

Group Business Development

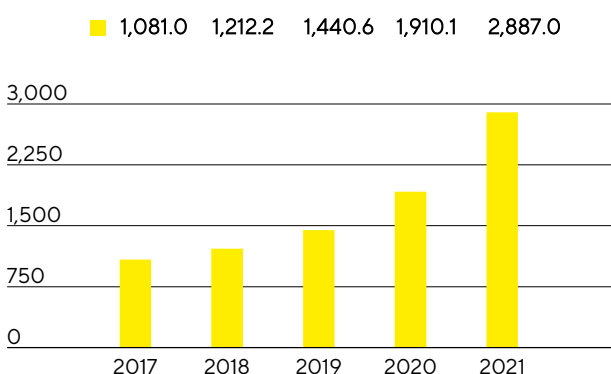
Sales Revenue and Order Intake

In the reporting year, Sartorius Stedim Biotech grew at an exceptionally dynamic rate of 52.6% to €2,887.0million in constant currencies (reported: +51.1%) and again significantly more strongly than in the already robust previous year when growth had attained 34.6%. The forecast, that at the beginning of the year had projected a currency-adjusted increase in consolidated sales revenue by 20% to 26%, and had last been raised in July 2021 to a growth rate of about 48%, was thus again slightly exceeded. The major part of this growth was attributable to strong organic expansion of the core business. In particular, business with manufacturers of biopharmaceutical medications performed very well. Beyond this, pandemic-related demand, predominantly due to coronavirus vaccine production being established and ramped up by some customers, added around 18 percentage points to sales revenue growth, while acquisitions contributed a good 4 percentage points. The overall development was supported by expanded production capacities at several sites and overall stable, yet strained, supply chains.

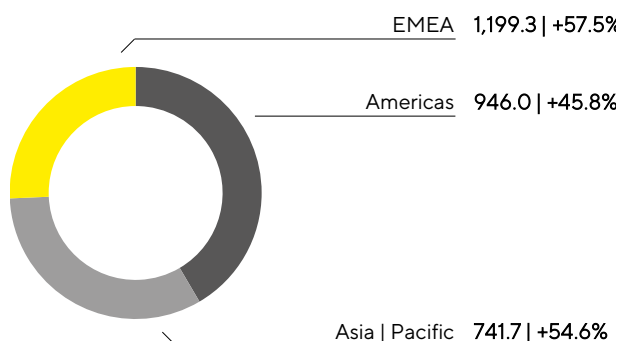
Order intake rose by 55.6% to €3,664.4 million in constant currencies (reported: +53.9%) and thus even slightly more strongly than consolidated sales revenue. Around 13 percentage points of this gain were attributed to pandemic effects and close to 7 percentage points to acquisitions. While order intake was significantly above sales revenue up into the third quarter, also because some customers in the current situation placed their orders further in advance than usual, the ratio of order intake to sales revenue normalized during the second half of the year and was at the level of the company’s long-term average toward the end of the year.

Sartorius Stedim Biotech increased its sales revenue in 2021 in all three business regions. EMEA, the region generating the highest share of around 41% to total revenue, saw an especially steep increase, with sales soaring 57.5% to €1,199.3million, bolstered by especially robust business with vaccine manufacturers. Accounting for around 33% of division sales, the Americas region reported growth of 45.8% to €946.0 million. The Asia|Pacific region also showed very strong growth, with sales up 54.6% to €741.7 million, contributing a share of 26% to total revenue. All growth rates are in constant currencies, unless otherwise stated.

Sales Revenue 2017 to 2021
€ in millions



Sales Revenue and Growth¹ by Region²
€ in millions unless otherwise specified



1 In constant currencies
2 Acc. to customers' location

Sales Revenue and Order Intake

€ in millions	2021	2020	Δ in % reported	Δ in % const. fx
Sales Revenue	2,887.0	1,910.1	51.1	52.6
Order Intake	3,664.4	2,381.0	53.9	55.6

Development of Costs and Earnings

In the reporting year, the cost of sales rose by 47.1% to €1,334.0 million, and the cost of sales ratio decreased from 47.5% in the previous year to 46.2%. The further cost items developed at a considerably underproportionate rate with respect to sales revenue due to economies of scale and to a partially deferred cost development due to the pandemic. Selling and distribution costs thus rose by 37.0% to €405.6 million so the ratio of these costs to sales revenue decreased year over year by 1.4 percentage points from 15.5% to 14.1%. Expenses for research and development rose by 30.8% to €110.5 million. The corresponding ratio of R&D expenses to sales revenue was 3.8% (previous year: 4.4%). Regarding general administrative expenses, Sartorius Stedim Biotech reported an increase of 32.1% to €126.1 million, and the administrative expense ratio in 2021 was 4.4% (previous year: 5.0%).

The balance of other operating income and expenses was -€45.3 million in fiscal 2021 compared to the prior year figure of -€55.6 million and essentially covered extraordinary items of €26.5 million relative to €32.7 million in 2020. These extraordinary items consisted primarily of expenses in connection with the most recent acquisitions as well as of expenses for various cross-divisional projects and rebranding.

EBIT increased clearly overproportionately in relation to sales by 83.5% to €865.4 million. The respective EBIT margin rose very strongly from 24.7% a year ago to 30.0% in the reporting year.

The financial result was -€218.7 million in 2021 relative to -€11.0 million a year earlier. This figure includes an expense item of €207.8 million from the reporting date valuation of the share-based earn-out liability in connection with the acquisition of BIA Separations; this liability essentially resulted from the increase in the respective share price and the good business performance.

In the reporting year, tax expenses of €232.4 million were above the prior-year total of €122.1 million. The tax rate was 35.4% after 26.5% in the previous year. It should be noted that the valuation effect in the financial result mentioned above will not result in any subsequent tax impact. If this valuation effect would have had a tax impact, this would have yielded a tax rate of 27.2%.

Net profit attributable to shareholders of Sartorius Stedim Biotech S.A. increased by 23.4% to €414.4 million (previous year: €335.9 million).

Statement of Profit or Loss

€ in millions	2021	2020 ¹	Δ in %
Sales revenue	2,887.0	1,910.1	51.1
Cost of sales	-1,334.0	-906.8	-47.1
Gross profit on sales	1,553.0	1,003.3	54.8
Selling and distribution costs	-405.6	-296.0	-37.0
Research and development costs	-110.5	-84.5	-30.8
General administrative expenses	-126.1	-95.5	-32.1
Other operating income and expenses	-45.3	-55.6	18.5
Earnings before interest and taxes (EBIT)	865.4	471.7	83.5
Financial income	22.3	27.0	-17.5
Financial expenses	-241.0	-38.0	-533.6
Financial result	-218.7	-11.0	-1,884.6
Profit before tax	646.7	460.7	40.4
Income taxes	-232.4	-122.1	-90.4
Net result	414.3	338.6	22.4
Attributable to:			
Equity holders of SSB S.A.	414.4	335.9	23.4
Non-controlling interest	-0.1	2.7	-103.9

¹ The figures for the reporting period 2020 were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations.

Earnings

At the Sartorius Stedim Biotech Group, earnings before interest, taxes, depreciation and amortization (EBITDA) are used as the key profitability measure. To provide a complete and transparent picture of the Group's profitability, also in an international comparison, we report earnings adjusted for extraordinary items (underlying EBITDA). For more information about definitions, please refer to the Glossary on page 270. The underlying presentation is reconciled with the EBITDA key indicator (see Glossary) as follows:

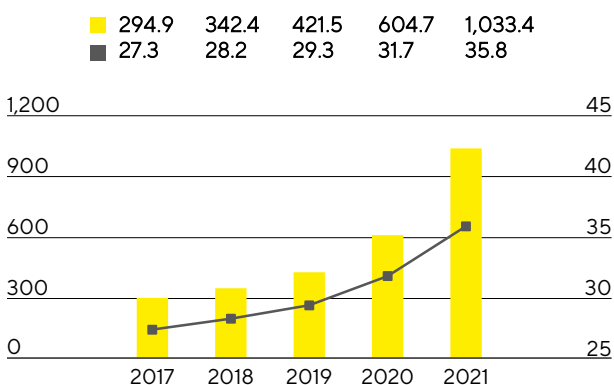
Reconciliation between EBIT and Underlying EBITDA

€ in millions	2021	2020 ¹
EBIT	865.4	471.7
Extraordinary items	26.5	32.7
Depreciation and amortization	141.5	100.3
Underlying EBITDA	1,033.4	604.7

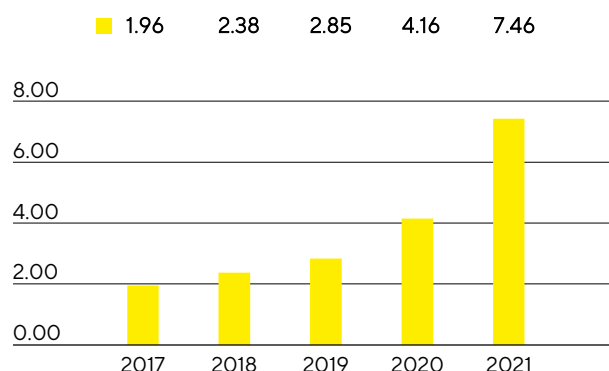
¹ The figures for the reporting period 2020 were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations.

In fiscal 2021, Sartorius Stedim Biotech strongly increased its earnings. Underlying EBITDA thus showed a significantly overproportionate increase in relation to sales revenue, by 70.9% to €1,033.4million. The respective underlying EBITDA margin climbed to 35.8% (2020: 31.7%). It was therefore clearly above the Group's forecast, which had been set at around 32.0% at the beginning of the reporting year, and in line with the guidance that had last been raised in July 2021 to around 36.0%. Besides being attributable to economies of scale, this considerable increase was influenced by partially deferred cost development, for example as a result of the low travel activity because of the pandemic and deferred new hires in relation to sales growth. This trend subsided due to the intensified buildup of the workforce in the second half of the reporting year, as well as to rising costs in logistics and purchasing. Currency effects as well as the most recent acquisitions did not have any material impact on the company's margin development.

The underlying net result after non-controlling interest for the Group rose steeply from €383.8 million a year ago to €687.8 million in fiscal 2021. This figure is the basis for calculating the profit to be appropriated and is computed by adjusting for extraordinary items, eliminating non-cash amortization of €48.6 million (previous year: €25.7 million), and is based on the normalized financial result and a normalized tax rate (see Glossary). Underlying earnings per share surged by 79.2% from €4.16 a year earlier to €7.46.

Underlying EBITDA¹ and Margin

■ Underlying EBITDA in millions of €
 ■ Underlying EBITDA margin in %

Underlying Earnings per Share²
in €

¹ Adjusted for extraordinary items

² Adjusted for extraordinary items, non-cash amortization acc. to IFRS 3 and fair value adjustments of hedging instruments, as well as the corresponding tax effects for each of these items.

€ in millions	2021	2020 ¹
EBIT (operating result)	865.4	471.7
Extraordinary items	26.5	32.7
Amortization IFRS 3	48.6	25.7
Normalized financial result ²	-11.2	-7.8
Normalized income tax (26%) ³	-241.6	-135.8
Underlying net result	687.7	386.5
Non-controlling interest	0.1	-2.7
Underlying net result after non-controlling interest	687.8	383.8
Underlying earnings per share (in €)	7.46	4.16

¹ The figures for the reporting period 2020 were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations.

² Financial result excluding fair value adjustments of hedging instruments and currency effects relating to financing activities and change in valuation of earn-out liability.

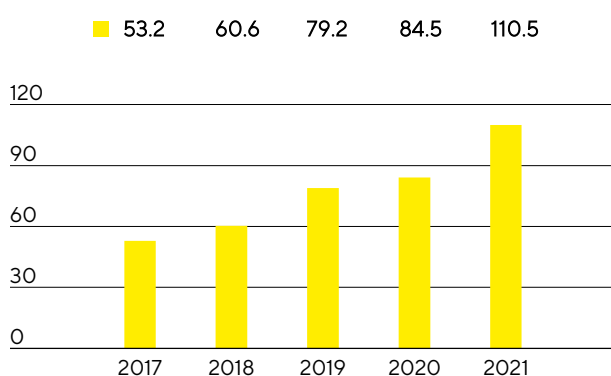
³ Normalized income tax based on the underlying profit before taxes and non-cash amortization.

See Glossary for the definitions of the totals listed above.

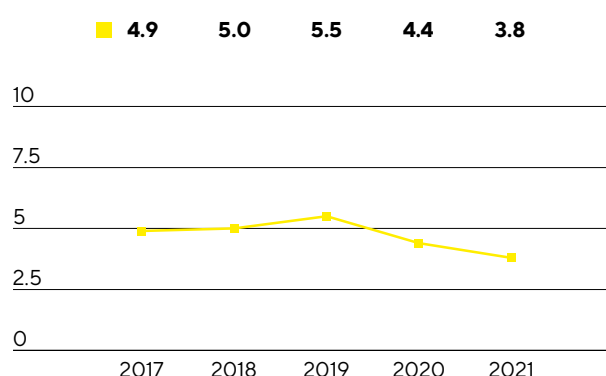
Research and Development

Sartorius Stedim Biotech continuously expands its product portfolio by investing in both the new and further development of its products, as well as in the integration of new technologies through alliances. In 2021, the Group spent €110.5 million on R&D, corresponding to an increase of 30.8% over the previous year's investment of €84.5 million. The ratio of R&D costs to sales revenue decreased to 3.8% compared to 4.4% a year earlier. The gross capital expenditure ratio at 5.1% was also below the prior-year ratio of 6.0%; this ratio is even more meaningful for assessment of innovation-related expenses and includes capitalized development costs of €37.0 million (previous year: €29.7 million) that were disclosed in the statement of financial position.

Research & Development Costs
€ in millions



Research & Development Ratio
in % of sales revenue



To protect our know-how, we pursue a targeted intellectual and industrial property rights policy. We systematically monitor compliance with these rights and review from a cost | benefit viewpoint whether it is necessary to continue to maintain individual rights.

The number of applications for intellectual property rights filed in 2021 totaled 71 compared with 127 in the previous year. As a result of the applications submitted in the past years, we were issued 234 patents and trademarks (previous year: 339). As of the balance sheet date, we had a total of 3,316 patents and trademarks in our portfolio (previous year: 3,044).

	2021	2020
Number of patent and trademark applications	71	127
Registered patents and trademarks	234	339

Capital Expenditures

Against a backdrop of exceptionally strong organic growth, Sartorius Stedim Biotech invested considerably in building up new capacities in all regions in the reporting year. In this context, expansion projects already planned were moved ahead of schedule, accelerated and extended. In addition to significantly expanding production capacities, the investment program aims to further diversify and increase the flexibility of the company's production network. Several construction projects were already completed in 2021 and contributed to meeting high demand. In the current reporting year, the company plans to complete a number of additional projects.

In 2021, capital expenditures of €324.0 million were significantly higher than the prior-year figure of €159.2 million, as planned. The ratio of capital expenditures to sales revenue was 11.2% (2020: 8.3%) and thus below the forecasted figure of about 12% adjusted at mid-year due to strong sales growth.

Investments were made, among others, in Göttingen, Germany, where capacities for membrane manufacturing are being expanded and new laboratory space for product development is under construction.

At the site in Yauco, Puerto Rico, Sartorius Stedim Biotech is extending cleanroom capacity for manufacturing technologies for the Separation and Fluid Management areas. In addition, a production facility for cell culture media is being set up here for the first time and is scheduled to go into operation next year.

Extensive investments were made in the Asia|Pacific region, such as in Beijing, China, where additional cleanroom space was created for the production of filters and single-use bags, as well as a quality control laboratory. In Songdo, South Korea, Sartorius Stedim Biotech is planning to build a plant for manufacturing cell culture media and assembling sterile consumables. Moreover, a technology center for product demonstrations for customers and consultations as well as laboratory facilities are scheduled to be built at this new site that is located in the center of a biopharma hub.

Due to strong growth in demand and order intake, production capacities were also expanded in the reporting year at additional sites. For instance, expansion projects were conducted in France, Israel, Slovenia, Tunisia, and the U.K. Beyond these sites, a new Customer Interaction Center used for product demonstrations and factory acceptance testing was opened in each of the countries in China, the USA, and Germany to strengthen customer proximity and regional presence.

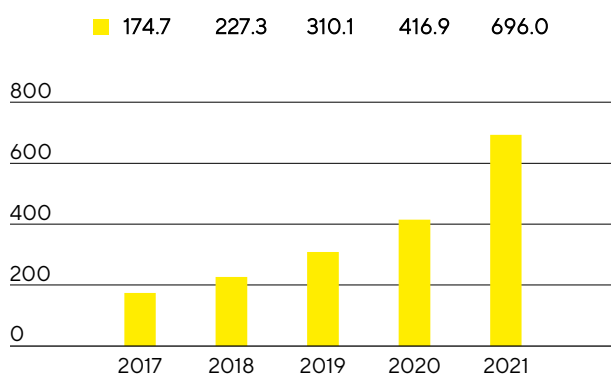
In addition, investments were made in the digital infrastructure of the Group. Thus, Group-wide implementation of a new CRM system was completed.

Net Worth and Financial Position

Cash Flow

In the reporting year, Sartorius Stedim Biotech significantly increased its cash flow from operating activities. This figure amounted to €696.0 million relative to €416.9 million a year ago, which equates to a rise of 66.9%. The development is essentially due to growth in earnings, whereas growth-driven buildup of working capital had a dampening effect. The sale of trade receivables within the scope of a factoring program resulted in an inflow of €35.0 million (inflows in the previous year: €76.2 million).

Net Cash Flow from Operating Activities € in millions



Due to exceptionally high demand, Sartorius Stedim Biotech has been driving the expansion of its production capacities full speed ahead. In particular, the company's investment program covers ahead-of-schedule expansion of sites in Germany and Puerto Rico. Cash outflows from investing activities more than doubled in the reporting period by 115% to €323.6 million. Because of acquisition-related expenses of €141.7 million in connection with the most recent purchases of the companies Xell and CellGenix, cash flow from investing activities and acquisitions was -€465.2 million. The prior-year figure of -€621.1 million essentially included cash outflows related to the acquisition of the life science businesses from Danaher as well as of BIA Separations.

Primarily driven by increased dividend disbursements, cash flow from financing activities amounted to -€71.7 million in the reporting year relative to €234.1 million in fiscal 2021 in which Sartorius Stedim Biotech had financed the acquisitions mentioned above.

Cash Flow Statement

€ in millions	2021	2020 ¹
Cash flow from operating activities	696.0	416.9
Cash flow from investing activities and acquisitions	-465.2	-621.1
Cash flow from financing activities	-71.7	234.1
Cash and cash equivalents	223.6	59.8
Gross debt	625.5	587.1
Net debt	401.9	527.3

¹ The figures for the reporting period 2020 were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations.

Consolidated Statement of Financial Position

The balance sheet total of the Sartorius Stedim Biotech Group was €3,951.1 million as of the end of fiscal 2021 and thus €1,094.4 million higher than the prior-year level. This rise reflects the increase in property, plant and equipment as a result of continuous investing activities as well as the growth-driven buildup of working capital, among other things. Non-current assets thus rose by €512.7 million to €2,495.5 million; current assets increased by €581.7 million to €1,455.6 million.

Key Working Capital Figures

in days		2021	2020 ³
Days inventories outstanding			
Inventories sales revenue ¹	x 360	97	86
Days sales outstanding			
Trade receivables sales revenue ¹	x 360	44	47
Days payables outstanding			
Trade payables sales revenue ¹	x 360	58	56
Net working capital days			
Net working capital ² sales revenue ¹	x 360	83	77

¹ Including pro forma sales of recent acquisitions

² Sum of inventories and trade receivables less the trade payables

³ The figures for the reporting period 2020 were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations.

Equity grew by €272.2 million to €1,733.2 million as of year-end. The equity ratio was 43.9% (previous year: 51.1%). In the reporting year, current and non-current liabilities for the Sartorius Stedim Biotech Group of €2,217.9 million were higher than the previous year's figure of €1,395.7 million, which was due to growth.

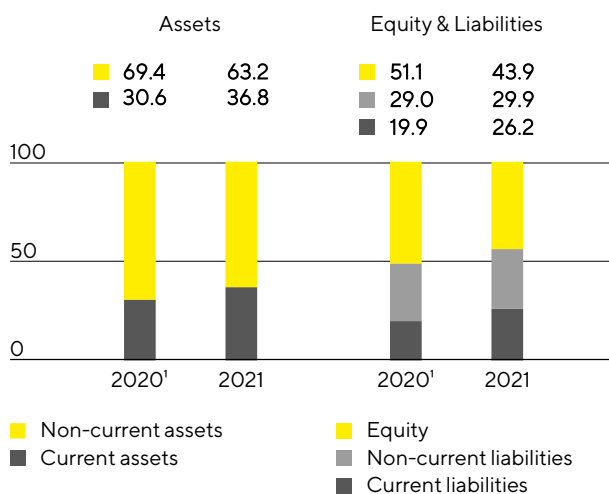
Overall, gross debt, which is comprised of liabilities to banks and loans from Sartorius AG as well as of lease liabilities, rose slightly to €625.5 million as of December 31, 2021, compared with €587.1 million for the year ended December 31, 2020. Due to significantly increased credit balances at banks, net debt, defined as gross debt less cash and cash equivalents, was €401.9 million relative to €527.3 million a year ago.

Calculation of Net Debt

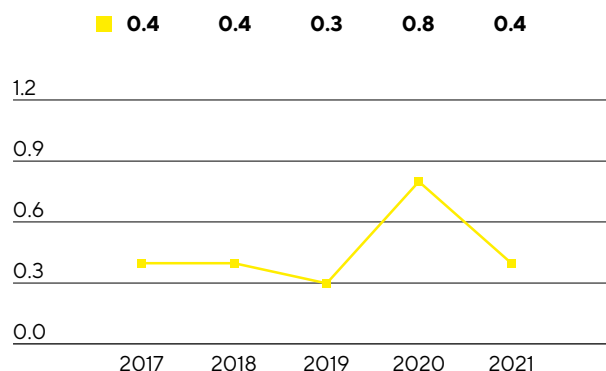
€ in millions	2021	2020 ¹
Non-current		
Loans and borrowings	521.1	515.7
Lease liabilities	64.0	47.5
Current		
Loans and borrowings	25.5	13.1
Lease liabilities	14.9	10.9
Gross debt	625.5	587.1
Cash and cash equivalents	223.6	59.8
Net debt	401.9	527.3

¹ The figures for the reporting period 2020 were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations.

Balance Sheet Structure in %



Ratio of Net Debt² to Underlying EBITDA³



¹ The figures for the reporting period 2020 were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations

² The net debt excludes the liability for the remaining purchase price for acquisitions; 2021: €518.7 million, 2020: €127.8 million, 2019: €72.5 million, 2018: €8.7 million, 2017: €46.5 million.

³ EBITDA includes underlying pro forma EBITDA contributed by acquisitions for this period.

In relation to the debt financing capacity of the Sartorius Stedim Biotech Group, the ratio of net debt to underlying EBITDA is a key metric. It is defined as the quotient of net debt and underlying EBITDA over the past 12 months, including the pro forma amount contributed by acquisitions for this period. This ratio was 0.4 as of December 31, 2021, relative to 0.8 in the prior year, predominantly as a result of the substantial increase in earnings and despite the acquisitions as well as extensive capital expenditures made in the reporting year, and was thus approximately in line with the most recent forecast (around 0.5).

Financing | Treasury

Sartorius Stedim Biotech covers its operational and strategic financing needs through a combination of operating cash flows and the assumption of short-, medium- and long-term financial liabilities.

The major pillar of the financing mix is a credit line with a volume of up to €260 million and long-term loan agreements of €515 million provided by the parent company Sartorius AG. Furthermore, the Group has diverse bilateral credit lines of approximately €50 million in total.

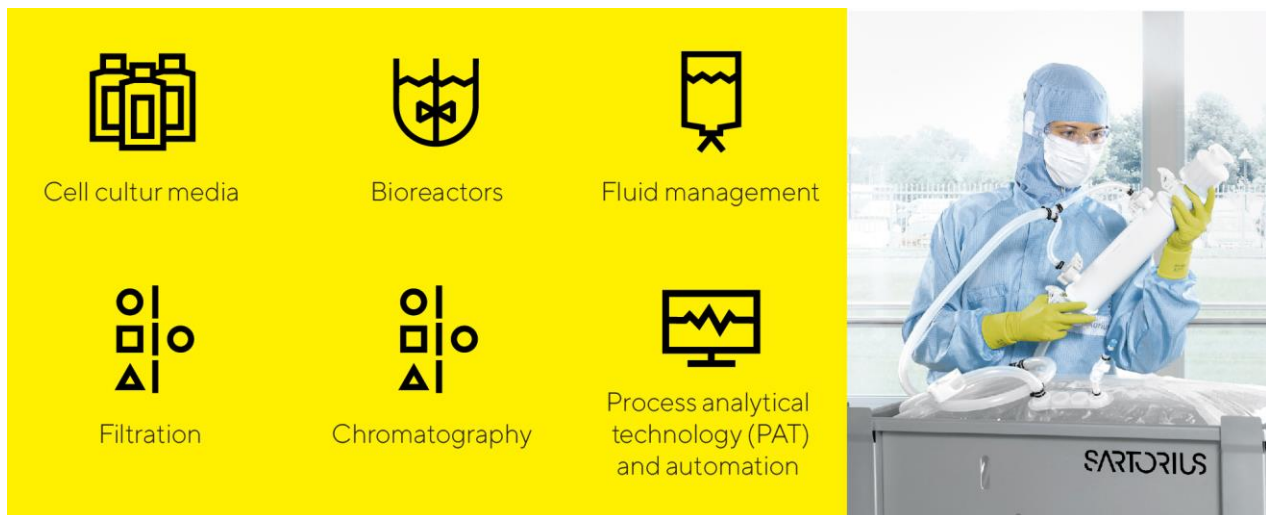
The above-mentioned financing comprises instruments with both fixed and variable interest.

As of December 31, 2021, the total volume of all available credit lines was €310 million. Of this amount, Sartorius Stedim Biotech had utilized on €25 million, leaving available credit of €285 million at the end of 2021. This ensures that all Group entities have sufficient funds to successfully finance their business operations and new capital expenditures.

We use hedging transactions to counteract the fluctuations in foreign-exchange rates to which the Group is exposed on account of its worldwide business operations. At the end of 2021, foreign-exchange contracts amounted to €404 million on a reported basis, with a market value of -€7.1 million.

Products and Sales

Sartorius Stedim Biotech markets products and services for the entire added-value chain in biopharmaceutical production and preceding process development. The portfolio includes cell lines, cell culture media, bioreactors, a wide range of products for separation, purification and concentration, and products and systems for storage and transportation of intermediate and finished biological products.



Sartorius Stedim Biotech expanded its product portfolio for manufacturing cell and gene therapeutics by two acquisitions:

- CellGenix produces critically essential cell culture components, such as growth factors, cytokines and media in GMP quality, for manufacturing cell and gene therapy products
- The cell culture specialist Xell develops and produces media and feed supplements for cell cultures, especially for manufacturing viral vectors that are used in gene therapeutics and vaccines

Beyond these acquisitions, Sartorius Stedim Biotech has been collaborating with Waters Corporation since the reporting year. As part of this collaboration, a Waters bioprocess analyzer based on mass spectroscopy will be combined with the Sartorius multi-parallel bioreactor system, enabling specific analytical steps during drug discovery and cell line development to be performed directly in the production environment, i.e., at-line measurements, so these steps do not have to be outsourced to external laboratories for sample testing, the usual procedure until now. This solution greatly accelerates the timeline for process development for the benefit of users.

In addition, Sartorius Stedim Biotech launched on the market new software versions for design of experiments (DoE) and for multivariate data analysis, which accelerate development and optimization of processes and enhance evaluation of complex datasets generated across the biopharmaceutical production process, respectively.

Sales Activities

Sartorius Stedim Biotech markets its product portfolio directly. Sales activities for key accounts are coordinated and supported by global key account management.

In the reporting year, many direct customer contacts were enabled through the use of digital communication tools, even after pandemic-mandated travel and distancing restrictions were eased. Videoconferencing and augmented reality continue to be increasingly used for direct interaction, such as for product demonstration, training and commissioning. To strengthen its sales organization, Sartorius Stedim Biotech is concentrating on expanding its international presence, especially by more recruitment. A further focus is on the ongoing enhancement of sales effectiveness, for example, by specialized training for employees.

Product Development

Development activities at Sartorius Stedim Biotech essentially focus on technology areas such as membranes, which are the core component of our filter products; various technology platforms such as single-use containers for fluid management in biopharmaceutical processes and sensors; and control technologies for processes such as fermentation and cell cultivation. Additional focal areas entail developments in materials and components that include plastics, elastomers and intelligent polymers; expanded data analysis; and cell line development.

Our largest site for product development is in Göttingen, Germany. Further key activities take place in France, Germany, India, the USA, the U.K., and Sweden, as well as in Israel and Slovenia.

Production and Supply Chain Management

Sartorius Stedim Biotech has a very well-developed global production network that was expanded at many sites in the reporting year. The largest production facilities are located in Germany, France and Puerto Rico. Beyond these locations, the company also manufactures in the U.K., Switzerland, Tunisia, India, the United States, China, Israel, and in Slovenia. Additional sites in Germany have been added by the most recent acquisitions.

Despite the restrictions in worldwide logistics as a result of the coronavirus pandemic, the company's supply chains proved to be strained, yet mostly stable. A few preliminary products, raw materials, components and services took longer to deliver or their availability was temporarily limited. This was reflected in some cases by correspondingly extended delivery times for our own products.

Sartorius Stedim Biotech expanded its production in all regions due to high demand in its core business and to additional customer needs related to coronavirus vaccines and Covid-19 therapeutics. On top of this, the company increasingly hired additional production staff and has been manufacturing at a few sites around the clock seven days a week.

Sartorius Stedim Biotech started up operations at a new Customer Interaction Center (CIC) in China for biopharmaceutical customers. The CIC enables customers to test complex systems at our site first before these are delivered to and set up at their plant facilities. A significantly expanded application, validation and service center was opened at the company site in Shanghai, and a customer test laboratory in Havant, U.K. Production facilities were also expanded in Israel and Slovenia.