balance sheet of the Dräger Group

in € thousand	Notes	June 30, 2023	December 31, 2022
Equity and liabilities			
Capital stock		48,026	48,026
Capital reserves		307,035	307,035
Reserves retained from earnings, including group result		992,786	969,303
Other comprehensive income		-8,318	-6,317
Non-controlling interests		1,853	1,384
Equity		**1,341,381**	**1,319,430**
Provisions for pensions and similar obligations		190,063	202,886
Non-current personnel provisions		34,823	34,721
Other non-current provisions	11	22,246	22,362
Non-current note loans		100,000	100,000
Non-current liabilities to banks		158,948	62,212
Other non-current financial liabilities	12	89,076	93,702
Non-current income tax liabilities		5,516	5,526
Deferred tax liabilities		2,383	2,452
Other non-current liabilities	13	45,003	44,763
Non-current liabilities		**648,059**	**568,625**
Current personnel provisions		94,117	105,076
Other current provisions	11	144,009	144,131
Current liabilities to banks		140,596	83,575
Trade payables		205,454	285,608
Other current financial liabilities	12	108,916	324,466
Current income tax liabilities		43,321	48,024
Other current liabilities	13	250,650	227,641
Current liabilities		**987,063**	**1,218,521**
Total equity and liabilities		**2,976,502**	**3,106,576**

Consolidated cash flow statement of the Dräger Group

	in € thousand	Second quarter 2023	Second quarter 2022	Six months 2023	Six months 2022
Operating activities					
	Earnings after income taxes	11,384	-50,792	28,556	-77,851
+	Write-down / write-up of non-current assets	35,916	36,093	70,797	70,016
+	Interest result	5,503	3,723	10,223	8,246
+/-	Income taxes	1,789	-29,541	8,953	-42,125
+/-	Increase / decrease in provisions	1,445	-39,676	-24,075	-71,357
+/-	Other non-cash expenses / income	9,861	-4,015	13,858	-9,194
+/-	Loss / gain from the disposal of non-current assets	-109	39	-99	-135
-	Increase in inventories	-30,467	-54,318	-89,096	-102,729
-	Increase in leased equipment	-2,780	-1,870	-6,485	-4,540
+	Decrease in trade receivables	8,719	11,506	75,546	96,441
+/-	Decrease / increase in other assets	1,044	10,076	-9,107	-32,247
-	Decrease in trade payables	-21,975	-3,112	-76,272	-33,067
+/-	Increase / decrease in other liabilities	-10,465	-36,337	19,817	27,409
+	Dividends received	12	52	17	58
-	Cash outflow for income taxes	-9,094	-28,143	-22,772	-36,219
-	Cash outflow for interest	-5,131	-4,344	-9,636	-9,020
+	Cash inflow from interest	1,255	787	2,449	1,482
	Cash outflow from operating activities	**-3,092**	**-189,873**	**-7,324**	**-214,834**
Investing activities					
-	Cash outflow for investments in intangible assets	-817	-900	-1,596	-4,692
+	Cash inflow from the disposal of intangible assets	69	-	69	-
-	Cash outflow for investments in property, plant and equipment	-15,609	-14,436	-35,426	-39,441
+	Cash inflow from disposals of property, plant and equipment	153	382	423	1,054
-	Cash outflow for investments in financial assets [1]	-361	-5,230	-361	-56,461
+	Cash inflow from the disposal of financial assets [1]	14	89,406	14	138,962
+	Cash inflow from the disposal of subsidiaries	561	-	561	-
	Cash inflow / outflow from investing activities	**-15,990**	**69,222**	**-36,315**	**39,422**
Financing activities					
-	Distribution of dividends (including payments to participation capital holders)	-3,681	-3,681	-3,681	-3,681
-	Cash outflow from the purchase of participation certificates	-	-	-208,806	-
+	Cash provided by raising loans	756	-	105,011	-
-	Cash used to redeem loans	-15,590	-2,381	-24,071	-5,103
+/-	Net balance of other liabilities to banks	17,048	-10,441	75,044	-6,176
-	Repayment of lease liabilities	-10,377	-10,734	-21,832	-21,806
-	Profit distributed to non-controlling interests	-140	-180	-140	-180
	Cash outflow from financing activities	**-11,984**	**-27,417**	**-78,475**	**-36,946**
Change in cash and cash equivalents in the fiscal year		**-31,066**	**-148,068**	**-122,114**	**-212,358**
+/-	Effect of exchange rates on cash and cash equivalents	-3,123	5,053	-4,028	8,544
+	Cash and cash equivalents at the beginning of the reporting period	219,602	384,948	311,554	445,746
	Cash and cash equivalents on reporting date	**185,413**	**241,933**	**185,413**	**241,933**

[1] In the prior year, these items included the purchase and sale of money market funds in which Dräger had a current investment.

Consolidated statement of changes in equity of the Dräger Group

				Total other comprehensive income					
in € thousand	Capital stock	Capital reserves	Reserves retained from earnings incl. group result	Currency translation differences	Cash flow hedge reserves	Total other comprehensive income	Total equity of shareholders of Drägerwerk AG & Co. KGaA	Non-controlling interests	Equity
January 1, 2022	**48,026**	**307,035**	**924,970**	**-11,833**	**-8,287**	**-20,120**	**1,259,910**	**584**	**1,260,494**
Earnings after income taxes	-	-	-77,833	-	-	0	-77,833	-18	-77,851
Other comprehensive income	-	-	124,460	22,291	649	22,940	147,400	109	147,509
Total comprehensive income	**0**	**0**	**46,627**	**22,291**	**649**	**22,940**	**69,567**	**91**	**69,658**
Distributions (including payments to participation certificates holders)	-	-	-3,681	-	-	0	-3,681	-180	-3,861
June 30, 2022	**48,026**	**307,035**	**967,916**	**10,458**	**-7,638**	**2,820**	**1,325,796**	**495**	**1,326,291**
January 1, 2023	**48,026**	**307,035**	**969,303**	**-5,950**	**-367**	**-6,317**	**1,318,047**	**1,384**	**1,319,430**
Earnings after income taxes	-	-	27,751	-	-	0	27,751	805	28,556
Other comprehensive income	-	-	-550	-5,736	3,734	-2,002	-2,552	-195	-2,747
Total comprehensive income	**0**	**0**	**27,201**	**-5,736**	**3,734**	**-2,002**	**25,200**	**610**	**25,810**
Distributions (including payments to participation certificates holders)	-	-	-3,681	-	-	0	-3,681	-140	-3,821
Change in scope of consolidation	-	-	-38	-	-	0	-38	-	-38
June 30, 2023	**48,026**	**307,035**	**992,786**	**-11,686**	**3,368**	**-8,318**	**1,339,528**	**1,853**	**1,341,381**

Notes of the Dräger Group as of June 30, 2023 (condensed)

1 Basis of preparation of the interim Group financial statements

Drägerwerk AG & Co. KGaA, Lübeck, Germany, (›Dräger‹) prepared its Group financial statements for fiscal year 2022 in accordance with the International Financial Reporting Standards (IFRS) as defined by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In fiscal year 2023, the interim financial statements of the Dräger Group have therefore also been prepared in accordance with IFRS, and the interim report in compliance with IAS 34 as well as German Accounting Standard No. 16 (GAS 16—Interim Financial Reporting) of the Accounting Standards Committee of Germany (ASCG).

The interim report should be read in connection with the disclosures in the Dräger IFRS annual report as at December 31, 2022. It was not audited or reviewed by an auditor.

The interim report was prepared in euros. Unless otherwise stated, all figures were disclosed in thousands of euros (EUR thousand); as a result, differences may occur due to rounding.

2 Accounting policies

Basically, the same accounting principles were applied in preparing the interim financial statements and calculating the comparative figures as in the Group financial statements for 2022. A detailed description of these methods is published in the notes to the Group financial statements in the 2022 annual report in note 7.

The annual report may also be downloaded online at www.draeger.com.

In preparing the interim financial statements, the Group opted to present condensed financial statements with selected explanatory notes. In general, greater use was made of estimates in determining carrying values than at fiscal year-end.

Accruals and deferrals were recognized where claims or obligations partially arose in the period under review.

The financial statements and comparative figures of economically independent foreign subsidiaries operating in a hyperinflationary environment and reporting in a currency of a hyperinflationary economy are remeasured by Dräger.

The following new standards and amendments to existing standards published by the IASB, which have already been adopted in EU law, are to be applied for the first time in fiscal year 2023, in the event that transactions fall within the respective scopes of application:

- The new IFRS 17 ›Insurance Contracts (issued May 2017)‹ governs the recognition, measurement, and disclosure of insurance contracts, reinsurance contracts, and capital investment contracts with discretionary participation features. Due to the deferral of the effective date of IFRS 17 to fiscal years beginning on or after January 1, 2023, IFRS 4 ›Extension of the Temporary Exemption from Applying IFRS 9 (issued June 2020)‹ was also amended to postpone the fixed expiration date of the temporary exemption from applying IFRS 9 to such fiscal years as well under IFRS 4. This does not materially impact Dräger's Group financial statements.
- The ›Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued January 2020)‹ clarify that the classification of liabilities as current or non-current must be based on the contractual arrangements in place at the balance sheet date. This does not materially impact Dräger’s Group financial statements.
- In ›Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued February 2021),‹ the IASB has defined the differences between accounting

methods and accounting-related estimates. In particular, the amendment has an impact on changes made prospectively (as in the case of accounting-related estimates) and retrospectively (largely, as in the case of accounting methods). This does not materially impact Dräger's Group financial statements.
– The IASB's ›Disclosure Initiative‹ aims to improve and simplify IFRS financial statements. According to ›Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued February 2021)‹, immaterial disclosures on accounting methods are to be omitted from IFRS financial statements. It also defines when an accounting method is to be seen as material and therefore must be disclosed. This does not materially impact Dräger's Group financial statements.

Further new mandatory standards or amendments of standards that apply only to fiscal years beginning on or after January 1, 2024, and/or that have not yet been endorsed, as well as their impact, can be found in the Dräger IFRS annual report as at December 31, 2022.

3 Changes in the scope of consolidation

In March 2023, Draeger Safety Bulgaria EOOD, Sofia, Bulgaria, was merged with Draeger Medical Bulgaria EOOD, Sofia, Bulgaria, and renamed to Draeger Bulgaria EOOD afterwards.

In May 2023, MOLVINA Vermietungsgesellschaft mbH & Co. Objekt Finkenstraße KG, Düsseldorf, was merged with Drägerwerk AG & Co. KGaA, Lübeck.

In addition, AEC SAS, Antony, France, was sold in April 2023.

4 Segment report

Business performance of the segments

		Medical division		Safety division		Six months Dräger Group	
		2023	2022	2023	2022	2023	2022
Order intake	**€ million**	**917.5**	**996.8**	**679.1**	**650.8**	**1,596.6**	**1,647.6**
Europe	€ million	472.2	471.7	426.6	397.3	898.8	869.1
thereof Germany	€ million	202.5	197.7	170.9	162.5	373.4	360.3
Americas	€ million	187.1	209.0	117.9	107.0	305.0	316.0
Africa, Asia, and Australia	€ million	258.2	316.1	134.6	146.5	392.9	462.5
Net sales	**€ million**	**910.7**	**777.2**	**621.6**	**525.2**	**1,532.4**	**1,302.4**
Europe	€ million	446.4	393.9	388.5	324.9	834.9	718.9
thereof Germany	€ million	193.1	162.8	149.7	116.8	342.9	279.7
Americas	€ million	201.8	170.6	116.3	93.0	318.1	263.5
Africa, Asia, and Australia	€ million	262.5	212.7	116.8	107.3	379.3	320.0
EBITDA [1]	**€ million**	**29.5**	**-46.7**	**88.9**	**4.9**	**118.4**	**-41.8**
Depreciation / amortization	€ million	-32.2	-33.6	-38.5	-36.3	-70.7	-69.9
EBIT [2]	**€ million**	**-2.6**	**-80.3**	**50.4**	**-31.4**	**47.7**	**-111.7**
Capital employed [3,4]	€ million	935.9	926.6	675.5	663.4	1,611.4	1,590.0
EBIT [2] / net sales	%	-0.3	-10.3	8.1	-6.0	3.1	-8.6
EBIT [2,5] / capital employed [3,4] (ROCE)	%	-1.4	-3.7	12.4	-2.3	4.4	-3.1
DVA [5,6]	€ million	-78.6	-93.2	37.0	-57.2	-41.6	-150.4

[1] EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
[2] EBIT = Earnings before net interest result and income taxes
[3] Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items
[4] Value as at reporting date
[5] Value of the last twelve months
[6] Dräger Value Added = EBIT less cost of capital of average invested capital

The key figures from the segment report are as follows:

EBIT

in € million	Six months 2023	Six months 2022
Earnings after income taxes	28.6	-77.9
+ Interest result	10.2	8.2
+ Income taxes	9.0	-42.1
EBIT	**47.7**	**-111.7**

Capital employed

in € million	June 30, 2023	June 30, 2022
Total assets	2,976.5	2,954.0
- Deferred tax assets	-215.9	-145.7
- Cash and cash equivalents	-185.4	-241.9
- Non-interest bearing liabilities	-963.8	-976.4
Capital employed	**1,611.4**	**1,590.0**

DVA

in € million	June 30, 2023	June 30, 2022
EBIT (of the last 12 months)	70.9	-49.2
- Cost of capital (basis: average of capital employed in the past 12 months)	-112.5	-101.1
DVA	**-41.6**	**-150.4**

The business performance of the individual divisions is detailed in the management report accompanying these interim financial statements.

Services rendered between the divisions follow the ›arm's length principle‹.

5 Financial result

Financial result (before interest result)

in € thousand	Six months 2023	Six months 2022
Financial result (before interest result)	**250**	**-1,189**
Interest and similar income	2,622	2,801
Interest and similar expenses	-12,845	-11,047
Interest result	**-10,223**	**-8,246**

Interest and similar expenses include interest from expenses for pension provisions, which increased by EUR 3,411 thousand compared to the previous year. In the prior-year period, this item also included the compounding of the payment obligation to holders of participation certificates in the amount of EUR 2,491 thousand, which was repaid as scheduled on January 2, 2023.

6 Income taxes

Income taxes for the first half of 2023 were calculated on the basis of an anticipated Group tax rate, excluding effects from the prior year, of 30.5% (6 months 2022: 33.5%).

7 Intangible assets / property, plant and equipment / right-of-use assets

Intangible assets / property, plant and equipment / right-of-use assets

in € thousand	Carrying amount January 1, 2023	Additions	Disposals / other changes	Depreciation / amortization	Carrying amount June 30, 2023
Intangible assets	350,641	1,257	-316	-3,619	347,964
Property, plant and equipment	478,376	41,129	-2,824	-45,496	471,185
Right-of-use assets	109,517	19,702	-1,317	-21,573	106,329
from land and buildings	81,059	8,198	-587	-11,206	77,463
from other plant, factory and office equipment	28,459	11,504	-730	-10,367	28,866

Pursuant to IAS 36, checks were performed as at the half-year reporting date to establish whether there are any indications that assets may be impaired, known as triggering events. The asset impairment tests performed for cash-generating units due to the increased capital costs led to the following need for impairment for the first half of 2023 and the same period of the previous year:

Recognized need for impairment 2023

Cash-generating unit in € thousand		Discount rate June 30, 2023	Value in use	Recognized need for impairment loss
Draeger Medical Systems, Inc., Telford	Safety division	8.8 %	6,651	1,167
ACE Protection AB, Svenljunga	Safety division	9.5 %	12,255	1,041
Draeger Safety Canada Ltd., Mississauga	Safety division	8.7 %	11,887	788
Draeger Arabia Co. Ltd., Riyadh	Medical division	8.0 %	35,942	655
Draeger Tehnika d.o.o., Belgrade	Medical division	11.4 %	2,146	383
Dräger Portugal, LDA, Lisbon	Safety division	10.1 %	872	183
Dräger Argentina SA, Buenos Aires	Medical division	78.8 %	158	165
			69,911	**4,382**

Recognized need for impairment 2022

Cash-generating unit in € thousand		Discount rate June 30, 2022	Value in use	Recognized need for impairment loss
Draeger Medical Systems, Inc., Telford	Safety division	8.8 %	10,223	889
Dräger Manufactoring Czech s.r.o., Klášterec nad Ohri	Safety division	10.5 %	16,946	702
Dräger-Simsa S.A., Santiago	Safety division	10.9 %	1,083	158
			28,252	**1,749**

EUR 2,120 thousand (6 months 2022: EUR 1,047 thousand) of the impairments were attributable to the Americas region, EUR 1,607 thousand (6 months 2022: EUR 702 thousand) to the Europe region and EUR 655 thousand (6 months 2022: EUR 0 thousand) to the Africa, Asia, and Australia region.

Impairments and reversals of impairments were recognized on property, plant and equipment, in particular factory and office equipment. The value in use was calculated on the basis of a future performance indicator, which is based on the discounting of future surpluses taken from the operational five-year plan for the respective cash-generating unit. The assessment corresponds to level 3 of the measurement hierarchy.

In view of IAS 36.105, the recoverable amount of Dräger assets is based on the assumption of resale, with the result that the calculated impairment requirement in the current and previous fiscal years was not recognized in full.

8 Inventories

Inventories

in € thousand	June 30, 2023	December 31, 2022
Finished goods and merchandise	413,766	372,395
Work in progress	107,810	85,367
Raw materials, consumables and supplies	241,522	228,707
Prepayments made	9,385	10,513
	772,482	**696,983**

9 Trade receivables and contract assets

Trade receivables

			June 30, 2023			December 31, 2022
in € thousand	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	624,324	2,025	626,349	721,830	2,214	724,043
less risk provisions	-43,611	-	-43,611	-43,221	-	-43,221
	580,712	**2,025**	**582,737**	**678,608**	**2,214**	**680,822**

Contract assets

			June 30, 2023			December 31, 2022
in € thousand	Current	Non-current	Total	Current	Non-current	Total
Contract assets	68,605	-	68,605	56,450	-	56,450
less risk provisions	-137	-	-137	-122	-	-122
	68,468	**0**	**68,468**	**56,328**	**0**	**56,328**

10 Other assets

Other assets

			June 30, 2023			December 31, 2022
in € thousand	Current	Non-current	Total	Current	Non-current	Total
Prepaid expenses	51,585	-	51,585	34,018	-	34,018
Other tax refund claims	40,039	-	40,039	41,000	-	41,000
Income tax deferrals	1,341	-	1,341	-	-	0
Fund assets from pension plans	-	29	29	-	-	0
Sundry	1,327	7,526	8,853	1,299	7,036	8,335
	94,292	**7,555**	**101,847**	**76,318**	**7,036**	**83,354**

The increase in prepaid expenses is largely attributable to deferred expenses in the current reporting period. Other tax refund claims primarily included VAT claims. Fund assets relating to pension plans contained the available excess of plan assets.

11 Other provisions

Other provisions as at June 30, 2023, also included monthly accruals and mainly consisted of provisions for outstanding invoices of EUR 68,473 thousand (December 31, 2022: EUR 62,769 thousand) and warranty provisions of EUR 50,664 thousand (December 31, 2022: EUR 49,275 thousand).

12 Other financial liabilities

Other financial liabilities primarily included non-current lease liabilities to be recognized in accordance with IFRS 16 amounting to EUR 78,605 thousand (December 31, 2022: EUR 80,160 thousand) and current lease liabilities amounting to EUR 34,014 thousand (December 31, 2022: EUR 36,005 thousand). The fall in other financial liabilities was primarily due to the repayment of the obligation from the termination of series D participation certificates in the amount of EUR 208,806 thousand on January 2, 2023.

13 Other liabilities

Other liabilities

			June 30, 2023			December 31, 2022
in € thousand	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Contractual liabilities	167,836	38,607	206,443	139,262	38,388	177,650
Deferred other income	121	5,979	6,100	151	5,979	6,130
Other tax liabilities	41,338	-	41,338	45,828	-	45,828
Other liabilities to employees and for social security	41,165	3	41,168	42,239	3	42,242
Remaining other liabilities	189	414	604	162	393	554
	250,650	**45,003**	**295,654**	**227,641**	**44,763**	**272,404**

Contractual liabilities included accrued net sales of EUR 124,241 thousand (December 31, 2022: EUR 106,774 thousand) and prepayments received of EUR 82,202 thousand (December 31, 2022: EUR 70,876 thousand).

14 Financial instruments

In the following table, the carrying amounts of financial assets and liabilities not regularly recognized at fair value are compared with their fair values.

Financial instruments – assets 2023

					June 30, 2023
	Carrying amount				Fair value
in € thousand		Level 1	Level 2	Level 3	Total
Financial assets – at amortized cost					
Trade receivables [1]	582,737	-	-	-	582,737
Other financial assets	29,420	-	29,520	-	29,520
Cash and cash equivalents [1]	185,413	-	-	-	185,413
	797,571	**0**	**29,520**	**0**	**797,670**
Financial assets – recognized directly in equity in other comprehensive income					
Derivatives (with hedging relation)	13,847	-	13,847	-	13,847
	13,847	**0**	**13,847**	**0**	**13,847**
Financial assets – at fair value through profit and loss					
Derivatives (without hedging relation)	2,078	-	2,078	-	2,078
Equity instruments	15,191	-	-	15,191	15,191
Debt instruments	512	512	-	-	512
	17,781	**512**	**2,078**	**15,191**	**17,781**
	829,199	**512**	**45,445**	**15,191**	**829,299**

[1] The valuation of these financial instruments is not assigned to any fair value level.

Financial instruments – assets 2022

					December 31, 2022
	Carrying amount				Fair value
in € thousand		Level 1	Level 2	Level 3	Total
Financial assets – at amortized cost					
Trade receivables [1]	680,822	-	-	-	680,822
Other financial assets	41,499	-	41,598	-	41,598
Cash and cash equivalents [1]	311,554	-	-	-	311,554
	1,033,876	**0**	**41,598**	**0**	**1,033,975**
Financial assets – recognized directly in equity in other comprehensive income					
Derivatives (with hedging relation)	4,405	-	4,405	-	4,405
	4,405	**0**	**4,405**	**0**	**4,405**
Financial assets – at fair value through profit and loss					
Derivatives (without hedging relation)	3,630	-	3,630	-	3,630
Equity instruments	15,203	-	-	15,203	15,203
Debt instruments	533	533	-	-	533
	19,366	**533**	**3,630**	**15,203**	**19,366**
	1,057,646	**533**	**49,633**	**15,203**	**1,057,745**

[1] The valuation of these financial instruments is not assigned to any fair value level.

Financial instruments – equity and liabilities 2023

					June 30, 2023
	Carrying amount				Fair value
in € thousand		Level 1	Level 2	Level 3	Total
Financial liabilities – at amortized cost					
Trade payables [1]	205,454	-	-	-	205,454
Loans and liabilities to banks	399,543	-	381,197	-	381,197
Other financial liabilities	184,665	-	179,556	-	179,556
	789,662	**0**	**560,753**	**0**	**766,206**
Financial liabilities – recognized directly in equity in other comprehensive income					
Derivatives (with hedging relation)	7,832	-	7,832	-	7,832
	7,832	**0**	**7,832**	**0**	**7,832**
Financial liabilities – at fair value through profit and loss					
Derivatives (without hedging relation)	5,495	-	5,495	-	5,495
	5,495	**0**	**5,495**	**0**	**5,495**
	802,989	**0**	**574,079**	**0**	**779,533**

[1] The valuation of these financial instruments is not assigned to any fair value level.

Financial instruments – equity and liabilities 2022

					December 31, 2022
	Carrying amount				Fair value
in € thousand		Level 1	Level 2	Level 3	Total
Financial liabilities – at amortized cost					
Trade payables [1]	285,608	-	-	-	285,608
Loans and liabilities to banks	245,787	-	222,481	-	222,481
Other financial liabilities	402,464	-	396,591	-	396,591
	933,860	**0**	**619,072**	**0**	**904,680**
Financial liabilities – recognized directly in equity in other comprehensive income					
Derivatives (with hedging relation)	8,420	-	8,420	-	8,420
	8,420	**0**	**8,420**	**0**	**8,420**
Financial liabilities – at fair value through profit and loss					
Derivatives (without hedging relation)	7,284	-	7,284	-	7,284
	7,284	**0**	**7,284**	**0**	**7,284**
	949,563	**0**	**634,775**	**0**	**920,384**

[1] The valuation of these financial instruments is not assigned to any fair value level.

Level 1:
Fair value is measured using prices in active markets for identical financial assets or financial liabilities. The fair values of non-current securities are based on current stock market prices.

Level 2:
Fair value is measured using largely observable input factors that can be directly (i.e., price) or indirectly (i.e., derived from prices) observed for financial assets or financial liabilities; these do not include any listed prices taken into consideration in level 1.

Dräger applies the discounted cash flow method when measuring derivatives. Expected cash flows are determined on the basis of secured prices and/or interest rates and the observable closing rates and/or interest rates, which are then discounted using an interest rate that takes into account Dräger's company-specific risks.

The fair values of level 2 financial assets and liabilities measured at amortized cost are determined using the discounted cash flow method by replacing the interest rates used in the initial calculation of non-current financial assets and liabilities with interest rates derived from current company-related interest rate curves on the balance sheet date.

Level 3:
Fair value is measured using factors not based on observable market data for the measurement of the financial asset or the financial liability (unobservable input factors). These are already classified as level 3 when there is an unobservable input factor present that significantly influences the measurement. Within the Dräger Group, only equity instruments are allocated to level 3. When measuring equity instruments, Dräger applies the discounted cash flow method including all material parameters.

No significant reclassifications between the levels were carried out in the past two fiscal years.

15 Related-party transactions

Services were rendered for Stefan Dräger and companies and persons related to Stefan Dräger, the Dräger-Stiftung, and the Dräger-Familienstiftung (Dräger Foundation and Dräger Family Foundation) during the first half of 2023 totaling EUR 5 thousand (6 months 2022: EUR 3 thousand). Receivables in this respect amounted to EUR 1 thousand as at June 30, 2023 (June 30, 2022: EUR 1 thousand).

Due to the relationship with a Supervisory Board member of Drägerwerk AG & Co. KGaA, the companies GFT Technologies SE, St. Georgen, and SW34 Gastro GmbH, Stuttgart, are classified as related parties. During the first half-year and the same period of the previous year, no expenses were incurred for services provided by GFT Technologies SE, St. Georgen. There were no liabilities as at either reporting date. Expenses for services provided by SW34 Gastro GmbH, Stuttgart, amounted to EUR 10 thousand in the first half of 2023 (6 months 2022: EUR 9 thousand). There were no liabilities as at either reporting date.

Group companies rendered rental services and other services for the associate MAPRA Assekuranzkontor GmbH totaling EUR 62 thousand (6 months 2022: EUR 61 thousand) in the first half of 2023. Receivables in this respect amounted to EUR 1 thousand as at June 30, 2023 (June 30, 2022: EUR 1 thousand). There were no liabilities as at either reporting date.

A convertible loan of CAD 1,500 thousand was granted by Dräger Safety AG & Co. KGaA to associate Focus Field Solutions Inc., St. John's, Canada, in fiscal year 2020. This was disbursed in three tranches totaling CAD 1,500 thousand (EUR 1,041 thousand in total) in the fiscal years 2020 to 2021. The interest rate is 5.5%. The interest is due at the point at which the loan is converted on December 31, 2023. In fiscal year 2022, a further loan of CAD 2,600 thousand was granted by Dräger Safety AG & Co. KGaA. The first two tranches totaling CAD 1,000 thousand (EUR 694 thousand in total) were disbursed in the 2022 financial year. The third tranche of CAD 500 thousand (EUR 347 thousand) was disbursed in the first half of 2023. The interest rate is 8.55%. The interest is due at the point at which the loan is fully repaid on December 31, 2027. There were no liabilities to Focus Field Solutions Inc., St. John's, Canada, as at June 30, 2023 (June 30, 2022: EUR 0 thousand). Expenses for services rendered by Focus Field Solutions Inc., St. John's, Canada, amounted to EUR 232 thousand in the first half of 2023 (June 30, 2022: EUR 414 thousand).

A convertible loan totaling EUR 2,000 thousand was granted by Dräger Safety AG & Co. KGaA at an interest rate of 5.8% to associate MultiSensor Scientific Inc., Somerville, U.S., in the fiscal years 2021 and 2022. The loan plus the accrued interest was converted into equity shares in the first half of 2022. No receivables or liabilities in relation to MultiSensor Scientific Inc., Somerville, U.S., existed as at the reporting date. No services were provided in the first half of 2023 either.

Services totaling EUR 0 thousand (6 months 2022: EUR 3 thousand) were purchased from associate GWA Hygiene GmbH, Stralsund, in the first half of 2023. This resulted in liabilities totaling EUR 0 thousand (June 30, 2022: EUR 3 thousand) as at June 30, 2023.

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

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

Liabilities to Drägerwerk Verwaltungs AG amounted to EUR 15,132 thousand as at June 30, 2023 (June 30, 2022: EUR 7,507 thousand), mainly resulting from cash management. Expenses for Drägerwerk Verwaltungs AG services amounted to EUR 1,824 thousand in the first half of 2023 (6 months 2022: EUR 1,146 thousand). These expenses mainly consisted of management remuneration services of EUR 1,072 thousand (6 months 2022: EUR 1,367 thousand) and pension expenses of EUR 525 thousand (6 months 2022: EUR 0 thousand). Services in the amount of EUR 9 thousand (6 months 2022: EUR 9 thousand) were rendered for Drägerwerk Verwaltungs AG in the first half of 2023. Receivables amounted to EUR 0 thousand as at the reporting date (June 30, 2022: EUR 4 thousand).

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

16 Subsequent events

There were no significant changes between the end of the first six months of 2023 and the time this interim financial report was prepared.

Lübeck, July 26, 2023

The general partner
Drägerwerk Verwaltungs AG,
represented by its Executive Board

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

Management compliance statement

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

Lübeck, July 26, 2023

The general partner
Drägerwerk Verwaltungs AG,
represented by its Executive Board

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

Financial calendar

Report as of June 30, 2023, conference call	July 27, 2023
Report as of September 30, 2023, conference call	November 2, 2023
Publication of 2023 fiscal year figures, Analysts' conference	March 7, 2024
Report as of March 31, 2024, conference call	April 25, 2024
Annual shareholders' meeting, Lübeck, Germany	May 8, 2024
Report as of June 30, 2024, conference call	July 25, 2024
Report as of September 30, 2024, conference call	October 29, 2024

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